

**CITY OF GOSNELLS**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

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CITY OF GOSNELLS

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Gosnells being the annual financial report and other information for the financial year ended 30th June 2008 are in my opinion properly drawn up to present fairly the financial position of the City of Gosnells at 30th June 2008 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and regulations under that Act.

Signed on the *7TH* day of *NOVEMBER* 2008.



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Trevor Perkins  
Acting Chief Executive Officer

**CITY OF GOSNELLS**

**INCOME STATEMENT**

**BY NATURE OR TYPE**

**FOR THE YEAR ENDED 30TH JUNE 2008**

	<b>NOTE</b>	<b>2008</b>	<b>2008</b>	<b>2007</b>
		<b>\$</b>	<b>Budget</b>	<b>\$</b>
			<b>\$</b>	
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Rates	23	(35,029,491)	(34,871,686)	(31,960,551)
Grants and Subsidies	29	(4,629,873)	(3,555,869)	(3,911,665)
Contributions Reimbursements and Donations		(730,326)	(492,445)	(1,087,182)
Service Charges	25	0	0	0
Fees and Charges	28	(12,482,438)	(11,975,953)	(11,934,432)
Interest Earnings	2(a)	(2,171,824)	(4,128,211)	(624,314)
Other Revenue		(307,134)	(85,000)	(132,603)
		<u>(55,351,086)</u>	<u>(55,109,164)</u>	<u>(49,650,747)</u>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>				
Employee Costs		23,190,687	22,114,494	19,374,540
Materials and Contracts		12,803,353	18,922,011	13,531,546
Utilities		2,614,422	1,214,978	2,378,749
Amortisation	2(a)	137,430	161,000	155,588
Depreciation	2(a)	13,345,855	13,032,263	12,555,000
Interest Expenses	2(a)	465,839	1,056,000	50,462
Insurance		1,382,260	1,179,030	1,062,218
Other Expenditure		1,815,554	656,200	876,221
		<u>55,755,400</u>	<u>58,335,976</u>	<u>49,984,324</u>
		404,314	3,226,812	333,577
Grants and Subsidies - non-operating	29	(4,072,081)	(7,683,888)	(3,242,743)
Contributions Reimbursements and Donations - non-operating		(7,230,018)	(2,563,110)	(8,430,045)
Fair value adjustments to financial assets at fair value through profit or loss	4	(264,384)	0	(3,333,800)
Profit on Asset Disposals	21	(30,414)	(4,386,927)	(365,613)
Loss on Asset Disposals	21	2,743,953	330,227	852,223
		<u>(8,448,630)</u>	<u>(11,076,886)</u>	<u>(14,186,401)</u>
<b>NET RESULT</b>				

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

**CITY OF GOSNELLS**

**INCOME STATEMENT**

**BY PROGRAM**

**FOR THE YEAR ENDED 30TH JUNE 2008**

	<b>NOTE</b>	<b>2008</b>	<b>2008</b>	<b>2007</b>
		<b>\$</b>	<b>Budget</b>	<b>\$</b>
			<b>\$</b>	
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Governance		(58,581)	(55,100)	(71,266)
General Purpose Funding		(40,841,633)	(42,107,168)	(39,460,975)
Law, Order, Public Safety		(364,531)	(374,404)	(420,935)
Health		(119,379)	(97,695)	(110,180)
Education and Welfare		(883,223)	(858,094)	(776,627)
Community Amenities		(14,663,968)	(9,690,862)	(15,148,111)
Recreation and Culture		(3,032,425)	(7,565,295)	(2,811,994)
Transport		(3,749,466)	(7,037,840)	(3,658,897)
Economic Services		(2,638,555)	(1,329,954)	(1,963,690)
Other Property and Services		<u>(577,514)</u>	<u>(395,750)</u>	<u>(600,272)</u>
		<u>(66,929,275)</u>	<u>(69,512,162)</u>	<u>(65,022,947)</u>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>				
<b>EXCLUDING BORROWING COSTS EXPENSE</b>				
Governance		3,473,289	3,592,566	3,148,893
General Purpose Funding		1,010,840	966,857	833,715
Law, Order, Public Safety		1,623,341	1,783,860	1,538,667
Health		1,091,867	1,250,840	922,211
Education and Welfare		2,652,215	2,699,570	2,407,419
Community Amenities		9,968,576	10,564,916	8,473,505
Recreation & Culture		19,262,275	18,341,569	16,977,320
Transport		13,784,838	13,606,342	12,829,051
Economic Services		2,487,661	4,160,430	2,043,102
Other Property and Services		<u>3,125,743</u>	<u>1,468,326</u>	<u>1,662,663</u>
		<u>58,480,645</u>	<u>58,435,276</u>	<u>50,836,546</u>
<b>NET RESULT</b>		<u><u>(8,448,630)</u></u>	<u><u>(11,076,886)</u></u>	<u><u>(14,186,401)</u></u>

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

**CITY OF GOSNELLS**

**BALANCE SHEET**

**AS AT 30TH JUNE 2008**

	<b>NOTE</b>	<b>2008</b>	<b>2007</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	28,465,083	5,820,043
Investments	4	28,995,254	43,838,190
Trade and Other Receivables	5	2,657,106	1,990,434
Inventories	6	341,099	287,063
<b>TOTAL CURRENT ASSETS</b>		<u>60,458,542</u>	<u>51,935,730</u>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	5	762,104	714,022
Inventories	6	3,878,175	0
Property, Plant and Equipment	7	268,769,722	131,559,822
Infrastructure	8	212,415,964	208,191,527
<b>TOTAL NON-CURRENT ASSETS</b>		<u>485,825,965</u>	<u>340,465,371</u>
<b>TOTAL ASSETS</b>		<u>546,284,507</u>	<u>392,401,101</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	9	9,671,275	8,048,080
Long Term Borrowings	10	6,500,000	6,500,000
Provisions	11	4,131,863	2,544,038
<b>TOTAL CURRENT LIABILITIES</b>		<u>20,303,138</u>	<u>17,092,118</u>
<b>NON-CURRENT LIABILITIES</b>			
Other Payables	9	1,236,424	1,066,158
Long Term Borrowings	10	6,000,000	0
Provisions	11	314,445	1,544,895
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>7,550,869</u>	<u>2,611,053</u>
<b>TOTAL LIABILITIES</b>		<u>27,854,007</u>	<u>19,703,171</u>
<b>NET ASSETS</b>		<u>518,430,500</u>	<u>372,697,930</u>
<b>EQUITY</b>			
Retained Surplus		258,901,343	256,592,732
Reserves - Cash/Investment Backed	12	35,822,973	29,682,954
Reserves - Asset Revaluation	13	223,706,184	86,422,244
<b>TOTAL EQUITY</b>		<u>518,430,500</u>	<u>372,697,930</u>

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

**CITY OF GOSNELLS**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

	NOTE	2008 \$	2007 \$
<b>RETAINED SURPLUS</b>			
Balance as at 1 July 2007		256,592,732	249,540,420
Net Result		8,448,630	14,186,401
Transfer from/(to) Reserves		<u>(6,140,019)</u>	<u>(7,134,089)</u>
Balance as at 30 June 2008		<u>258,901,343</u>	<u>256,592,732</u>
 <b>RESERVES - CASH/INVESTMENT BACKED</b>			
Balance as at 1 July 2007		29,682,954	22,548,865
Amount Transferred (to)/from Retained Surplus		<u>6,140,019</u>	<u>7,134,089</u>
Balance as at 30 June 2008	12	<u>35,822,973</u>	<u>29,682,954</u>
 <b>RESERVES - ASSET REVALUATION</b>			
Balance as at 1 July 2007		86,422,244	86,422,244
Revaluation Increment		137,283,940	0
Revaluation Decrement		<u>0</u>	<u>0</u>
Balance as at 30 June 2008	13	<u>223,706,184</u>	<u>86,422,244</u>
<b>TOTAL EQUITY</b>		<u>518,430,500</u>	<u>372,697,930</u>

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

**CITY OF GOSNELLS  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2008**

	NOTE	2008 \$	2008 Budget \$	2007 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		(34,286,077)	(34,725,559)	(32,072,423)
Grants and Subsidies - operating		(4,835,176)	(3,555,869)	(3,911,665)
Contributions, Reimbursements & Donations		(730,326)	(492,445)	(1,087,182)
Service Charges		0	(281,805)	(433,180)
Fees and Charges		(12,722,870)	(11,810,830)	(11,954,500)
Interest Earnings		(1,901,667)	(4,128,211)	(628,141)
Goods and Services Tax		(3,116,981)	(4,341,653)	(4,674,973)
Other		(307,133)	(85,000)	(132,603)
		<u>(57,900,230)</u>	<u>(59,421,372)</u>	<u>(54,894,667)</u>
<b>Payments</b>				
Employee Costs		22,777,110	21,773,543	19,407,805
Materials and Contracts		11,637,591	21,361,113	13,118,275
Utilities (gas, electricity, water, etc)		2,718,000	1,214,978	2,279,989
Insurance		1,382,260	1,179,030	1,062,218
Interest		507,836	1,056,000	0
Goods and Services Tax		3,270,967	4,390,407	4,773,112
Other		1,790,839	656,200	876,222
		<u>44,084,603</u>	<u>51,631,271</u>	<u>41,517,621</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Operating Activities</b>	14(b)	<u>(13,815,627)</u>	<u>(7,790,101)</u>	<u>(13,377,046)</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Development of				
Land Held for Resale		1,735,914	1,700,000	42,261
Payments for Purchase of				
Property, Plant & Equipment	7(a)	9,868,235	34,898,914	7,928,347
Payments for Construction of				
Infrastructure	8(a)	13,879,519	26,780,995	16,075,270
Payments for Purchase of Investments		10,000,000	0	31,000,000
Grants/Contributions for				
the Development of Assets		(11,302,099)	(10,246,998)	(11,672,788)
Proceeds from Sale of Plant & Equipment		(1,258,273)	(8,247,340)	(2,406,655)
Proceeds from Sale of Investments		(25,107,320)	0	(21,000,000)
		<u>(2,184,024)</u>	<u>44,885,571</u>	<u>19,966,435</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Investing Activities</b>		(2,184,024)	44,885,571	19,966,435
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		6,500,000	5,385,000	0
Movements in Bonds and Retention		(645,389)	0	(543,368)
Proceeds from New Debentures		(12,500,000)	(26,768,300)	(6,500,000)
		<u>(6,645,389)</u>	<u>(21,383,300)</u>	<u>(7,043,368)</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Financing Activities</b>		(6,645,389)	(21,383,300)	(7,043,368)
<b>Net Increase (Decrease) in Cash Held</b>		(22,645,040)	15,712,170	(453,979)
Cash at Beginning of Year		(5,820,043)	(51,576,755)	(5,366,065)
<b>Cash and Cash Equivalents</b>				
<b>at the End of the Year</b>	14(a)	<u>(28,465,083)</u>	<u>(35,864,585)</u>	<u>(5,820,044)</u>

