

CITY OF GOSNELLS
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

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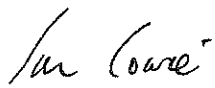
CITY OF GOSNELLS
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

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 2010 are in my opinion properly drawn up to present fairly the financial position of the City of Gosnells at 30th June 2010 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 26th day of October 2010.



Ian Cowie
Chief Executive Officer

CITY OF GOSNELLS
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2010

	NOTE	2010 \$	2010 Budget \$	2009 \$
REVENUE				
Rates	23	43,040,062	42,227,235	39,313,175
Operating Grants, Subsidies and Contributions	29	6,279,810	4,543,893	6,197,349
Fees and Charges	28	14,940,268	13,752,668	13,308,717
Service Charges	25	2,925,725	580,000	0
Interest Earnings	2(a)	3,587,670	1,972,834	3,201,078
Other Revenue		<u>144,392</u>	<u>75,000</u>	<u>163,496</u>
		70,917,927	63,151,630	62,183,815
EXPENSES				
Employee Costs		(25,496,070)	(25,730,624)	(23,384,161)
Materials and Contracts		(21,970,204)	(22,545,376)	(16,084,667)
Utility Charges		(3,314,780)	(3,169,545)	(2,798,445)
Depreciation on Non-Current Assets	2(a)	(14,349,545)	(13,689,544)	(13,486,837)
Amortisation	2(a)	(107,818)	(105,770)	(103,517)
Interest Expenses	2(a)	(957,134)	(2,240,000)	(1,227,218)
Insurance Expenses		(1,301,867)	(1,297,150)	(1,009,246)
Other Expenditure		<u>(2,091,667)</u>	<u>(639,000)</u>	<u>(5,493,512)</u>
		(69,589,085)	(69,417,009)	(63,587,603)
		1,328,842	(6,265,379)	(1,403,788)
Non-Operating Grants, Subsidies and Contributions	29	10,701,590	8,783,714	12,649,786
Fair value adjustments to financial assets at fair value through profit or loss	4	385,622	0	374,325
Profit on Asset Disposals	21	1,306,659	2,782,372	1,276,806
Loss on Asset Disposal	21	<u>(329,924)</u>	<u>(237,199)</u>	<u>(650,659)</u>
NET RESULT		13,392,789	5,063,508	12,246,470
Other Comprehensive Income	21(a)	79,999	0	0
Total Other Comprehensive Income		<u>79,999</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>13,472,788</u>	<u>5,063,508</u>	<u>12,246,470</u>

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

CITY OF GOSNELLS
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2010

	NOTE	2010 \$	2010 Budget \$	2009 \$
REVENUE				
Governance		25,102	25,000	51,280
General Purpose Funding		50,876,088	47,714,183	47,376,000
Law, Order, Public Safety		418,688	364,840	393,503
Health		246,274	127,250	153,956
Education and Welfare		922,306	1,024,639	813,968
Community Amenities		13,998,896	11,573,916	11,575,724
Recreation and Culture		5,452,879	4,743,704	4,579,110
Transport		4,602,260	5,982,696	8,105,158
Economic Services		5,995,387	2,244,188	2,608,308
Other Property and Services		<u>773,918</u>	<u>917,300</u>	<u>827,725</u>
		83,311,798	74,717,716	76,484,732
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(3,936,608)	(4,551,217)	(3,666,689)
General Purpose Funding		(1,113,361)	(1,129,456)	(1,036,490)
Law, Order, Public Safety		(2,081,334)	(1,970,775)	(1,807,524)
Health		(1,191,036)	(1,316,477)	(1,053,513)
Education and Welfare		(2,924,872)	(3,147,228)	(2,640,304)
Community Amenities		(12,275,844)	(12,636,149)	(15,073,185)
Recreation & Culture		(21,481,692)	(21,170,268)	(19,327,121)
Transport		(16,431,059)	(15,943,780)	(15,582,651)
Economic Services		(7,277,541)	(6,363,278)	(2,775,451)
Other Property and Services		<u>(248,528)</u>	<u>814,420</u>	<u>(48,116)</u>
		(68,961,875)	(67,414,208)	(63,011,044)
FINANCE COSTS				
Recreation and Culture		(274,762)	(560,000)	(568,730)
Other Property and Services		(680,267)	(1,680,000)	(658,488)
Economic Services		<u>(2,105)</u>	<u>0</u>	<u>0</u>
		(957,134)	(2,240,000)	(1,227,218)
NET RESULT		13,392,789	5,063,508	12,246,470
Other Comprehensive Income	21(a)	79,999	0	0
Total Other Comprehensive Income		<u>79,999</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>13,472,788</u>	<u>5,063,508</u>	<u>12,246,470</u>

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

**CITY OF GOSNELLS
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2010**

	NOTE	2010 \$	2009 \$	2008 \$
CURRENT ASSETS				
Cash and Cash Equivalents	3	59,584,497	58,321,723	27,483,590
Investments	4	8,252,190	5,082,644	28,995,254
Trade and Other Receivables	5	3,494,520	3,043,835	2,657,106
Inventories	6	5,154,951	331,617	341,099
TOTAL CURRENT ASSETS		76,486,158	66,779,819	59,477,049
NON-CURRENT ASSETS				
Other Receivables	5	2,229,393	816,589	762,104
Inventories	6	1,616,479	3,843,354	3,341,195
Property, Plant and Equipment	7	293,024,260	284,435,345	269,306,701
Infrastructure	8	220,477,239	214,310,689	212,415,964
TOTAL NON-CURRENT ASSETS		517,347,371	503,405,977	485,825,964
TOTAL ASSETS		<u>593,833,529</u>	<u>570,185,796</u>	<u>545,303,013</u>
CURRENT LIABILITIES				
Trade and Other Payables	9	13,119,502	8,505,643	9,926,206
Long Term Borrowings	10	27,132,119	20,969,313	6,500,000
Provisions	11	4,252,454	3,919,684	4,131,863
TOTAL CURRENT LIABILITIES		44,504,075	33,394,640	20,558,069
NON-CURRENT LIABILITIES				
Long Term Borrowings	10	4,638,868	5,700,000	6,000,000
Provisions	11	620,828	414,187	314,445
TOTAL NON-CURRENT LIABILITIES		5,259,696	6,114,187	6,314,445
TOTAL LIABILITIES		<u>49,763,771</u>	<u>39,508,827</u>	<u>26,872,514</u>
NET ASSETS		<u>544,069,758</u>	<u>530,676,969</u>	<u>518,430,499</u>
EQUITY				
Retained Surplus		282,672,915	271,967,851	258,901,342
Reserves - Cash/Investment Backed	12	37,770,658	35,002,934	35,822,973
Reserves - Asset Revaluation	13	223,626,185	223,706,184	223,706,184
TOTAL EQUITY		<u>544,069,758</u>	<u>530,676,969</u>	<u>518,430,499</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 2010**

	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2008	258,901,342	35,822,973	223,706,184	518,430,499
Net Result	12,246,470	0	0	12,246,470
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	820,039	(820,039)	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2009	271,967,851	35,002,934	223,706,184	530,676,969
Net Result	13,392,789	0	0	13,392,789
Total Other Comprehensive Income	79,999	0	(79,999)	0
Reserve Transfers	(2,767,724)	2,767,724	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2010	<u>282,672,915</u>	<u>37,770,658</u>	<u>223,626,185</u>	<u>544,069,758</u>

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

**CITY OF GOSNELLS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2010**

	NOTE	2010 \$	2010 Budget \$	2009 \$
Cash Flows From Operating Activities				
Receipts				
Rates		42,770,291	42,332,274	39,086,943
Operating Grants, Subsidies and Contributions		6,279,810	4,548,437	6,197,349
Fees and Charges		13,295,331	13,655,975	13,165,728
Service Charges		2,925,725	580,000	0
Interest Earnings		3,587,670	1,956,246	3,201,078
Goods and Services Tax		3,749,959	4,362,201	4,233,977
Other Revenue		144,392	75,000	163,496
		<u>72,753,178</u>	<u>67,510,133</u>	<u>66,048,571</u>
Payments				
Employee Costs		(24,931,560)	(25,567,974)	(23,212,781)
Materials and Contracts		(17,232,343)	(23,967,798)	(17,966,898)
Utility Charges		(3,314,780)	(3,169,545)	(2,798,445)
Insurance Expenses		(1,301,867)	(1,297,150)	(1,009,246)
Interest expenses		(1,080,128)	(3,391,464)	(993,468)
Goods and Services Tax		(3,698,740)	(4,480,001)	(4,352,387)
Other Expenditure		(2,091,668)	(639,000)	(5,493,512)
		<u>(53,651,086)</u>	<u>(62,512,932)</u>	<u>(55,826,737)</u>
Net Cash Provided By (Used In) Operating Activities	14(b)	<u>19,102,092</u>	<u>4,997,201</u>	<u>10,221,834</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		(3,956,312)	(7,850,000)	(2,432,438)
Payments for Purchase of Property, Plant & Equipment		(13,181,911)	(20,861,300)	(19,813,383)
Payments for Construction of Infrastructure		(16,844,202)	(25,345,644)	(12,109,483)
Payments for Purchase of Investments		(5,213,924)	0	0
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		10,701,590	8,783,714	12,649,786
Proceeds from Sale of Plant & Equipment		561,704	7,325,500	1,831,862
Proceeds from Sale of Land Held for Resale		2,561,881	0	2,033,707
Proceeds from Sale of Infrastructure Assets		182	0	0
Proceeds from Sale of Investments		2,430,000	0	24,286,935
Net Cash Provided By (Used In) Investing Activities		<u>(22,940,992)</u>	<u>(37,947,730)</u>	<u>6,446,986</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(4,571,957)	(10,472,500)	(7,000,000)
Proceeds from New Debentures		9,673,631	25,029,893	21,169,313
Net Cash Provided By (Used In) Financing Activities		<u>5,101,674</u>	<u>14,557,393</u>	<u>14,169,313</u>
Net Increase (Decrease) in Cash Held		1,262,774	(18,393,136)	30,838,133
Cash at Beginning of Year		58,321,723	58,956,281	27,483,590
Cash and Cash Equivalents at the End of the Year	14(a)	<u>59,584,497</u>	<u>40,563,145</u>	<u>58,321,723</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 2010**