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

**CITY OF GOSNELLS  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2008**

	NOTE	2008 \$	2008 Budget \$
<b>REVENUES</b>			
Governance		(58,581)	(55,100)
General Purpose Funding		(5,812,142)	(7,235,482)
Law, Order, Public Safety		(364,531)	(374,404)
Health		(119,379)	(97,695)
Education and Welfare		(883,223)	(858,094)
Community Amenities		(7,644,348)	(7,440,862)
Recreation and Culture		(2,399,557)	(6,535,137)
Transport		(335,443)	(301,927)
Economic Services		(2,638,555)	(1,329,954)
Other Property and Services		(572,193)	(395,750)
		<u>(20,827,952)</u>	<u>(24,624,405)</u>
<b>EXPENSES</b>			
Governance		3,473,289	3,592,566
General Purpose Funding		1,010,840	966,857
Law, Order, Public Safety		1,623,341	1,783,860
Health		1,091,867	1,250,840
Education and Welfare		2,652,215	2,699,570
Community Amenities		9,968,575	10,564,916
Recreation & Culture		19,262,957	18,341,569
Transport		13,993,866	13,837,269
Economic Services		2,487,661	4,160,430
Other Property and Services		3,146,302	1,468,326
		<u>58,710,913</u>	<u>58,666,203</u>
<b>Adjustments for Cash Budget Requirements:</b>			
<b>Non-Cash Expenditure and Revenue</b>			
Profit/(Loss) on Asset Disposals	21	(2,713,539)	4,056,700
Depreciation and Amortisation on Assets	2	(13,483,285)	(13,193,263)
Movement in Other Non Current Assets		48,082	0
Movement in Non Current Annual Leave		549,131	0
Movement in Non Current Provisions		1,230,450	0
Purchase Land Held for Resale	6	1,735,914	1,700,000
Purchase Land and Buildings	7(a)	5,973,332	29,217,120
Purchase Plant and Equipment	7(a)	3,456,835	4,645,900
Purchase Furniture and Equipment	7(a)	438,068	1,035,894
Purchase Infrastructure Assets - Roads	8(a)	12,264,892	20,142,714
Purchase Infrastructure Assets - Parks	8(a)	1,614,627	6,638,281
Proceeds from Disposal of Assets	21	(1,258,273)	(8,247,340)
Repayment of Debentures	10	6,500,000	5,385,000
Proceeds from New Debentures	10	(12,500,000)	(26,768,300)
Contribution/Grants for the construction of Assets		(11,302,099)	(10,246,998)
Transfers to Reserves (Restricted Assets)	12	12,797,111	8,573,320
Transfers from Reserves (Restricted Assets)	12	(6,657,092)	(11,207,019)
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		(11,143,631)	(11,302,121)
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		9,596,007	400,000
<b>Amount Required to be Raised from Rates</b>	<b>23</b>	<u><u>35,029,491</u></u>	<u><u>34,871,686</u></u>

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



**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted in the preparation of this financial report are:

**(a) Basis of Preparation**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), other mandatory professional reporting requirements and the Local Government Act 1995 (as amended) and accompanying regulations (as amended).

The report has also been prepared on the accrual basis under the convention of historical cost accounting as modified by the accounting treatment relating to the revaluation of financial assets and liabilities at fair value through profit and loss and certain classes of non-current assets.

**Critical Accounting Estimates**

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

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

**(b) The Local Government Reporting Entity**

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 20 to this financial report.

**(c) Goods and Services Tax**

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Balance Sheet are stated inclusive of applicable GST.

**(d) Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the balance sheet.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) Trade and Other Receivables**

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

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

**(f) Inventories**

***General***

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories held from trading are classified as current even if not expected to be realised in the next 12 months.

***Land Held for Resale***

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the Income Statement as at the time of signing a binding contract of sale.

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

**(g) Fixed Assets**

***Initial Recognition***

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed includes the cost of all materials, direct labour and variable and fixed overheads.

***Revaluation***

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ significantly from that determined using fair value at reporting date.

***Land under Roads***

Land under roads is excluded from infrastructure in accordance with the transition arrangements available under AASB 1045 and in accordance with legislative requirements.

**CITY OF GOSNELLS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2008**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Depreciation of Non-Current Assets**

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
IT Equipment	3 to 5 years
Plant and Equipment	5 to 15 years
Sealed roads and streets clearing and earthworks construction/road base original surfacing and major re-surfacing	not depreciated 20 to 30 years
- bituminous seals	30 years
- asphalt surfaces	30 years
Footpaths	40 years
Bridges	50 years
Drains	50 years
Park Development	20 years
Play Equipment	5 years

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(i) Investments and Other Financial Assets**

***Classification***

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

*(i) Financial assets at fair value through profit and loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

***Recognition and derecognition***

Regular purchases and sales of financial assets are recognised on trade-date – the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(i) Investments and Other Financial Assets (Continued)**

***Subsequent measurement***

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

***Impairment***

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

**(j) Estimation of Fair Value**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Impairment**

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

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 '*Impairment of Assets*' and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

**(l) Trade and Other Payables**

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

**(m) Employee Benefits**

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

**(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)**

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the municipality has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay. In accordance with AASB 119 Council does not have the right to defer Annual Leave.

**(ii) Long Service Leave (Long-term Benefits)**

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

**(n) Interest-bearing Loans and Borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

***Borrowing Costs***

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(o) Provisions**

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

**(p) Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

**(q) Joint Venture**

Not Applicable

**(r) Rates, Grants, Donations and Other Contributions**

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

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

**(s) Superannuation**

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

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

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(t) Rounding Off Figures**

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

**(u) Comparative Figures**

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

**(v) Current and Non-Current Classification**

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



**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2008.

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

	<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(i)	AASB-I 12 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession Arrangements:	February 2007	1 January 2008	Nil – Council is not party to any Service Concession Arrangements.
(ii)	AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8	February 2007	1 January 2009	Nil – The Standard is not applicable to not-for-profit entities.
(iii)	Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	June 2007	1 January 2009	Nil – The revised Standard has removed the option to expense all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Council as the council already capitalises borrowing costs relating to qualifying assets.
(iv)	AASB-I 13 Customer Loyalty Programs	August 2007	1 July 2008	Nil – Council has no Customer Loyalty Programs.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations (Continued)**

	<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(v)	AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	August 2007	1 January 2008	Nil – The Interpretation provides guidance on the maximum amount that may be recognised as an asset in defined benefit plans. Council does not currently contribute to any defined benefit plans. Consequently, there is not expected to be any impact on the financial statements.
(vi)	Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101	September 2007 and December 2007	1 January 2009	Nil – The revised Standard requires the presentation of a Statement of comprehensive income and makes changes to the Statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If Council has made a prior period adjustment or has reclassified items in the financial statements, it is likely it will need to disclose a third balance sheet (Statement of financial position), being as at the beginning of the comparative period.
(vii)	AASB 1049 Whole of Government and General Government Sector Financial	October 2007	1 July 2008(+)	Nil – The Standard is not applicable to Local Governments.

**CITY OF GOSNELLS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2008**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations (Continued)**

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 1050 Administered Items: AASB 1051 Land Under Roads, AASB 1052 Disaggregated Disclosures, revised AASB 1004 Contributions, AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AAS 27, AAS 29 and AAS 31 and revised interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities	December 2007	1 July 2008(+)	<ul style="list-style-type: none"> <li>• AASB 1050 is only applicable to Government departments and will have no impact on Council.</li> <li>• AASB 1051 will allow Council to recognise or not recognise land under roads acquired before 30 June 2008. Land under roads acquired after 30 June 2008 must be recognised.</li> <li>• AASB 1052 requires disclosure of financial information by function or activity. Council already provides this information so there will be no additional impact on the financial statements.</li> <li>• This Standard will have a significant impact on the Council's financial statements.</li> <li>• AASB 1004 requires contributions made to Council to be recognised at fair value when they are controlled and to be appropriately disclosed. Council already accounts for contributions in this manner so there will be no additional impact on the financial statements.</li> </ul>

**Notes:**

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

(+) - Applicable to not-for-profit and/or public sector entities only.

**CITY OF GOSNELLS**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

<b>2. REVENUES AND EXPENSES</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Result from Ordinary Activities</b>		
The Result from Ordinary Activities includes:		
(i) Charging as an Expense:		
<b>Significant Expense</b>	NIL	NIL
<b>Amortisation</b>		
Intangible Assets	137,430	155,588
<b>Auditors Remuneration</b>		
- Audit	13,860	12,500
<b>Depreciation</b>		
Buildings	1,819,092	1,761,104
Furniture and Equipment	539,718	441,522
Plant and Equipment	1,403,774	1,588,047
Roads & Footpaths	6,834,511	6,344,738
Bridges	171,446	172,387
Drainage	879,470	876,928
Parks Development	1,697,844	1,370,274
	<u>13,345,855</u>	<u>12,555,000</u>
<b>Interest Expenses</b>		
Debentures (refer Note 22(a))	465,839	50,462
	<u>465,839</u>	<u>50,462</u>
<b>Rental Charges</b>		
- Operating Leases	52,878	52,176
	<u>52,878</u>	<u>52,176</u>
(ii) Crediting as Revenue:	<b>2008</b>	<b>2008</b>
	<b>\$</b>	<b>Budget</b>
		<b>\$</b>
<b>Significant Revenue</b>		
General Purpose Funding	(264,384)	0
		(3,333,800)
This significant revenue relates to the increase in the fair value of the Council's investments (refer Note 4 for further details).		
<b>Interest Earnings</b>		
Investments		
- Reserve Funds	(1,032,021)	(2,657,732)
- Other Funds	(816,734)	(1,086,562)
Other Interest Revenue (refer note 27)	(323,069)	(318,025)
	<u>(2,171,824)</u>	<u>(4,128,211)</u>
	<u>(2,171,824)</u>	<u>(624,314)</u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

**2. REVENUES AND EXPENSES (Continued)**

**(b) Statement of Objective**

The City of Gosnells is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

**GOVERNANCE**

Administration and operation of facilities and services to members of Council and other costs relating to assistance to member.

**GENERAL PURPOSE FUNDING**

Rates, government grants and interest revenue, collection and administration.

**LAW, ORDER, PUBLIC SAFETY**

Supervision of by-laws, fire prevention, emergency services and animal control.

**HEALTH**

Enforcement of food quality standards, pest control, immunisation and child health services.

**EDUCATION AND WELFARE**

Operation of senior citizen and day care centre, pre-school, playgroup assistance and other.

**COMMUNITY AMENITIES**

Rubbish collection and recycling programmes, tip operation, noise control, town planning, storm drainage maintenance.

**RECREATION AND CULTURE**

Ensure availability of halls, aquatic centre, recreation and sport grounds and libraries.

**TRANSPORT**

Construction and maintenance of roads and bridges and street lighting and cleaning.

**ECONOMIC SERVICES**

Promotion of tourism and development within the area together with regulation of building.

**OTHER PROPERTY & SERVICES**

Private works operation, plant repairs and general operations costs.