	NOTE	2010 \$	2010 Budget \$
REVENUE			
Governance		25,102	25,000
General Purpose Funding		7,836,026	5,486,950
Law, Order, Public Safety		418,688	364,840
Health		246,274	127,250
Education and Welfare		922,306	1,024,639
Community Amenities		9,387,968	8,873,916
Recreation and Culture		3,706,311	4,293,314
Transport		264,972	399,372
Economic Services		5,995,387	2,244,188
Other Property and Services		767,112	867,300
		<u>29,570,146</u>	<u>23,706,769</u>
EXPENSES			
Governance		(3,936,608)	(4,551,217)
General Purpose Funding		(1,113,361)	(1,129,456)
Law, Order, Public Safety		(2,081,334)	(1,970,775)
Health		(1,191,036)	(1,316,477)
Education and Welfare		(2,924,872)	(3,147,228)
Community Amenities		(12,275,844)	(12,636,149)
Recreation & Culture		(21,756,454)	(21,730,268)
Transport		(16,431,059)	(15,943,780)
Economic Services		(7,279,646)	(6,363,278)
Other Property and Services		(928,795)	(865,581)
		<u>(69,919,009)</u>	<u>(69,654,209)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(976,735)	(2,545,173)
Depreciation and Amortisation on Assets		14,457,363	13,795,314
Capital Expenditure and Revenue			
Purchase Land Held for Resale		(3,956,312)	(7,850,000)
Purchase Land and Buildings		(11,000,970)	(15,630,404)
Purchase Infrastructure Assets		(16,844,202)	(25,345,644)
Purchase Plant and Equipment		(1,864,060)	(3,958,200)
Purchase Furniture and Equipment		(126,013)	(1,272,696)
Purchase Intangible Assets		(190,868)	0
Proceeds from Disposal of Assets		3,123,766	7,325,500
Repayment of Debentures		(4,571,957)	(10,472,500)
Proceeds from New Debentures		9,673,631	25,029,893
Contribution/Grants for the construction of Assets		10,701,590	8,783,714
Change in Other Non-Current Assets		(8,308,351)	0
Change in Non-Current Liabilities		219,268	0
Transfers to Reserves (Restricted Assets)		(11,175,775)	(10,244,780)
Transfers from Reserves (Restricted Assets)		8,408,051	13,858,968
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		19,351,558	12,646,213
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		9,611,183	400,000
Amount Required to be Raised from Rates	23	<u><u>(43,040,062)</u></u>	<u><u>(42,227,235)</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 2010

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 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 statement of financial position are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

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

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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

Land Held for Resale

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

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing a binding contract of sale.

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

(g) Fixed Assets

Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed 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 balance date.

Land under Roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Council.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

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	not depreciated
construction/road base	20 to 30 years
original surfacing and	
major re-surfacing	
- 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

(i) Investments and Other Financial Assets

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

(iv) Available-for-sale financial assets

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

Recognition and derecognition

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

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

Subsequent measurement

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

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

Impairment

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

(j) Estimation of Fair Value

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

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

(k) Impairment

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

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

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

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

(l) Trade and Other Payables

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

(m) Employee Benefits

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

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

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the municipality has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

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

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Interest-bearing Loans and Borrowings

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

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

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

Borrowing Costs

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

(o) Provisions

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

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

(p) Leases

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

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

(q) Joint Venture

Information about the joint venture is set out in Note 17.

(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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Superannuation

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

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

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

(v) Comparative Figures

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

(w) Budget Comparative Figures

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 2010.

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

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9– Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 124– Related Party Disclosures	December 2009	01 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
(iii) AASB 2009-5 - Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	May 2009	01 January 2010	Nil – The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.
(iv) AASB 2009-8 - Amendments to Australian Accounting Standards – Group Cash – Settled Share-based Payment Transactions [AASB 2]	July 2009	01 January 2010	Nil - The Council will not have applicable transactions.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.
(vi) AASB 2009- 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (ii) above).
(vii) AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]	December 2009	01 July 2010	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2010- 1 Amendment to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosure for First-time Adopters [AASB 1 & AASB 7]	February 2010	01 July 2010	

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic (vii) (Continued)	Issued	Applicable (*)	Impact
AASB 2009- 10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB132]	October 2009	01 February 2010	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
Interpretation 19– Extinguishing Financial Liabilities with Equity Instruments	December 2009	01 July 2010	
AASB 2009– 14 Amendments to Australian Interpretations – Prepayments of a minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	

Notes:

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Adoption of New and Revised Accounting Standards

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

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

AASB 101: Presentation of Financial Statements

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

Disclosure Impact

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

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

AASB 101 required owner changes in equity and other comprehensive income to be presented in the statement of changes in equity.

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

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

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

2. REVENUE AND EXPENSES	2010	2009
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Significant Expense	NIL	NIL
Amortisation		
Intangible Assets	(107,818)	(103,517)
Auditors Remuneration		
- Audit	(39,846)	(24,450)
- Other Services	0	(7,910)
Depreciation		
Buildings	(1,796,722)	(1,453,217)
Furniture and Equipment	(542,945)	(535,280)
Plant and Equipment	(1,441,414)	(1,419,377)
Roads & Footpaths	(7,731,237)	(7,317,523)
Bridges	(177,291)	(172,386)
Drainage	(917,755)	(905,879)
Parks Development	(1,742,181)	(1,683,175)
	<u>(14,349,545)</u>	<u>(13,486,837)</u>
Interest Expenses (Finance Costs)		
Debentures (<i>refer Note 22(a)</i>)	(957,134)	(1,227,218)
	<u>(957,134)</u>	<u>(1,227,218)</u>
Rental Charges		
- Operating Leases	(66,730)	(61,884)
	<u>(66,730)</u>	<u>(61,884)</u>
 (ii) Crediting as Revenue:	 2010	 2010
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	1,709,958	853,101
- Other Funds	1,402,957	623,030
Other Interest Revenue (<i>refer note 27</i>)	474,755	496,703
	<u>3,587,670</u>	<u>1,972,834</u>
		<u>3,201,078</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, the City of Gosnells has developed a set of operational and financial objectives. These objectives have been established both on an overall basis and for each of its broad activities/programs.

Council operations as disclosed in this budget encompass the following service orientated activities/programs:

GOVERNANCE

Objective:

To provide a decision-making process to efficiently allocate scarce resources.

Activities:

Administration and operation of facilities and services to Members of Council and other costs relating to assistance to Members that cannot be specifically allocated.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to finance Council activities.

Activities:

Rates, government grants, interest revenue collection and administration.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to ensure a safer community.

Activities:

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

HEALTH

Objective:

To provide an operational framework for good community health.

Activities:

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

EDUCATION AND WELFARE

Objective:

To assist in meeting the needs of the community.

Activities:

Operation of senior citizens' and day-care centres, pre-schools, playgroup assistance and other voluntary services.

**CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

To establish and manage facilities for the well-being of the community.

Activities:

Ensure availability of halls, aquatic centre, recreation sportsgrounds and libraries.

TRANSPORT

Objective:

To provide effective infrastructure to the community in the most efficient way.

Activities:

Construction and maintenance of roads and bridges and lighting and clearing of streets.

ECONOMIC SERVICES

Objective:

To promote the City and improve its economic base.

Activities:

Promotion of tourism in the area together with regulation of building.