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
<b>(c) Conditions Over Contributions</b>		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (i.e. opening balances).		
Addie Mills Centre Gazebo Construction		32,063
Nicholson Rd/Amherst Rd - Install Traffic Control Signal		7,000
Yale Rd/Hargrave Dr - Construct Median Islands		8,000
Warton Rd/Garden St - Improve Street Lighting		96,000
Attfield St/Herbert St - Construct Roundabout		24,000
Olga Rd/Attfield St - Construct Traffic Control Signals		32,000
Nicholson Rd/Wilfred Rd - Install Left Turn Lane		12,800
Southern River Rd - Upgrade Street Lighting		32,000
Harry St/James St - Construct Roundabout		24,000
William St/Luyer St - Construct Roundabout		32,000
Packer St Area - Beckenham		18,443
Footpath on Brixton St Bridge		50,000
Safe City - PDA for Graffiti Technicians		10,000
Switch Your Thinking - Rebate		3,100
Switch Your Thinking - Rebate		600
Leisure Services - Walking groups		3,200
Leisure Services - Mix It		1,500
Leisure Services - Club Development		2,000
Bushfire - Fire Management Plan		5,500
Technical Services - Travelsmart		20,833
Break Dance - Office of Crime Prevention	2,090	
Bridge 928 - Station St Gosnells - DOTARS	60,000	
Bridge 937 - Austin Ave Kenwick - DOTARS	60,000	
Bridge 938 - Davison St Maddington - DOTARS	60,000	
Bush Fire Brigade 2005/06 Surplus - Bush Fire Brigade	28,479	
Community Safety Program - Office of Crime Prevention	12,600	
FESA 2005/06 Surplus - Fire and Emergency Service	13,242	
Home Safety Audit Program - Office of Crime Prevention	5,000	
Home Safety Audit Program - SGIO	5,000	
Keeping Kids Out of Crime - Office of Crime Prevention	20,000	
Interest on Harmony Fields Loan	382,480	
Parent Workshop - Department of Community Development	5,862	
Parent Workshop - Department of Community Development	5,000	
Roadwise - Roadwise	5,000	
Safer Seniors Program - Rotary Club Kenwick	1,000	
SafetyLynx Program - Attorney General Department	718	
SafetyLynx Program - Office of Crime Prevention	5,109	
Switch Your Thinking - Admin - SEDO	4,000	
Switch Your Thinking Rebate Scheme - Solahart	2,000	
Traffic Function of Mills Road - DPI, MRWA	30,000	
Travelsmart - Travelsmart	7,993	
Travelsmart - Travelsmart	20,833	
Work for the Dole - Office of Crime Prevention	750	
	737,156	415,039

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
<b>(c) Conditions Over Contributions (Continued)</b>		
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Break Dance - Office of Crime Prevention		2,090
Bridge 928 - Station St Gosnells - DOTARS		60,000
Bridge 937 - Austin Ave Kenwick - DOTARS		60,000
Bridge 938 - Davison St Maddington - DOTARS		60,000
Bush Fire Brigade 2005/06 Surplus - Bush Fire Brigade		28,479
Community Safety Program - Office of Crime Prevention		12,600
FESA 2005/06 Surplus - Fire and Emergency Service		13,242
Home Safety Audit Program - Office of Crime Prevention		5,000
Home Safety Audit Program - SGIO		5,000
Keeping Kids Out of Crime - Office of Crime Prevention		20,000
Interest on Harmony Fields Loan		382,480
Parent Workshop - Department of Community Development		5,862
Parent Workshop - Department of Community Development		5,000
Roadwise - Roadwise		5,000
Safer Seniors Program - Rotary Club Kenwick		1,000
SafetyLynx Program - Attorney General Department		718
SafetyLynx Program - Office of Crime Prevention		5,109
Switch Your Thinking - Admin - SEDO		4,000
Switch Your Thinking Rebate Scheme - Solahart		2,000
Traffic Function of Mills Road - DPI, MRWA		30,000
Travelsmart - Travelsmart		7,993
Work for the Dole - Office of Crime Prevention		750
Tom Bateman Reserve Pavilion DSR (Recreation and Culture)	363,008	
Tonkin Highway/Gosnells Road West Intersection MRWA (Transport)	9,091	
Spencer Road/Roe Highway Embankments MRWA (Transport)	20,269	
Southern River Rd - Install Lighting MRWA (Transport)	32,000	
Dorothy St/Lissiman St - Splitter Island MRWA (Transport)	15,566	
Olga Rd/Attfield St - Traffic Signals MRWA (Transport)	39,025	
Ranford Rd/Campbell Rd Traffic Lights MRWA (Transport)	95,173	
Nicholson Rd / Amherst Rd MRWA (Transport)	30,602	
Nicholson Rd - Birnam Rd to Hughes St MRWA (Transport)	128,864	
Upgrade lighting Nicholson Rd Yale Rd MRWA (Transport)	13,600	
Upgrade lighting Corfield St Dorothy St MRWA (Transport)	2,400	
Upgrade lighting Wanaping Rd Brixton St MRWA (Transport)	6,000	
Upgrade lighting Kelvin Rd Maddington Rd MRWA (Transport)	6,000	
Upgrade lighting Fremantle Rd Corfield St MRWA (Transport)	12,000	
Traffic Signals Dorothy St Wheatley St MRWA (Transport)	88,786	
Upgrade lighting Burslem Dr Attfield St MRWA (Transport)	4,000	
Safety Barrier, Speed Signs Mills Rd (E) MRWA (Transport)	193,513	
L Turn Slip Lane Nicholson Rd Spencer Rd MRWA (Transport)	46,603	
Med Islands & Bus Embayment Spencer Rd MRWA (Transport)	66,751	
L & R Turn Lane Spencer Rd Berehaven Ave MRWA (Transport)	48,000	
Bridge 925 - Nicholson Road Langford WALGA (Transport)	22,909	
Connemara Drive - Spencer/Camberley MRWA (Transport)	58,496	

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
<b>(c) Conditions Over Contributions (Continued)</b>		
Bickley and Brook Rd MRWA (Transport)	4,000	
Maddington Rd at Alcock St MRWA (Transport)	20,800	
Maddington Rd at Eva St MRWA (Transport)	20,142	
Forest Lakes Drive - Ovens/Towncentre MRWA (Transport)	39,888	
Spencer Rd - Yale/Thornlie MRWA (Transport)	26,400	
Anaconda Dv, Corfield-Chamberlain MRWA (Transport)	9,000	
Kelvin Rd - Westfield St to Weston St MRWA (Transport)	26,400	
Maddington Rd - Kelvin Rd to Alcock St MRWA (Transport)	44,000	
Royal St - Kenwick Link to Albany Hway MRWA (Transport)	30,400	
Pioneer Park - DUP DPI (Transport)	43,000	
Inclusive Recreation Service General DSC (Education and Welfare)	5,132	
Inclusive Recreation Service Littlies DSC (Education and Welfare)	1,591	
Inclusive Recreation Service Sibs DSC (Education and Welfare)	1,102	
Take A Break Holiday Program Dept of Health (Education and Welfare)	36,065	
Take a Break Carers Retreats Dept of Health (Education and Welfare)	15,302	
Take a Break Awesome Fun Club Dept of Health (Education and Welfare)	1,150	
Youth Health Expo Lotterywest (Education and Welfare)	869	
Club Development DSR (Recreation and Culture)	18,405	
Maddington Village DPI (Economic Services)	172,064	
Improving Connectivity Mad/Ken DPI (Economic Services)	395	
Early Childhood Education & Family Support DPI (Economic Services)	8,954	
Co-ordination of Education and Training DPI (Economic Services)	1,457	
Business Development Program DPI (Economic Services)	58,141	
Heritage Program DPI (Economic Services)	651	
STR8 Talking Attorney General (Economic Services)	197,202	
Switched on Business DIISR (Economic Services)	55,131	
Environmental Management SRT (Community Amenities)	1,325	
Switched on Business DIISR (Economic Services)	5,000	
Rotary Club of Kenwick	549	
Less:		
Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.		
Addie Mills Centre Gazebo Construction		(32,063)
Nicholson Rd/Amherst Rd - Install Traffic Control Signal		(7,000)
Yale Rd/Hargrave Dr - Construct Median Islands		(8,000)
Warton Rd/Garden St - Improve Street Lighting		(96,000)
Attfield St/Herbert St - Construct Roundabout		(24,000)
Olga Rd/Attfield St - Construct Traffic Control Signals		(32,000)
Nicholson Rd/Wilfred Rd - Install Left Turn Lane		(12,800)
Southern River Rd - Upgrade Street Lighting		(32,000)
Harry St/James St - Construct Roundabout		(24,000)
Williams St/Luyer St - Construct Roundabout		(32,000)
Packer St Area - Beckenham		(18,443)
Footpath on Brixton St Bridge		(50,000)
Safe City - PDA for Graffiti Technicians		(10,000)



CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2007 \$
<b>(c) Conditions Over Contributions (Continued)</b>		
Switch Your Thinking - Rebate		(3,100)
Switch Your Thinking - Rebate		(600)
Leisure Services - Walking groups		(3,200)
Leisure Services - Mix It		(1,500)
Leisure Services - Club Development		(2,000)
Bushfire - Fire Management Plan		(5,500)
Bush Fire Brigade 2005/06 Surplus - Bush Fire Brigade	(28,479)	
Community Safety Program - Office of Crime Prevention	(12,600)	
FESA 2005/06 Surplus - Fire and Emergency Service	(13,242)	
Interest on Harmony Fields Loan	(382,480)	
Parent Workshop - Department of Community Development	(5,000)	
Safer Seniors Programme - Rotary Club Kenwick	(1,000)	
Switch Your Thinking - Admin - SEDO	(4,000)	
Break Dance - Office of Crime Prevention	(1,814)	
Parent Workshop - Department of Community Development	(5,246)	
Travelsmart - Travelsmart	(990)	
Home Safety Audit Program - Office of Crime Prevention	(4,763)	
Home Safety Audit Program - SGIO	(1,157)	
SafetyLynx Program - Attorney General Department	(454)	
SafetyLynx Program - Office of Crime Prevention	(4,256)	
Keeping Kids Out of Crime - Office of Crime Prevention	(10,000)	
Closing balances of unexpended grants	<u>2,408,846</u>	<u>737,156</u>

Comprises:

Break Dance - Office of Crime Prevention	2,090
Bridge 928 - Station St Gosnells - DOTARS	60,000
Bridge 937 - Austen Ave Kenwick - DOTARS	60,000
Bridge 938 - Davison St Maddington - DOTARS	60,000
Bush Fire Brigade 2005/06 Surplus - Bush Fire Brigade	28,479
Community Safety Programme - Office of Crime Prevention	12,600
FESA 2005/06 Surplus - Fire and Emergency Service	13,242
Home Safety Audit Program - Office of Crime Prevention	5,000
Home Safety Audit Program - SGIO	5,000
Keeping Kids Out of Crime - Office of Crime Prevention	20,000
Interest on Harmony Fields Loan	382,480
Parent Workshop - Department of Community Development	5,862
Parent Workshop - Department of Community Development	5,000
Roadwise - Roadwise	5,000
Safer Seniors Programme - Rotary Club Kenwick	1,000
SafetyLynx Programme - Attorney General Department	718
SafetyLynx Programme - Office of Crime Prevention	5,109
Switch Your Thinking - Admin - SEDO	4,000
Switch Your Thinking Rebate Scheme - Solahart	2,000
Traffic Function of Mills Road - DPI, MRWA	30,000
Travelsmart - Travelsmart	7,993
Travelsmart - Travelsmart	20,833
Work for the Dole - Office of Crime Prevention	750