OTHER PROPERTY AND SERVICES

Activities:

Private works operations, plant repairs and general operations costs.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance (*) 1-Jul-08 \$	Received (+) 2008/09 \$	Expended (#) 2008/09 \$	Closing Balance (*) 30-Jun-09 \$	Received (+) 2009/10 \$	Expended (#) 2009/10 \$	Closing Balance 30-Jun-10 \$
Grant/Contribution	Function/ Activity							
Improving Connectivity	Mad/Ken DPI (Economic Services)	395	0	0	395	0	0	395
Parent Workshop - Department of Community Development		616	0	(134)	482	0	(257)	225
Work for the Dole - Office of Crime Prevention		750	0	0	750	0	0	750
Youth Health Expo Lotterywest (Education and Welfare)		869	0	0	869	0	(869)	0
Environmental Management SRT (Community Amenities)		1,325	0	(1,190)	135	152,338	(152,473)	0
Co-ordination of Education and Training DPI (Economic Services)		1,457	0	0	1,457	0	0	1,457
Switch Your Thinking Rebate Scheme - Solahart		2,000	0	0	2,000	0	(2,000)	0
Upgrade lighting Corfield St Dorothy St MRWA (Transport)		2,400	23,378	(622)	25,156	0	(3,534)	21,622
Upgrade lighting Burslem Dr Attfield St MRWA (Transport)		4,000	1,267	(2,733)	2,534	10,000	(12,534)	0
Bickley and Brook Rd MRWA (Transport)		4,000	979	(3,021)	1,958	2,000	(3,958)	0
Upgrade lighting Wanaping Rd Brixton St MRWA (Transport)		6,000	3,586	(2,414)	7,172	18,500	(21,671)	4,001
Upgrade lighting Kelvin Rd Maddington Rd MRWA (Transport)		6,000	5,227	(773)	10,454	0	(6,620)	3,834
Anaconda Dv, Corfield-Chamberlain MRWA (Transport)		9,000	0	0	9,000	0	0	9,000
Upgrade lighting Fremantle Rd Corfield St MRWA (Transport)		12,000	10,509	(1,491)	21,018	0	(11,330)	9,688
Upgrade lighting Nicholson Rd Yale Rd MRWA (Transport)		13,600	21,161	(2,839)	31,922	0	(30,409)	1,513
Club Development DSR (Recreation and Culture)		18,405	17,315	(4,486)	31,234	0	(31,234)	0
Maddington Rd at Eva St MRWA (Transport)		20,142	0	0	20,142	0	0	20,142
Spencer Road/Roe Highway Embankments MRWA (Transport)		20,269	0	0	20,269	0	0	20,269
Maddington Rd at Alcock St MRWA (Transport)		20,800	0	0	20,800	0	0	20,800
Bridge 925 - Nicholson Road Langford WALGA (Transport)		22,909	0	0	22,909	0	0	22,909
Spencer Rd - Yale/Thornlie MRWA (Transport)		26,400	0	0	26,400	0	0	26,400
Pioneer Park - DUP DPI (Transport)		43,000	0	0	43,000	0	0	43,000
L Turn Slip Lane Nicholson Rd Spencer Rd MRWA (Transport)		46,603	0	0	46,603	0	0	46,603
L & R Turn Lane Spencer Rd Berehaven Ave MRWA (Transport)		48,000	0	0	48,000	0	0	48,000
Business Development Program DPI (Economic Services)		58,141	0	0	58,141	0	0	58,141
Bridge 928 - Station St Gosnells - DOTARS		60,000	0	(17,856)	42,144	0	(42,144)	0
Bridge 937 - Austin Ave Kenwick - DOTARS		60,000	0	(11,688)	48,312	0	(48,312)	0
Bridge 938 - Davison St Maddington - DOTARS		60,000	0	(11,688)	48,312	0	(48,312)	0
Med Islands & Bus Embayment Spencer Rd MRWA (Transport)		66,751	0	0	66,751	0	0	66,751
Traffic Signals Dorothy St Wheatley St MRWA (Transport)		88,786	0	0	88,786	160,000	0	248,786
Ranford Rd/Campbell Rd Traffic Lights MRWA (Transport)		95,173	0	0	95,173	48,000	(143,173)	0
Nicholson Rd - Birnam Rd to Hughes St MRWA (Transport)		128,864	0	(55,228)	73,636	0	(73,636)	0