**CITY OF GOSNELLS**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>(c) Conditions Over Contributions (Continued)</b>		
Tom Bateman Reserve Pavilion DSR (Recreation and Culture)	363,008	
Tonkin Highway/Gosnells Road West Intersection MRWA (Transport)	9,091	
Spenser Road/Roe Highway Embankments MRWA (Transport)	20,269	
Southern River Rd - Install Lighting MRWA (Transport)	32,000	
Dorothy St/Lissiman St - Splitter Island MRWA (Transport)	15,566	
Olga Rd/Attfield St - Traffic Signals MRWA (Transport)	39,025	
Ranford Rd/Campbell Rd Traffic Lights MRWA (Transport)	95,173	
Nicholson Rd / Amherst Rd MRWA (Transport)	30,602	
Nicholson Rd - Birnam Rd to Hughes St MRWA (Transport)	128,864	
Upgrade lighting Nicholson Rd Yale Rd MRWA (Transport)	13,600	
Upgrade lighting Corfield St Dorothy St MRWA (Transport)	2,400	
Upgrade lighting Wanaping Rd Brixton St MRWA (Transport)	6,000	
Upgrade lighting Kelvin Rd Maddington Rd MRWA (Transport)	6,000	
Upgrade lighting Fremantle Rd Corfield St MRWA (Transport)	12,000	
Traffic Signals Dorothy St Wheatley St MRWA (Transport)	88,786	
Upgrade lighting Burslem Dr Attfield St MRWA (Transport)	4,000	
Safety Barrier, Speed Signs Mills Rd (E) MRWA (Transport)	193,513	
L Turn Slip Lane Nicholson Rd Spencer Rd MRWA (Transport)	46,603	
Med Islands & Bus Embayment Spencer Rd MRWA (Transport)	66,751	
L & R Turn Lane Spencer Rd Berehaven Ave MRWA (Transport)	48,000	
Bridge 925 - Nicholson Road Langford WALGA (Transport)	22,909	
Connemara Drive - Spencer/Camberley MRWA (Transport)	58,496	
Bickley and Brook Rd MRWA (Transport)	4,000	
Maddington Rd at Alcock St MRWA (Transport)	20,800	
Maddington Rd at Eva St MRWA (Transport)	20,142	
Forest Lakes Drive - Ovens/Towncentre MRWA (Transport)	39,888	
Spencer Rd - Yale/Thornlie MRWA (Transport)	26,400	
Anaconda Dv, Corfield-Chamberlain MRWA (Transport)	9,000	
Kelvin Rd - Westfield St to Weston St MRWA (Transport)	26,400	
Maddington Rd - Kelvin Rd to Alcock St MRWA (Transport)	44,000	
Royal St - Kenwick Link to Albany Hway MRWA (Transport)	30,400	
Pioneer Park - DUP DPI (Transport)	43,000	
Inclusive Recreation Service General DSC (Education and Welfare)	5,132	
Inclusive Recreation Service Littlies DSC (Education and Welfare)	1,591	
Inclusive Recreation Service Sibs DSC (Education and Welfare)	1,102	
Take A Break Holiday Program Dept of Health (Education and Welfare)	36,065	
Take a Break Carers Retreats Dept of Health (Education and Welfare)	15,302	
Take a Break Awesome Fun Club Dept of Health (Education and Welfare)	1,150	
Youth Health Expo Lotterywest (Education and Welfare)	869	
Club Development DSR (Recreation and Culture)	18,405	
Maddington Village DPI (Economic Services)	172,064	
Improving Connectivity Mad/Ken DPI (Economic Services)	395	
Early Childhood Education and Family Support DPI (Economic Service)	8,954	
Co-ordination of Education and Training DPI (Economic Services)	1,457	
Business Development Program DPI (Economic Services)	58,141	
Heritage Program DPI (Economic Services)	651	
STR8 Talking Project Attorney General (Economic Services)	197,202	
Switched on Business DIISR (Economic Services)	55,131	
Environmental Management SRT (Community Amenities)	1,325	
Switched on Business DIISR (Economic Services)	5,000	
Break Dance - Office of Crime Prevention	276	

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>(c) Conditions Over Contributions (Continued)</b>		
Parent Workshop - Department of Community Development	616	
Traffic Function of Mills Road - DPI, MRWA	30,000	
Work for the Dole - Office of Crime Prevention	750	
Switch Your Thinking Rebate Scheme - Solahart	2,000	
Bridge 928 - Station St Gosnells - DOTARS	60,000	
Bridge 937 - Austin Ave Kenwick - DOTARS	60,000	
Bridge 938 - Davison St Maddington - DOTARS	60,000	
Roadwise - Roadwise	5,000	
Home Safety Audit Program - Office of Crime Prevention	237	
Home Safety Audit Program - SGIO	3,843	
Keeping Kids Out of Crime - Office of Crime Prevention	10,000	
SafetyLynx Program - Attorney General	264	
SafetyLynx Program - Office of Crime Prevention	853	
Travelsmart - Travelsmart	7,003	
Travelsmart - Travelsmart	20,833	
Rotary Club of Kenwick	549	
	<b>2,408,846</b>	<b>737,156</b>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2007 \$
<b>3. CASH AND CASH EQUIVALENTS</b>		
Unrestricted	10,241,580	5,820,043
Restricted	18,223,503	0
	<u>28,465,083</u>	<u>5,820,043</u>

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

Reserves	35,822,973	29,682,954
Unspent Grants	2,408,846	737,156
Unspent Loans	3,010,756	2,853,677
Bonds and Retentions	5,976,182	5,330,791
	<u>47,218,757</u>	<u>38,604,578</u>

**Restricted Cash and Investments**

Restricted Cash	18,223,503	0
Investments	28,995,254	38,604,578
	<u>47,218,757</u>	<u>38,604,578</u>

**4. INVESTMENTS**

Financial assets at fair value through profit or loss	<u>28,995,254</u>	<u>43,838,190</u>
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**Financial assets at fair value through profit or loss**

At beginning of the year	43,838,190	30,504,390
Revaluation to Income Statement	264,384	3,333,800
Additions	10,000,000	31,000,000
Disposals	(25,107,320)	(21,000,000)
At end of the year	<u>28,995,254</u>	<u>43,838,190</u>

**Held for trading**

- Managed Funds	<u>28,995,254</u>	<u>43,838,190</u>
	<u>28,995,254</u>	<u>43,838,190</u>

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

Various Reserve Funds	<u>28,995,254</u>	<u>38,604,578</u>
	<u>28,995,254</u>	<u>38,604,578</u>

**CITY OF GOSNELLS**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>5. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates Outstanding	915,445	220,113
GST Receivable	636,228	482,242
Accrued Interest	287,815	17,658
Accrued Income	6,892	20,000
CLASS Debtors	71,550	43,380
Sundry Debtors	835,379	964,365
Less - Provision for Doubtful Debts	(102,208)	(102,208)
Underground Power Debtors	6,005	344,884
	<u>2,657,106</u>	<u>1,990,434</u>
<b>Non-Current</b>		
Rates & ESL Outstanding - Pensioners	762,104	714,022
	<u>762,104</u>	<u>714,022</u>
<b>6. INVENTORIES</b>		
<b>Current</b>		
Fuel and Materials	341,099	287,063
	<u>341,099</u>	<u>287,063</u>
<b>Non-Current</b>		
Land Held for Resale - Deemed Cost		
Cost of Acquisition	2,100,000	0
Development Costs	1,778,175	0
	<u>3,878,175</u>	<u>0</u>

**CITY OF GOSNELLS**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

<b>7. PROPERTY, PLANT AND EQUIPMENT</b>	<b>2008 \$</b>	<b>2007 \$</b>
Land and Buildings		
Land Valuation Prior (as at 30/06/2003)	0	31,714,172
Building Valuation Prior (as at 30/06/2003)	0	72,328,000
Land Valuations (as at 30/06/2008)	184,423,553	0
Building Valuations (as at 30/06/2008)	64,750,350	0
Land - Cost	0	3,874,532
Buildings - Cost	7,893,212	18,858,172
Less Accumulated Depreciation	<u>(58,468)</u>	<u>(6,434,728)</u>
	<u>257,008,647</u>	<u>120,340,148</u>
Tenement Land	<u>1</u>	<u>0</u>
	1	0
Furniture and Equipment - Cost	4,671,835	4,602,480
Less Accumulated Depreciation	<u>(2,857,395)</u>	<u>(2,688,954)</u>
	<u>1,814,440</u>	<u>1,913,526</u>
Plant and Equipment - Cost	13,922,044	12,783,746
Less Accumulated Depreciation	<u>(4,619,766)</u>	<u>(4,317,441)</u>
	<u>9,302,278</u>	<u>8,466,305</u>
Miscellaneous Tools	<u>0</u>	<u>58,057</u>
	0	58,057
Local Government House	<u>15,464</u>	<u>15,464</u>
	15,464	15,464
	<u>268,140,830</u>	<u>130,793,500</u>
<b>Intangible Assets</b>		
Intangible Assets	1,450,164	1,450,164
Less Accumulated Amortisation	<u>(821,272)</u>	<u>(683,842)</u>
	<u>628,892</u>	<u>766,322</u>
	<u>268,769,722</u>	<u>131,559,822</u>

As at 30 June 2008 revaluation of Land and Buildings was conducted by AVP Valuers. Valuation is based on fair value as per AASB 116

Tenement Land has been recognised at a nominal value (in accordance with AASB 116). This class of assets will be valued by an independent valuer during Financial Year 2008/2009.

**CITY OF GOSNELLS**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(a) Movements in Carrying Amounts**

The following represents the movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	<b>Land \$</b>	<b>Buildings \$</b>	<b>Tenement Land \$</b>	<b>Furniture &amp; Equipment \$</b>	<b>Intangible Assets \$</b>	<b>Plant &amp; Equipment \$</b>	<b>Miscellaneous Tools \$</b>	<b>Local Government House \$</b>	<b>Total \$</b>
Balance as at 1 July 2007	35,588,704	84,751,444	0	1,913,526	766,322	8,466,305	58,057	15,464	131,559,822
Additions	3,825	5,969,506	1	438,068	0	3,456,835	0	0	9,868,235
(Disposals)	(261,745)	(2,352,340)	0	(10,771)	0	(1,217,088)	(58,057)	0	(3,900,001)
Revaluation - Increments - (Decrements)	151,235,030	(13,951,089)	0	0	0	0	0	0	137,283,941 0
Impairment - (losses) - reversals	0	0	0	0	0	0	0	0	0
Depreciation (Expense)	0	(1,819,092)	0	(539,718)	(137,430)	(1,403,774)	0	0	(3,900,014)
Other Movements	(2,142,261)	(13,335)	0	13,335	0	0	0	0	(2,142,261)
Balance as at 30 June 2008	<u>184,423,553</u>	<u>72,585,094</u>	<u>1</u>	<u>1,814,440</u>	<u>628,892</u>	<u>9,302,278</u>	<u>0</u>	<u>15,464</u>	<u>268,769,722</u>

**CITY OF GOSNELLS**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>8. INFRASTRUCTURE</b>		
Roads & Footpaths - Cost	179,298,520	168,126,605
Less Accumulated Depreciation	<u>(37,944,261)</u>	<u>(31,112,323)</u>
	141,354,259	137,014,282
Bridges - Cost	8,619,423	8,619,422
Less Accumulated Depreciation	<u>(1,294,706)</u>	<u>(1,123,259)</u>
	7,324,717	7,496,163
Drainage - Cost	45,186,242	44,100,789
Less Accumulated Depreciation	<u>(5,207,216)</u>	<u>(4,327,745)</u>
	39,979,026	39,773,044
Park Development - Cost	31,988,788	30,553,695
Less Accumulated Depreciation	<u>(8,230,826)</u>	<u>(6,645,657)</u>
	23,757,962	23,908,038
	<u>212,415,964</u>	<u>208,191,527</u>

Effective from 1 July 2001, Council deemed the carrying amount of all infrastructure assets, other than roads, carried at a revalued amount, to be their cost.

This was in accordance with the exemptions on application of Australian Accounting Standard AASB 1 'First-time adoption of Australian Equivalent to International Financial Reporting Standards'. These assets, along with all other infrastructure asset classes (other than roads), are now being carried at cost. Whilst they are not subject to a policy of regular revaluation, they are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 'Impairment of Assets'.



**CITY OF GOSNELLS**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

**8. INFRASTRUCTURE (Continued)**

**(a) Movements in Carrying Amounts**

The following represents the movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	<b>Roads &amp; Footpaths \$</b>	<b>Bridges \$</b>	<b>Drainage \$</b>	<b>Parks \$</b>	<b>Total \$</b>
Balance as at 1 July 2007	137,014,282	7,496,163	39,773,044	23,908,038	208,191,527
Additions	11,179,440	0	1,085,452	1,614,627	13,879,519
(Disposals)	(2,566)	0	0	(69,245)	(71,811)
Revaluation - Increments					0
- (Decrements)	0	0	0	0	0
Impairment - (losses)					0
- reversals	0	0	0	0	0
Depreciation (Expense)	(6,834,511)	(171,446)	(879,470)	(1,697,844)	(9,583,271)
Other Movements	(2,386)	0	0	2,386	0
Balance as at 30 June 2008	<u>141,354,259</u>	<u>7,324,717</u>	<u>39,979,026</u>	<u>23,757,962</u>	<u>212,415,964</u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>9. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	4,749,343	3,552,204
Bond and Other Retentions	4,739,756	4,264,633
Accruals	71,226	113,223
Income Received in Advance	110,950	118,020
	<u>9,671,275</u>	<u>8,048,080</u>
<b>Non-Current</b>		
Bond and Other Retentions	1,236,424	1,066,158
	<u>1,236,424</u>	<u>1,066,158</u>
<b>10. LONG-TERM BORROWINGS</b>		
<b>Current</b>		
Secured by Floating Charge		
Debentures	6,500,000	6,500,000
	<u>6,500,000</u>	<u>6,500,000</u>
Additional detail on borrowings is provided in Note 22.		
<b>Non-Current</b>		
Secured by Floating Charge		
Debentures	6,000,000	0
	<u>6,000,000</u>	<u>0</u>
Additional detail on borrowings is provided in Note 22.		
<b>11. PROVISIONS</b>		
<b>Current</b>		
Provision for Annual Leave	2,262,668	2,089,321
Provision for Long Service Leave	1,869,195	454,717
	<u>4,131,863</u>	<u>2,544,038</u>
<b>Non-Current</b>		
Provision for Long Service Leave	314,445	1,520,537
Deferred Salaries Provision	0	24,358
	<u>314,445</u>	<u>1,544,895</u>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
<b>12. RESERVES - CASH/INVESTMENT BACKED</b>			
<b>(a) MGB Plant &amp; Equipment</b>			
Opening Balance	1,155,596	1,184,639	974,580
Amount Set Aside / Transfer to Reserve	642,649	536,565	248,736
Amount Used / Transfer from Reserve	<u>(73,196)</u>	<u>(72,500)</u>	<u>(67,720)</u>
	<u>1,725,049</u>	<u>1,648,704</u>	<u>1,155,596</u>
<b>(b) Leisure World Mechanical Plant Services</b>			
Opening Balance	82,398	82,701	102,284
Amount Set Aside / Transfer to Reserve	3,289	7,056	6,292
Amount Used / Transfer from Reserve	<u>(3,400)</u>	<u>(6,600)</u>	<u>(26,177)</u>
	<u>82,287</u>	<u>83,157</u>	<u>82,399</u>
<b>(c) Netball Court Resurfacing</b>			
Opening Balance	6,857	6,853	6,417
Amount Set Aside / Transfer to Reserve	276	585	440
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>7,133</u>	<u>7,438</u>	<u>6,857</u>
<b>(d) Performing Arts Centre</b>			
Opening Balance	89,410	103,049	97,629
Amount Set Aside / Transfer to Reserve	20,925	26,842	23,242
Amount Used / Transfer from Reserve	<u>(22,000)</u>	<u>(22,000)</u>	<u>(31,461)</u>
	<u>88,335</u>	<u>107,891</u>	<u>89,410</u>
<b>(e) Waste Disposal Site Development</b>			
Opening Balance	3,922,007	3,919,826	3,670,552
Amount Set Aside / Transfer to Reserve	157,613	334,422	251,455
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>4,079,620</u>	<u>4,254,248</u>	<u>3,922,007</u>
<b>(f) Refuse Disposal Site Rehabilitation</b>			
Opening Balance	225,194	224,976	180,357
Amount Set Aside / Transfer to Reserve	65,098	69,194	46,439
Amount Used / Transfer from Reserve	<u>0</u>	<u>(103,000)</u>	<u>(1,601)</u>
	<u>290,292</u>	<u>191,170</u>	<u>225,195</u>
<b>(g) Hillside Farm Equipment</b>			
Opening Balance	1,891	1,890	1,770
Amount Set Aside / Transfer to Reserve	76	161	121
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>1,967</u>	<u>2,051</u>	<u>1,891</u>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
<b>12. RESERVES - CASH/INVESTMENT BACKED (Continued)</b>			
<b>(h) Insurance</b>			
Opening Balance	367,549	367,345	343,984
Amount Set Aside / Transfer to Reserve	14,771	31,340	23,565
Amount Used / Transfer from Reserve	0	0	0
	<u>382,320</u>	<u>398,685</u>	<u>367,549</u>
<b>(i) Southern River Contaminated Site Rehabilitation</b>			
Opening Balance	665,064	664,563	611,153
Amount Set Aside / Transfer to Reserve	26,036	56,698	60,173
Amount Used / Transfer from Reserve	(85,871)	(100,000)	(6,262)
	<u>605,229</u>	<u>621,261</u>	<u>665,064</u>
<b>(j) Building Construction</b>			
Opening Balance	400,406	526,439	60,194
Amount Set Aside / Transfer to Reserve	16,091	44,913	607,187
Amount Used / Transfer from Reserve	0	0	(266,975)
	<u>416,497</u>	<u>571,352</u>	<u>400,406</u>
<b>(k) Local Government Elections</b>			
Opening Balance	190,843	189,892	90,000
Amount Set Aside / Transfer to Reserve	103,951	113,263	100,843
Amount Used / Transfer from Reserve	(135,082)	(141,500)	0
	<u>159,712</u>	<u>161,655</u>	<u>190,843</u>
<b>(l) Rate Revaluation</b>			
Opening Balance	121,039	120,206	32,967
Amount Set Aside / Transfer to Reserve	93,341	98,230	88,072
Amount Used / Transfer from Reserve	(200,000)	0	0
	<u>14,380</u>	<u>218,436</u>	<u>121,039</u>
<b>(m) Gosnells Town Centre Revitalisation</b>			
Opening Balance	121,190	492,698	500,786
Amount Set Aside / Transfer to Reserve	1,930	42,035	32,222
Amount Used / Transfer from Reserve	(342)	(19,000)	(411,818)
	<u>122,778</u>	<u>515,733</u>	<u>121,190</u>
<b>(n) Plant &amp; Equipment</b>			
Opening Balance	1,382,843	1,757,821	1,787,164
Amount Set Aside / Transfer to Reserve	1,168,743	1,251,677	1,188,174
Amount Used / Transfer from Reserve	(1,710,823)	(2,605,560)	(1,592,495)
	<u>840,763</u>	<u>403,938</u>	<u>1,382,843</u>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
<b>12. RESERVES - CASH/INVESTMENT BACKED (Continued)</b>			
<b>(o) Walter Padbury Park</b>			
Opening Balance	267,667	288,789	226,938
Amount Set Aside / Transfer to Reserve	109,789	71,711	61,053
Amount Used / Transfer from Reserve	0	(20,325)	(20,325)
	<u>377,456</u>	<u>340,175</u>	<u>267,666</u>
<b>(p) Sutherlands Park</b>			
Opening Balance	71,857	71,675	9,041
Amount Set Aside / Transfer to Reserve	14,035	70,727	62,816
Amount Used / Transfer from Reserve	0	(40,562)	0
	<u>85,892</u>	<u>101,840</u>	<u>71,857</u>
<b>(q) Harmony Fields</b>			
Opening Balance	110,451	570,221	875,816
Amount Set Aside / Transfer to Reserve	19,259	65,508	1,348,747
Amount Used / Transfer from Reserve	(98,020)	(395,000)	(2,114,112)
	<u>31,690</u>	<u>240,729</u>	<u>110,451</u>
<b>(r) Administration Building Construction</b>			
Opening Balance	363,274	499,700	1,068,966
Amount Set Aside / Transfer to Reserve	581,346	601,085	212,216
Amount Used / Transfer from Reserve	(76,528)	(130,000)	(917,908)
	<u>868,092</u>	<u>970,785</u>	<u>363,274</u>
<b>(s) Public Open Space</b>			
Opening Balance	7,253,261	6,985,922	4,540,296
Amount Set Aside / Transfer to Reserve	3,323,851	1,596,008	2,720,706
#Transfer to Developer Contribution Reserve	(12,700)	0	0
#Transfer from CV ODP	87,720	0	0
Amount Used / Transfer from Reserve	(513,810)	(221,300)	(7,741)
	<u>10,138,322</u>	<u>8,360,630</u>	<u>7,253,261</u>
<b>(t) Maddington/Kenwick Strategy</b>			
Opening Balance	2,495,579	2,507,157	1,530,240
Amount Set Aside / Transfer to Reserve	1,713,689	1,213,899	1,463,304
Amount Used / Transfer from Reserve	(792,220)	(3,552,039)	(497,965)
	<u>3,417,048</u>	<u>169,017</u>	<u>2,495,579</u>
<b>(u) Mills Park</b>			
Opening Balance	101,126	102,324	62,652
Amount Set Aside / Transfer to Reserve	47,530	44,325	38,473
Amount Used / Transfer from Reserve	0	0	0
	<u>148,656</u>	<u>146,649</u>	<u>101,125</u>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
<b>12. RESERVES - CASH/INVESTMENT BACKED (Continued)</b>			
<b>(v) Langford Oval Redevelopment</b>			
Opening Balance	46,119	49,128	29,896
Amount Set Aside / Transfer to Reserve	19,079	21,740	18,623
Amount Used / Transfer from Reserve	0	(40,000)	(2,400)
	<u>65,198</u>	<u>30,868</u>	<u>46,119</u>
<b>(w) Gosnells Oval Redevelopment</b>			
Opening Balance	133,974	102,813	63,969
Amount Set Aside / Transfer to Reserve	57,906	43,927	70,005
Amount Used / Transfer from Reserve	0	0	0
	<u>191,880</u>	<u>146,740</u>	<u>133,974</u>
<b>(x) Developer Contributions Infrastructure</b>			
Opening Balance	107,923	98,614	92,343
Amount Set Aside / Transfer to Reserve	40,458	8,413	15,580
#Transfer from POS	12,700	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>161,081</u>	<u>107,027</u>	<u>107,923</u>
<b>(y) Operations Centre</b>			
Opening Balance	406,061	417,480	401,037
Amount Set Aside / Transfer to Reserve	16,235	35,618	27,181
Amount Used / Transfer from Reserve	(12,726)	(364,455)	(22,157)
	<u>409,570</u>	<u>88,643</u>	<u>406,061</u>
<b>(z) Floodlighting Levy</b>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	12,152	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>12,152</u>	<u>0</u>	<u>0</u>
<b>(i) TPS No. 7</b>			
Opening Balance	53,337	53,308	49,918
Amount Set Aside / Transfer to Reserve	2,143	4,548	3,420
Amount Used / Transfer from Reserve	0	0	0
	<u>55,480</u>	<u>57,856</u>	<u>53,338</u>
<b>(ii) TPS No. 9A</b>			
Opening Balance	1,054,463	1,115,087	1,137,582
Amount Set Aside / Transfer to Reserve	163,338	120,134	74,865
Amount Used / Transfer from Reserve	(30,036)	(631,000)	(157,984)
	<u>1,187,765</u>	<u>604,221</u>	<u>1,054,463</u>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
<b>12. RESERVES - CASH/INVESTMENT BACKED (Continued)</b>			
<b>(iii) TPS No. 10</b>			
Opening Balance	7,758	7,754	7,261
Amount Set Aside / Transfer to Reserve	312	662	497
Amount Used / Transfer from Reserve	0	0	0
	<u>8,070</u>	<u>8,416</u>	<u>7,758</u>
<b>(iv) TPS No. 15</b>			
Opening Balance	313,681	312,538	178,941
Amount Set Aside / Transfer to Reserve	12,503	51,664	139,740
Amount Used / Transfer from Reserve	(5,000)	(5,000)	(5,000)
	<u>321,184</u>	<u>359,202</u>	<u>313,681</u>
<b>(v) TPS No. 17</b>			
Opening Balance	315,685	656,144	738,002
Amount Set Aside / Transfer to Reserve	36,994	155,979	188,585
Amount Used / Transfer from Reserve	(125,386)	(453,190)	(610,902)
	<u>227,293</u>	<u>358,933</u>	<u>315,685</u>
<b>(vi) TPS No. 20</b>			
Opening Balance	584,277	493,278	288,379
Amount Set Aside / Transfer to Reserve	116,516	142,084	425,897
Amount Used / Transfer from Reserve	(5,000)	(205,000)	(130,000)
	<u>695,793</u>	<u>430,362</u>	<u>584,276</u>
<b>(vii) ODP Canning Vale</b>			
Opening Balance	1,341,455	1,265,949	1,731,176
Amount Set Aside / Transfer to Reserve	1,077,897	358,005	385,859
#Transfer to POS Reserve	(87,720)	0	0
Amount Used / Transfer from Reserve	(2,208,807)	(1,208,988)	(775,580)
	<u>122,825</u>	<u>414,966</u>	<u>1,341,455</u>
<b>(viii) ODP Southern River Precinct 5</b>			
Opening Balance	332,749	332,637	316,197
Amount Set Aside / Transfer to Reserve	13,269	28,379	21,552
Amount Used / Transfer from Reserve	(5,000)	(330,000)	(5,000)
	<u>341,018</u>	<u>31,016</u>	<u>332,749</u>
<b>(ix) ODP Southern River Precinct 3</b>			
Opening Balance	62,225	62,191	58,236
Amount Set Aside / Transfer to Reserve	2,501	5,306	3,989
Amount Used / Transfer from Reserve	0	0	0
	<u>64,726</u>	<u>67,497</u>	<u>62,225</u>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
<b>12. RESERVES - CASH/INVESTMENT BACKED (Continued)</b>			
<b>(x) ODP Southern River Precinct 1</b>			
Opening Balance	723,764	723,434	682,142
Amount Set Aside / Transfer to Reserve	28,983	311,720	46,622
Amount Used / Transfer from Reserve	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>
	<u>747,747</u>	<u>1,030,154</u>	<u>723,764</u>
<b>(xi) ODP Campbell Estate (Canning Vale)</b>			
Opening Balance	3,291,134	3,286,524	0
Amount Set Aside / Transfer to Reserve	2,317,030	530,393	3,759,404
Amount Used / Transfer from Reserve	<u>(528,845)</u>	<u>(90,000)</u>	<u>(468,270)</u>
	<u>5,079,319</u>	<u>3,726,917</u>	<u>3,291,134</u>
<b>(xii) ODP Southern River Precinct 2</b>			
Opening Balance	1,512,847	1,506,225	0
Amount Set Aside / Transfer to Reserve	653,454	378,504	1,532,847
Amount Used / Transfer from Reserve	<u>(20,000)</u>	<u>(445,000)</u>	<u>(20,000)</u>
	<u>2,146,301</u>	<u>1,439,729</u>	<u>1,512,847</u>
<b>(xiii) Recreation and Culture Infrastructure</b>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	102,053	100,000	0
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>102,053</u>	<u>100,000</u>	<u>0</u>
<b>TOTAL CASH BACKED RESERVES</b>	<u><b>35,822,973</b></u>	<u><b>28,518,091</b></u>	<u><b>29,682,954</b></u>
Summary of Cash Backed Reserve			
Opening Balance	29,682,954	31,151,790	22,548,865
Amount Set Aside / Transfer to Reserve	12,797,111	8,573,320	15,298,942
#Equity Transfer to / (from) Reserve	0	0	0
Amount Used / Transfer from Reserve	<u>(6,657,092)</u>	<u>(11,207,019)</u>	<u>(8,164,853)</u>
<b>Total Summary of Cashed Backed Reserve</b>	<u><b>35,822,973</b></u>	<u><b>28,518,091</b></u>	<u><b>29,682,954</b></u>