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance (*) 1-Jul-08 \$	Received (+) 2008/09 \$	Expended (#) 2008/09 \$	Closing Balance (*) 30-Jun-09 \$	Received (+) 2009/10 \$	Expended (#) 2009/10 \$	Closing Balance 30-Jun-10 \$
Grant/Contribution	Function/ Activity							
Maddington Village DPI (Economic Services)		172,064	13,160	0	185,224	0	0	185,224
STR8 Talking Project Attorney General (Economic Services)		197,202	0	(151,799)	45,403	126,112	(171,515)	0
Don Russell Performing Arts Centre Upgrade - Dept Inf & Transport (Rec & Culture)		0	54,000	0	54,000	0	(54,000)	0
Anti Graffiti Coating on Richard Rushton Community Centre - Office of Crime Prev (Rec & Culture)		0	17,497	0	17,497	0	(17,497)	0
Bequest Funds to Addie Mills Centre (Education and Welfare)		0	25,174	0	25,174	0	(24,687)	487
Equipment for Recording Studio Cpod - Attorney General Dept (Rec & Culture)		0	6,420	0	6,420	10,000	(16,420)	0
New cricket wicket - Sutherland Park Res F - CSRIFF (Rec & Culture)		0	3,954	0	3,954	0	0	3,954
Thornlie Skate Park Upgrade - Attorney General Dept (Rec & Culture)		0	208,233	0	208,233	100,000	(308,233)	0
Harmony Fields (Stableford) - Play Ground - Dept of Inf & Training (Rec & Culture)		0	122,437	0	122,437	0	(122,437)	0
Centennial Pioneer Park Signage - Dept of Inf & Training (Rec & Culture)		0	14,750	0	14,750	0	(14,750)	0
William St/Luyer St - Roundabout - MRWA (Transport)		0	53,796	0	53,796	0	0.00	53,796
Warton Rd - Garden St to Ranford Rd - MRWA (Transport)		0	20,000	0	20,000	0	0.00	20,000
Nicholson Rd - Garden St to Hughes St - MRWA (Transport)		0	98,972	0	98,972	0	(25,964)	73,008
L Turn Slip Lane Corfield St/King St - MRWA (Transport)		0	20,302	0	20,302	0	0	20,302
St Lights - Warton Rd/Forest Lakes Dr - MRWA (Transport)		0	9,671	0	9,671	21,000	(28,168)	2,503
St Lights - Kelvin Rd/Bickley Rd - MRWA (Transport)		0	12,000	0	12,000	36,000	(40,339)	7,661
St Lights - Warton Rd - MRWA (Transport)		0	99,486	0	99,486	120,000	(216,787)	2,699
St Lights - Brixton St & Dulwich St - MRWA (Transport)		0	6,197	0	6,197	0	(6,197)	0
St Lights - Amherst Rd & Fraser Rd North - MRWA (Transport)		0	4,024	0	4,024	14,000	(18,024)	0
St Lights - Olga Rd & Burslem Dr - MRWA (Transport)		0	9,785	0	9,785	3,200	(12,985)	0
St Lights - Hume Rd & Murdoch Rd - MRWA (Transport)		0	13,435	0	13,435	0	(13,435)	0
Warton Rd - Garden St to Ranford Rd - MRWA (Transport)		0	1,125,936	0	1,125,936	1,157,206	(2,283,142)	0
Bridge Construction - Royal St - MRWA (Transport)		0	1,439,128	0	1,439,128	0	(1,439,128)	0
Amherst Road/Campbell Road - MRWA (Transport)		0	16,000	0	16,000	0	(3,112)	12,888
Terence Street/Walter Street - MRWA (Transport)		0	67,364	0	67,364	0	(67,364)	0
Bridge 928 - Station St - WA Grant Commission (Transport)		0	22,000	0	22,000	0	0	22,000
Burslem Dr - Albany Hwy to Olga Rd - MRWA (Transport)		0	133,182	0	133,182	183,330	(316,512)	0
Harmony Fields Cora Rack - DPI (Transport)		0	1,000	0	1,000	0	0	1,000
Corfield St at Verna St - Intersection - MRWA (Transport)		0	293,504	0	293,504	0	(293,504)	0