All of the cash backed reserve accounts are supported by money held in financial institutions or in separate investments and match the amounts shown as restricted cash and restricted investments in Notes 3 and 4 to this report.

# Equity Transfer to / (from) Reserve are movements between reserve funds. These equity transfers are in accordance with the 2007/2008 Budget or Council Resolution or a correction of a previous incorrect transfer.

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



CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

**12. RESERVES - CASH/INVESTMENT BACKED (Continued)**

**MGB Plant & Equipment**

- acquisition of Mobile Garbage Plant and associated (including bins).

**Leisure World Mechanical Plant Services**

- purchase and/or major repair of plant located at the Leisure World Complex.

**Netball Court Resurfacing**

- resurfacing of the Southern District Netball Courts in Langford as required.

**Performing Arts Centre**

- construction, equipping and assessment of Don Russell Performing Arts Centre

**Waste Disposal Site Development**

- replacement of work to extend the life of the Kelvin Road Refuse Disposal Site and/or funding towards entry cost to a regional site.

**Refuse Disposal Site Rehabilitation**

- rehabilitation of the Kelvin Road Refuse Disposal Site following closure.

**Hillside Farm Equipment**

- to fund future purchase of equipment at Hillside Farm.

**Insurance**

- to provide funds in case of calls on Council participating in the self-insurance scheme.

**Southern River Contaminated Site Rehabilitation**

- for expenditure associated with the rehabilitation of the Southern River contaminated site.

**Building Construction**

- new or refurbished building activity in major building plant replacement.

**Local Government Elections**

- for the expenditure associated with holding of Local Government Elections.

**Rate Revaluation**

- for expenditure associated with the revaluation of properties on which council raises rates.

**Gosnells Town Centre Revitalisation**

- to fund the cost of redeveloping the Gosnells Town Centre.

**Plant & Equipment**

- to fund replacement or new acquisition of the plant and associated equipment.

**Walter Padbury Park**

- to provide for works at the Walter Padbury park as determined by Council.

**Sutherlands Park**

- to fund work at Sutherland Park.

**Harmony Fields**

- to provide for expenditure at Harmony Fields.

**Administration Building Construction**

- to fund expenditure on a new Administration Building.

**Public Open Space**

- to fund infrastructure expenditure arising out of the need to meet our obligations in respect of contributions in lieu of Public Open Space.

**Maddington/Kenwick Strategy**

- to fund the cost of urban renewal in Maddington / Kenwick.

**Civic Complex**

- to partially fund the cost of the building the Civic Complex.

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

**12. RESERVES - CASH/INVESTMENT BACKED (Continued)**

**Mills Park**

- to assist with the development of Mills Park.

**Langford Oval Redevelopment**

- to assist with the development of Langford Oval from phone tower revenues.

**Gosnells Oval Redevelopment**

- to fund Council's expenditure on Gosnells Oval from the income derived from telco tower leases.

**Developer Contributions for Future Infrastructure**

- to fund future expenditure on developments that fall outside of a TPS or ODP.

**Operations Centre**

- to fund Council's expenditure on redeveloping Gosnells operations centre.

**Floodlighting Levy**

- to upgrade the City's active reserve floodlighting.

**TPS No. 7**

- to fund expenditure on developments within the TPS site with contribution from developers.

**TPS No. 9A**

- to fund expenditure on developments within the TPS site with contribution from developers.

**TPS No. 10**

- to fund expenditure on developments within the TPS site with contribution from developers.

**TPS No. 15**

- to fund expenditure on developments within the TPS site with contribution from developers.

**TPS No. 17**

- to fund expenditure on developments within the TPS site with contribution from developers.

**TPS No. 20**

- to fund expenditure on developments within the TPS site with contribution from developers.

**ODP Canning Vale**

- to fund expenditure on developments within the ODP site with contribution from developers.

**ODP Southern River Precinct 5**

- to fund expenditure on developments within the ODP site with contribution from developers.

**ODP Southern River Precinct 3**

- to fund expenditure on developments within the ODP site with contribution from developers.

**ODP Southern River Precinct 1**

- to fund expenditure on developments within the ODP site with contribution from developers.

**ODP Campbell Estate (Canning Vale)**

- to fund expenditure on developments within the ODP site with contribution from developers.

**ODP Southern River Precinct 2**

- to fund expenditure on developments within the ODP site with contribution from developers.

**CITY OF GOSNELLS**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

<b>13. RESERVES - ASSET REVALUATION</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
<b>(a) Land and Buildings</b>		
Balance as at 1 July 2007	86,422,244	86,422,244
Revaluation Increment	137,283,940	0
Revaluation Decrement	0	0
Balance as at 30 June 2008	<u>223,706,184</u>	<u>86,422,244</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>223,706,184</u></u>	<u><u>86,422,244</u></u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

**14. NOTES TO THE CASH FLOW STATEMENT**

**(a) Reconciliation of Cash**

For the purposes of the cash flow statement, cash includes cash on hand and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the balance sheet as follows:

	<b>2008</b> \$	<b>2008</b> Budget \$	<b>2007</b> \$
Cash and Cash Equivalents	<u>28,465,083</u>	<u>35,864,585</u>	<u>5,820,043</u>

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

Net Result	(8,448,630)	(11,076,886)	(14,186,401)
Amortisation	(137,430)	(161,000)	(155,588)
Depreciation	(13,345,855)	(13,032,263)	(12,555,000)
Fair Value adjustment to financial assets at fair value through profit or loss	264,384	0	3,333,800
Profit/(Loss) on Sale of Asset	(2,713,539)	4,056,700	(486,610)
Increase/(Decrease) in Receivables	714,754	87,794	(393,919)
Increase/(Decrease) in Inventories	54,036	(39,722)	25,171
(Increase)/Decrease in Payables	(1,148,071)	2,469,229	(664,553)
(Increase)/Decrease in Employee Provisions	(357,375)	(340,951)	33,266
Grants/Contributions for the Development of Assets	<u>11,302,099</u>	<u>10,246,998</u>	<u>11,672,788</u>
<b>Net Cash from Operating Activities</b>	<u>(13,815,627)</u>	<u>(7,790,101)</u>	<u>(13,377,046)</u>

**(c) Undrawn Borrowing Facilities**

**Credit Standby Arrangements**

Bank Overdraft limit	0	0	0
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	60,000	60,000	60,000
Credit Card Balance at Balance Date	<u>(16,223)</u>	<u>0</u>	<u>(19,619)</u>
<b>Total Amount of Credit Unused</b>	<u>43,777</u>	<u>60,000</u>	<u>40,381</u>

**Loan Facilities**

Loan Facilities - Current	7,063,000	0	6,500,000
Loan Facilities - Non-Current	<u>20,900,000</u>	<u>27,883,300</u>	<u>0</u>
<b>Total Facilities in Use at Balance Date</b>	<u>27,963,000</u>	<u>27,883,300</u>	<u>6,500,000</u>

<b>Unused Loan Facilities at Balance Date</b>	<u>15,463,000</u>	<u>0</u>	<u>3,061,480</u>
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**CITY OF GOSNELLS**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

<b>15. CONTINGENT LIABILITIES</b>	NIL	
<b>16. CAPITAL AND LEASING COMMITMENTS</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Finance Lease Commitments</b>	NIL	NIL
<b>(b) Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	48,560	43,209
- later than one year but not later than five years	159,788	179,881
- later than five years	0	0
	<u>208,348</u>	<u>223,090</u>
<b>(c) Capital Expenditure Commitments</b>		
Contracted for:		
- Civic Centre - Capital Expenditure	16,825,319	0
- Amherst Community Centre - Capital Expenditure	3,438,072	0
- Harmony Fields Redevelopment - Capital Expenditure	751,660	0
Payable:		
- not later than one year		
- Civic Centre - Capital Expenditure	15,633,932	0
- Amherst Community Centre - Capital Expenditure	3,438,072	0
- Harmony Fields Redevelopment - Capital Expenditure	751,660	0

The capital expenditure project outstanding at the end of the current reporting period represents the construction of the redevelopment of the Civic Centre, construction of Amherst Village Community Centre, Harmony Fields Subdivision and the Lot 8 Holmes Street Subdivision.

**CITY OF GOSNELLS**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>17. JOINT VENTURE</b>	NIL	NIL
<b>18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY</b>		
Governance	3,100,000	3,193,904
General Purpose Funding	2,088,585	36,708,715
Law, Order, Public Safety	1,261,026	303,611
Health	2,408,000	0
Education and Welfare	4,138,900	1,360,450
Community Amenities	136,495,847	83,167,049
Recreation and Culture	136,317,782	74,201,706
Transport	165,295,395	123,698,732
Economic Services	250,589	155,288
Other Property and Services	36,586,033	17,444,793
Unallocated	58,630,165	52,166,853
	<u>546,572,322</u>	<u>392,401,101</u>

Unallocated is mainly comprised of Cash and Cash Equivalents, Investments, Current Inventory, GST Receivable, Provision for Doubtful Debts and Accrued Income.

**CITY OF GOSNELLS**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

<b>19. FINANCIAL RATIOS</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Current Ratio	0.930	1.122	1.90
Untied Cash to Trade Creditors Ratio	2.156	1.638	3.12
Debt Ratio	0.051	0.050	0.033
Debt Service Ratio	0.125	0.001	0.00
Gross Debt to Revenue Ratio	0.225	0.122	0.00
Gross Debt to Economically Realisable Assets Ratio	0.037	0.035	0.00
Rate Coverage Ratio	0.532	0.499	0.50
Outstanding Rates Ratio	0.024	0.007	0.036

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Trade Creditors Ratio	$\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$
Debt Ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$
Debt Service Ratio	$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{Gross debt}}{\text{Total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{Gross debt}}{\text{Economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

20. TRUST FUNDS

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

	Balance 1-Jul-07 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-08 \$
Unclaimed Monies	4,491	0	0	4,491
BCITF	110,356	550,769	(497,160)	163,965
BRB	12,657	108,545	(103,764)	17,438
	<u>127,504</u>			<u>185,894</u>

21. DISPOSALS OF ASSETS - 2007/08 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land	261,746	2,429,000	0	6,585,000	(261,746)	4,156,000
Buildings	2,352,339	0	0	0	(2,352,339)	0
Furniture & Equipment	10,771	0	28,016	0	17,245	0
Plant and Equipment	1,217,088	1,761,640	1,230,257	1,662,340	13,169	(99,300)
Roads and Footpaths	2,566	0	0	0	(2,566)	0
Park Development	69,245	0	0	0	(69,245)	0
Miscellaneous Tools	58,057	0	0	0	(58,057)	0
	<u>3,971,812</u>	<u>4,190,640</u>	<u>1,258,273</u>	<u>8,247,340</u>	<u>(2,713,539)</u>	<u>4,056,700</u>



**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

**22. INFORMATION ON BORROWINGS**

(a) Debenture Repayments

Particulars	Principal 1-Jul-07 \$	New Loans \$	Principal Repayments		Principal 30-Jun-08		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Recreation and Culture</b>								
Harmony Fields Redevelopment	6,500,000	6,500,000	6,500,000	5,385,000	6,500,000 0 0	6,500,000	398,898	450,000
<b>Other Property and Services</b>								
Civic Centre	0	6,000,000	0	0	6,000,000	20,900,000	66,941	0
	6,500,000	12,500,000	6,500,000	5,385,000	12,500,000	27,400,000	465,839	450,000

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2007/08

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Harmony Fields Redevelopment	6,500,000	0	WA Treasury Corporation	Debenture	1	517,621	7.92	1,705,222	0	1,148,455
Civic Centre	6,000,000	20,900,000	WA Treasury Corporation	Debenture	20	16,107,258	6.19	4,137,699	20,900,000	1,862,301
Amherst Village Community Centre Construction Loan	0	4,168,300	WA Treasury Corporation	Debenture	2	436,214	6.90	0	4,168,300	
Development of Lot 8 Holmes St Loan	0	1,700,000	WA Treasury Corporation	Debenture	2	177,905	6.90	0	1,700,000	

In keeping with the terms of the Civic Centre loan, Council intends to extend the term of the loan to the full 24 month period. This extension will be invoked in June 2009.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

**22. INFORMATION ON BORROWINGS (Continued)**

(c) Unspent Debentures

<b>Particulars</b>	<b>Date Borrowed</b>	<b>Balance 1-Jul-07 \$</b>	<b>Borrowed During Year \$</b>	<b>Expended During Year \$</b>	<b>Refinanced During Year \$</b>	<b>Balance 30-Jun-08 \$</b>
Harmony Fields Redevelopment	27/06/2008	2,853,677	6,500,000	(1,705,222)	(6,500,000)	1,148,455
Civic Centre	16/04/2008	0	6,000,000	(4,137,699)	0	1,862,301
		0	12,500,000	(5,842,921)	(6,500,000)	3,010,756

(d) Overdraft

Council has not utilised an overdraft facility during the financial year.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

**23. RATING INFORMATION - 2007/08 FINANCIAL YEAR**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>Differential General Rate</b>											
<b>GRV</b>											
Commercial Improved	8.4690	464	46,534,186	(3,940,980)	(266,615)	0	(4,207,595)	(3,940,980)	(100,000)	0	(4,040,980)
Commercial Vacant	13.5500	34	508,850	(68,949)	291	0	(68,658)	(68,949)	0	0	(68,949)
Extractive Industry	16.0910	3	257,500	(41,434)	0	0	(41,434)	(41,434)	0	0	(41,434)
Golf Courses	8.4690	1	135,000	(11,433)	0	0	(11,433)	(11,433)	0	0	(11,433)
Industrial Improved	8.4690	721	27,633,850	(2,340,311)	(70,110)	0	(2,410,421)	(2,340,311)	(60,000)	0	(2,400,311)
Industrial Vacant	13.5500	69	948,306	(128,496)	(4,806)	0	(133,302)	(128,495)	(10,000)	0	(138,495)
Kennel Area Improved	8.4690	132	1,152,156	(97,576)	0	0	(97,576)	(97,576)	(1,000)	0	(98,576)
Kennel Area Vacant	13.5500	0	0	0	0	0	0	0	0	0	0
Residential Development GRV	10.1630	93	1,992,621	(202,510)	17,733	0	(184,777)	(202,510)	0	0	(202,510)
Residential Improved	8.4690	18,941	178,966,844	(15,156,699)	(614,645)	0	(15,771,344)	(15,156,702)	(529,673)	0	(15,686,375)
Residential Vacant	13.5500	1,399	9,389,171	(1,272,235)	(32,905)	0	(1,305,140)	(1,272,233)	(100,000)	0	(1,372,233)
Rural GRV	10.1630	673	6,473,366	(657,888)	(31,124)	0	(689,012)	(657,888)	(3,000)	0	(660,888)
<b>UV</b>											
Residential Development UV	0.1540	4	5,000,000	(7,700)	0	0	(7,700)	(7,700)	0	0	(7,700)
Rural UV	0.2560	242	168,245,550	(430,709)	64,418	0	(366,291)	(430,709)	0	0	(430,709)
Rural Agricultural Concession	0.2050	25	76,095,000	(155,995)	0	0	(155,995)	(155,995)	0	0	(155,995)
<b>Sub-Totals</b>		<b>22,801</b>	<b>523,332,400</b>	<b>(24,512,915)</b>	<b>(937,763)</b>	<b>0</b>	<b>(25,450,678)</b>	<b>(24,512,915)</b>	<b>(803,673)</b>	<b>0</b>	<b>(25,316,588)</b>
<b>Minimum Rates</b>	<b>Minimum \$</b>										
<b>GRV</b>											
Commercial Improved	606	70	326,882	(42,420)	0	0	(42,420)	(42,420)	0	0	(42,420)
Commercial Vacant	606	2	2,380	(1,212)	0	0	(1,212)	(1,212)	0	0	(1,212)
Extractive Industry	606	0	0	0	0	0	0	0	0	0	0
Golf Courses	606	1	4,500	(606)	0	0	(606)	(606)	0	0	(606)
Industrial Improved	606	100	607,799	(60,600)	0	0	(60,600)	(60,600)	0	0	(60,600)
Industrial Vacant	606	0	0	0	0	0	0	0	0	0	0
Kennel Area Improved	606	17	115,336	(10,302)	0	0	(10,302)	(10,302)	0	0	(10,302)
Kennel Area Vacant	606	0	0	0	0	0	0	0	0	0	0
Residential Development GRV	606	0	0	0	0	0	0	0	0	0	0
Residential Improved	606	14,185	89,449,096	(8,596,110)	0	0	(8,596,110)	(8,596,110)	0	0	(8,596,110)
Residential Vacant	606	890	2,980,795	(539,340)	0	0	(539,340)	(539,340)	0	0	(539,340)
Rural GRV	606	116	603,030	(70,296)	0	0	(70,296)	(70,296)	0	0	(70,296)
<b>UV</b>											
Residential Development UV	606	0	0	0	0	0	0	0	0	0	0
Rural UV	606	5	926,450	(3,030)	0	0	(3,030)	(3,030)	0	0	(3,030)
Rural Agricultural Concession	606	0	0	0	0	0	0	0	0	0	0
<b>Sub-Totals</b>		<b>15,386</b>	<b>95,016,268</b>	<b>(9,323,916)</b>	<b>0</b>	<b>0</b>	<b>(9,323,916)</b>	<b>(9,323,916)</b>	<b>0</b>	<b>0</b>	<b>(9,323,916)</b>
Specified Area Rate (refer note 24)							(34,774,594)				(34,640,504)
							(254,897)				(231,182)
Discounts (refer note 26)							(35,029,491)				(34,871,686)
<b>Totals</b>							<b>(35,029,491)</b>				<b>(34,871,686)</b>

**CITY OF GOSNELLS**

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**FOR THE YEAR ENDED 30TH JUNE 2008**

**24. SPECIFIED AREA RATE - 2007/08 FINANCIAL YEAR**

	<b>Rate in \$</b>	<b>Basis of Rate</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Budget Rate Revenue \$</b>	<b>Applied to Costs \$</b>	<b>Budget Applied to Costs \$</b>
The Avenues	0.006163	498	5,641,670	(34,769)	(159)	(34,770)	(34,928)	34,928
Sanctuary Waters	0.005911	688	6,840,189	(51,072)	(1,051)	(51,072)	(52,123)	52,123
The Reserve	0.005587	300	3,653,464	(20,412)	(406)	(20,412)	(20,818)	20,818
Brookland Greens	0.007487	546	7,569,005	(56,669)	(68)	(56,669)	(56,737)	56,737
Brookland Park	0.005600	308	3,494,344	(19,568)	(46)	(19,568)	(19,614)	19,614
The Boardwalk	0.007624	537	6,386,504	(48,691)	(21,986)	(48,691)	(70,677)	70,677
				(231,181)	(23,716)	(231,182)	(254,897)	254,897

Purpose of the rate and proposed applicant of proceeds:

To recover in each Specified Area up to 25% of park maintenance cost incurred by council.

The proceeds of the rate are applied in full to the costs of the park maintenance and no transfer to or from reserve accounts has occurred.

**25. SERVICE CHARGES - 2007/08 FINANCIAL YEAR**

NIL

**CITY OF GOSNELLS**

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**FOR THE YEAR ENDED 30TH JUNE 2008**

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2007/08 FINANCIAL YEAR**

**INCENTIVE A**

An incentive for the early payment of rates was offered as follows:

Five prizes of \$1,000 each funded by the City of Gosnells will be drawn on a random basis.

Westpac Banking Corporation will also provide a \$2,000 savings account.

Inclusion in the draw was automatic for all ratepayers who paid their rates in full by the advertised due date of the first instalment.

Winners were notified by mail and the results published in a newspaper circulating in the district.

**Councillors and employees of the City of Gosnells and their immediate families are ineligible to enter.**

**27. INTEREST CHARGES AND INSTALMENTS - 2007/08 FINANCIAL YEAR**

	<b>Interest Rate %</b>	<b>Admin. Charge \$</b>	<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on Unpaid Rates	11.00%	0	(147,211)	(172,705)
Interest on Instalments Plan	5.50%	0	(175,858)	(170,000)
Charges on Instalment Plan	0	15	(263,241)	(260,000)
			<u>(586,310)</u>	<u>(602,705)</u>

Ratepayers had the option of paying rates in four equal instalments, due on 27th September 2007, 29th November 2007, 31st January 2008 and 27th March 2008. Administration charges and interest applied for the final three instalments.