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance (*) 1-Jul-08 \$	Received (+) 2008/09 \$	Expended (#) 2008/09 \$	Closing Balance (*) 30-Jun-09 \$	Received (+) 2009/10 \$	Expended (#) 2009/10 \$	Closing Balance 30-Jun-10 \$
Canning Vale - Drainage Upgrade (Transport)		0	237,610	0	237,610	0	(237,610)	0
Committees - Office of Crime Prevention (Law & Order)		0	1,097	0	1,097	1,200	(631)	1,666
Indigenous Oral History Project - Lotteryst (Recreation and		0	15,235	0	15,235	0	(15,235)	0
Maddington Town Centre - DPI (Economic Services)		0	61,393	0	61,393	55,614	0.00	117,007
Peace Court Linear Park Concept - DPI (Economic Services)		0	116,518	0	116,518	0	0	116,518
Watercourse Rehabilitation - DPI (Economic Services)		0	35,231	0	35,231	0	0	35,231
Great Gardens Program - DPI (Economic Services)		0	7,971	0	7,971	0	0	7,971
Community Attitudes to Education & Training - DPI (Economic		0		0		0	0	
Services)		0	469	0	469	0	0	469
Business Development Program - DPI (Economic Services)		0	13,642	0	13,642	0	0	13,642
Safety & Security Program - DPI (Economic Services)		0	21,150	0	21,150	0	0	21,150
Community Health & Wellbeing Program - DPI (Economic Services)		0	16,798	0	16,798	0	(16,798)	0
Community Development - DPI (Economic Services)		0	18,270	0	18,270	0	0	18,270
Model Industrial Guidelines - SCC (Community Amenities)		0	38,625	0	38,625	0	0	38,625
Leisure World Pool Upgrade		0	0	0	0	250,000	0	250,000
Walter Padbury Landscaping, Gazebo and BBQ		0	0	0	0	41,000	0	41,000
Dorothy St/Lissiman St - Splitter Island		0	0	0	0	4,800	0	4,800
Spencer Rd/Wilfred Rd - L Turn Lane		0	0	0	0	19,800	0	19,800
Nicholson Rd/Amherst Rd		0	0	0	0	20,800	(7,513)	13,287
Safety Barrier, Speed Signs Mills Rd (E)		0	0	0	0	112,400	0	112,400
R/about Discovery Dr & Expedition Dr		0	0	0	0	23,000	0	23,000
Connemara Dr - Spencer/Camberley		0	0	0	0	32,000	0	32,000
Median Island and Shared Path Amherst Rd		0	0	0	0	10,000	(5,141)	4,859
King St: Upgrade St Light		0	0	0	0	16,000	0	16,000
Burslem Dr: Upgrade St Light		0	0	0	0	36,000	0	36,000
Albany Hwy: Gosnells Rd - Traffic Signal		0	0	0	0	24,000	(16,718)	7,282
Ranford Rd: Slip Lane		0	0	0	0	34,400	0	34,400
Ranford Rd: Upgrade St Light		0	0	0	0	40,000	(1,374)	38,626
SR Rd: Upgrade St Light		0	0	0	0	144,000	(712)	143,288
Garden St: Nicholson Rd to Warton Rd		0	0	0	0	1,066,667	(52,202)	1,014,465
Huntingdale Rd/Harpden St - Upgrade St Lighting		0	0	0	0	6,400	0	6,400
Burslem Dr/Olga Rd - Install pre deflection nibs		0	0	0	0	10,400	0	10,400
Stalker Rd/Terence St - Upgrade St Lighting		0	0	0	0	8,000	0	8,000
Ovens Rd/Forester Lakes Dr - Upgrade St Lighting		0	0	0	0	6,400	0	6,400
Corfield St/Verna St - Upgrade St Lighting		0	0	0	0	8,000	0	8,000

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening	Received (+)	Expended (#)	Closing	Received (+)	Expended (#)	Closing
Grant/Contribution	Function/ Activity	Balance (*) 1-Jul-08	2008/09	2008/09	Balance (*) 30-Jun-09	2009/10	2009/10	Balance 30-Jun-10
		\$	\$	\$	\$	\$	\$	\$
	Kenwick Rd/Belmont Rd - Upgrade St Lighting	0	0	0	0	8,000	0	8,000
	Kelvin Rd - Westfield St to Weston St	0	0	0	0	13,200	(7,413)	5,787
	Warton Rd: Furley Rd/Ranford Rd	0	0	0	0	19,848	0	19,848
	Drainage problems - various	0	0	0	0	210,150	0	210,150
	Inclusive Recreation Service Admin	0	0	0	0	71,245	(65,793)	5,452
	Inclusive Recreation Service General	0	0	0	0	24,590	(5,123)	19,467
	Inclusive Recreation Service Little's	0	0	0	0	4,250	(3,918)	332
	Inclusive Recreation Service Sibs	0	0	0	0	27,113	(3,433)	23,680
	Take A Break Holiday Program	0	0	0	0	98,576	(87,612)	10,964
	Take a Break Carers Retreats	0	0	0	0	15,000	(12,049)	2,951
	Take a Break Awesome Fun Club	0	0	0	0	5,000	(3,784)	1,216
	Senior Cuisine	0	0	0	0	12,200	(8,069)	4,131
	Safer Suburbs Amherst Village Programs	0	0	0	0	50,000	(45,852)	4,148
Total		1,317,921	4,578,838	(267,962)	5,628,797	4,691,739	(6,723,646)	3,596,890