<b>28. FEES &amp; CHARGES</b>	<b>2008 \$</b>	<b>2007 \$</b>
Governance	(26,985)	(44,308)
General Purpose Funding	(346,217)	(288,900)
Law, Order, Public Safety	(214,808)	(221,419)
Health	(113,950)	(105,723)
Education and Welfare	(394,452)	(330,098)
Community Amenities	(7,054,651)	(6,631,384)
Recreation & Culture	(2,281,941)	(2,373,003)
Transport	(53,006)	(62,410)
Economic Services	(1,797,460)	(1,589,534)
Other Property & Services	(198,968)	(287,653)
	<u>(12,482,438)</u>	<u>(11,934,432)</u>

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

**CITY OF GOSNELLS**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

<b>29. GRANT REVENUE</b>	<b>2008</b>	<b>2007</b>
	\$	\$
<b>By Nature and Type:</b>		
Grants and Subsidies - operating	(4,629,873)	(3,911,665)
Grants and Subsidies - non-operating	(4,072,081)	(3,242,743)
	<u>(8,701,954)</u>	<u>(7,154,408)</u>
<b>By Program:</b>		
General Purpose Funding	(2,732,773)	(2,616,856)
Law, Order, Public Sector	(132,779)	(180,593)
Education and Welfare	(428,792)	(377,052)
Community Amenities	(250,765)	(125,329)
Recreation and Culture	(603,090)	(267,820)
Transport	(3,578,385)	(3,212,770)
Economic Services	(835,472)	(321,734)
Other Property and Services	(139,898)	(52,254)
	<u>(8,701,954)</u>	<u>(7,154,408)</u>

<b>30. COUNCILLORS' REMUNERATION</b>	<b>2008</b>	<b>2008</b>	<b>2007</b>
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the Mayor.			
Meeting Fees	89,575	91,000	89,587
Mayor's Allowance	60,000	60,000	60,000
Deputy Mayor's Allowance	9,000	9,000	9,000
Travelling Expenses	16,567	13,500	13,191
Telecommunications Allowance	17,785	18,000	17,697
	<u>192,927</u>	<u>191,500</u>	<u>189,475</u>

**31. EMPLOYEES' REMUNERATION**

Set out below, in bands of \$10,000, is the number of employees of the City entitled to an annual salary of \$100,000 or more.

<b>Salary Range</b>		<b>2008</b>	<b>2007</b>
	\$		
100,000	109,999	0	1
110,000	119,999	3	0
120,000	129,999	1	2
130,000	139,999	0	2
140,000	149,999	0	1
150,000	159,999	5	0
190,000	199,999	1	0
200,000	209,999	0	1

**32. EMPLOYEE NUMBERS**

	<b>2008</b>	<b>2007</b>
The number of full-time equivalent employees at balance date	<u>369</u>	<u>337</u>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

33. MAJOR LAND TRANSACTIONS

**Former Gosnells Library Site**

(a) Details

The site is to be sold and the funds used to pay for the development of Pioneer Park.

(b) Current year transactions	2008 \$	2007 \$
<b>Operating Income</b>		
- Profit on sale	0	0
<b>Capital Income</b>		
- Sale Proceeds	0	0
<b>Capital Expenditure</b>		
- Purchase of Land	0	0
- Development Costs	0	0
	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

There are no liabilities in relation to this land transaction as at 30 June 2008.

(c) Expected Future Cash Flows

	2009 \$	2010 \$	2011 \$	2012 \$	2013 \$	Total \$
<b>Cash Outflows</b>						
- Development Costs	0	0	0	0	0	0
- Loan Repayments	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Cash Inflows</b>						
- Loan Proceeds						0
- Sale Proceeds	(1,200,000)	0	0	0	0	(1,200,000)
	<u>(1,200,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,200,000)</u>
<b>Net Cash Flows</b>	<u>(1,200,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,200,000)</u>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

33. MAJOR LAND TRANSACTIONS

**Harmony Fields Redevelopment**

(a) Details

Redevelopment of the former Maddington Golf course now named Harmony Fields. The project plan allows for the construction of a pavilion, active sporting reserve and a passive reserve area.

Funding will be derived from the sale of the small parcel of land around the edges of the area for residential development and the Tonkin Highway on ramp and various small reserves within Maddington and the sale of 10 Alloa Road Maddington.

(b) Current year transactions	2008 \$	2007 \$
<b>Operating Income</b>		
- Profit on sale	0	0
<b>Capital Income</b>		
- Sale Proceeds	0	0
<b>Capital Expenditure</b>		
- Purchase of Land	0	0
- Development Costs	849,891	0
	<u>849,891</u>	<u>0</u>

The above capital expenditure is included as land held for resale (refer Note 6).

There are unspent loan liabilities of \$1,148,455 in relation to this land transaction as at 30 June 2008.

(c) Expected Future Cash Flows

	2009 \$	2010 \$	2011 \$	2012 \$	2013 \$	Total \$
<b>Cash Outflows</b>						
- Development Costs	0	0	0	0	0	0
- Loan Repayments	5,385,000	1,115,000	0	0	0	6,500,000
	<u>5,385,000</u>	<u>1,115,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,500,000</u>
<b>Cash Inflows</b>						
- Loan Proceeds	0	0	0	0	0	0
- Sale Proceeds	(5,385,000)	(1,850,000)	0	0	0	(7,235,000)
	<u>(5,385,000)</u>	<u>(1,850,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(7,235,000)</u>
<b>Net Cash Flows</b>	<u>0</u>	<u>(735,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(735,000)</u>



CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

33. MAJOR LAND TRANSACTIONS

**Lot 8 Corner Holmes Street and Warton Rd, Southern River Development**

(a) Details

Council intended to develop the 6 Hectare site for subdivision with the profits to be used to partially offset the cost of the construction of the new Civic Centre.

The initial development of the site will be funded by a loan from Treasury.

(b) Current year transactions	2008 \$	2007 \$
<b>Operating Income</b>		
- Profit on sale	0	0
<b>Capital Income</b>		
- Sale Proceeds	0	0
<b>Capital Expenditure</b>		
- Purchase of Land	0	0
- Development Costs	1,242,442	42,261
	<u>1,242,442</u>	<u>42,261</u>

The above capital expenditure is included as land held for resale (refer Note 6).

There are no liabilities in relation to this land transaction as at 30 June 2008.

(c) Expected Future Cash Flows

	2009 \$	2010 \$	2011 \$	2012 \$	2013 \$	Total \$
<b>Cash Outflows</b>						
- Development Costs	5,780,000	0	0	0	0	5,780,000
- Loan Repayments	460,000	6,480,000	0	0	0	6,940,000
	<u>6,240,000</u>	<u>6,480,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,720,000</u>
<b>Cash Inflows</b>						
- Loan Proceeds	(6,480,000)	0	0	0	0	(6,480,000)
- Sale Proceeds	0	(21,000,000)	0	0	0	(21,000,000)
	<u>(6,480,000)</u>	<u>(21,000,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(27,480,000)</u>
<b>Net Cash Flows</b>	<u>(240,000)</u>	<u>(14,520,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(14,760,000)</u>

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2007/08 financial year.

**CITY OF GOSNELLS**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

**35. FINANCIAL RISK MANAGEMENT**

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

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

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

The Council held the following financial instruments at balance date:

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>				
Cash and cash equivalents	28,465,087	5,820,043	28,465,087	5,820,043
Receivables	2,657,103	1,990,434	2,657,103	1,990,434
Financial assets at fair value through profit or loss	28,995,254	43,838,190	28,995,254	43,838,190
	<u>60,117,444</u>	<u>51,648,667</u>	<u>60,117,444</u>	<u>51,648,667</u>
<b>Financial Liabilities</b>				
Payables	9,671,275	8,048,080	9,671,275	8,048,080
Borrowings	12,500,000	6,500,000	12,493,602	6,430,446
	<u>22,171,275</u>	<u>14,548,080</u>	<u>22,164,877</u>	<u>14,478,526</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings, Held-to-Maturity Investments – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial Assets at Fair Value through profit and loss, Available for Sale Financial Assets – based on quoted market prices at the reporting date or independent valuation.

**CITY OF GOSNELLS**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

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

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk – the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk – the risk that movements in interest rates could affect returns.

Another risk associated with cash and investments is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	<b>30-Jun-08</b>	<b>30-Jun-07</b>
	<b>\$</b>	<b>\$</b>
Impact of a 10% (*) movement in price of investments:		
- Equity	6,294,250	5,345,960
- Income Statement	6,294,250 (+)	5,345,960 (+)
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	62,942	53,460
- Income Statement	62,942	53,460

**Notes:**

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

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

(+) Maximum impact.

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Receivables**

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

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

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

Council makes suitable provision for doubtful receivables as required.

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

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

	<b>30-Jun-08</b>	<b>30-Jun-07</b>
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	60.91%	79.16%
- Overdue	39.09%	20.84%

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables**

**Borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended if required.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2008</u></b>					
Payables	9,671,275	1,236,426	0	10,907,701	10,826,782
Borrowings	7,024,156	0	6,469,313	13,493,469	12,500,000
	<u>16,695,431</u>	<u>1,236,426</u>	<u>6,469,313</u>	<u>24,401,170</u>	<u>23,326,782</u>
<b><u>2007</u></b>					
Payables	8,048,080	1,066,158	0	9,114,238	9,114,238
Borrowings	6,945,075	0	0	6,945,075	6,500,000
	<u>14,993,155</u>	<u>1,066,158</u>	<u>0</u>	<u>16,059,313</u>	<u>15,614,238</u>



**CITY OF GOSNELLS**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

**36. EVENTS SUBSEQUENT TO BALANCE DATE**

Global financial markets have experienced a period of high volatility led by events in the US housing market, particularly sub prime loans, which has impacted the value, recoverability, liquidity, cash flows and rates of return of many financial assets.

The market values of the City's managed Fund Investments as at 30 June 2008 was \$28,995,254. Subsequent to year end the City redeemed \$5,000,000 from these investments. The current market value of the managed Fund Investments remaining as at 30 October 2008 is \$24,183,732.



## **Independent Auditor's Report to the Ratepayers of the City of Gosnells**

### **Report on the Financial Report**

We have audited the accompanying financial report of the City of Gosnells, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity, and statement of cash flows for the year ended 30 June 2008, a summary of significant accounting policies and other explanatory notes, and the Statement by Chief Executive Officer.

### **Council's responsibility for the financial report**

The Council of the City of Gosnells is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1995 Part 6 (as amended). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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# Grant Thornton

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 Part 6 and Australian Accounting Standards (including the Australian Accounting Interpretations); a view which is consistent with our understanding of the City of Gosnells' financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

## **Electronic presentation of audited financial report**

This auditor's report relates to the financial report of the City of Gosnells for the year ended 30 June 2008 included on the City of Gosnells web site. The City's Chief Executive Officer is responsible for the integrity of the City of Gosnells web site. We have not been engaged to report on the integrity of the City of Gosnells web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

## **Auditor's opinion on the financial report**

In our opinion, the financial report of the City of Gosnells :

- (i) gives a true and fair view of the City of Gosnells' financial position as at 30 June 2008 and of its performance for the financial year ended 30 June 2008, and
- (ii) complies with Australian Accounting Standards (including the Australian Accounting Interpretations).
- (iii) Is prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under that Act.

**GRANT THORNTON (WA) PARTNERSHIP**

**MICHAEL HILLGROVE  
PARTNER**

Dated at Perth this 7<sup>th</sup> Day of November 2008