Notes:

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

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

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010	2009
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	26,469,139	19,986,182
Restricted	33,115,358	38,335,541
	<u>59,584,497</u>	<u>58,321,723</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Reserves (Refer Note 12)	37,770,658	35,002,934
less Investment Backed Reserves	<u>(8,252,190)</u>	<u>(5,082,644)</u>
Total Cash Backed Reserves	<u>29,518,468</u>	<u>29,920,290</u>
Restricted Cash		
Cash Backed Reserves	29,518,468	29,920,290
Unspent Grants	3,596,890	5,628,797
Unspent Loans	0	2,786,454
Total Restricted Cash	<u>33,115,358</u>	<u>38,335,541</u>
4. INVESTMENTS		
Held to Maturity - Bonds	4,213,924	0
Held for Trading - Managed Funds	4,038,266	5,082,644
Total Investments	<u>8,252,190</u>	<u>5,082,644</u>
Held for Trading - Financial assets at fair value through profit or loss		
At beginning of the year	5,082,644	28,995,254
Revaluation to Income Statement	385,622	374,325
Additions	1,000,000	0
Disposals	<u>(2,430,000)</u>	<u>(24,286,935)</u>
At end of the year	<u>4,038,266</u>	<u>5,082,644</u>
Held to Maturity		
At beginning of the year	0	0
Additions	4,213,924	0
Disposals	0	0
At end of the year	<u>4,213,924</u>	<u>0</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Various Reserve Funds	8,252,190	5,082,644
	<u>8,252,190</u>	<u>5,082,644</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010	2009
	\$	\$
5. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	848,337	634,728
GST Receivable	466,599	517,818
Accrued Interest	197,755	208,874
Accrued Income	387,292	698,625
CLASS Debtors	32,267	23,517
Sundry Debtors	1,148,331	1,062,481
Less - Provision for Doubtful Debts	(102,208)	(102,208)
Underground Power Debtors	467,067	0
Health Debtors	49,080	0
	<u>3,494,520</u>	<u>3,043,835</u>
Non-Current		
Rates & ESL Outstanding - Pensioners	872,751	816,589
Underground Power Debtors	1,356,642	0
	<u>2,229,393</u>	<u>816,589</u>
6. INVENTORIES		
Current		
Fuel and Materials	305,511	331,617
Land Held for Resale - Cost		
Cost of Acquisition	1,915,915	0
Development Costs	2,933,525	0
Disposals	0	0
	<u>5,154,951</u>	<u>331,617</u>
Non-Current		
Land Held for Resale - Cost		
Cost of Acquisition	1,927,441	2,441,195
Development Costs	1,022,785	2,432,438
Disposals	(1,333,747)	(1,030,279)
	<u>1,616,479</u>	<u>3,843,354</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010	2009
	\$	\$
7. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Land - Management Valuations 2008	184,423,550	184,423,550
Building - Management Valuations 2008	64,750,350	64,750,350
Land & Buildings - Cost	35,588,832	24,667,865
Less Accumulated Depreciation	<u>(3,305,140)</u>	<u>(1,511,353)</u>
	281,457,592	272,330,412
 Furniture and Equipment - Cost	 3,925,638	 4,770,802
Less Accumulated Depreciation	<u>(2,642,624)</u>	<u>(2,977,011)</u>
	1,283,014	1,793,791
 Plant and Equipment - Cost	 14,298,896	 13,566,739
Less Accumulated Depreciation	<u>(4,689,304)</u>	<u>(3,846,609)</u>
	9,609,592	9,720,130
 Local Government House - Cost	 15,464	 15,464
Less Accumulated Depreciation	<u>0</u>	<u>0</u>
	15,464	15,464
 Intangible Assets		
Intangible Assets - Cost	1,691,205	1,500,337
Less Accumulated Amortisation	<u>(1,032,607)</u>	<u>(924,789)</u>
	658,598	575,548
	<u>293,024,260</u>	<u>284,435,345</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Intangible Assets \$	Local Government House \$	Total \$
Balance as at 1 July 2009	272,330,412	1,793,791	9,720,130	575,548	15,464	284,435,345
Additions	11,000,970	126,013	1,864,060	190,868	0	13,181,911
(Disposals)	(77,068)	(93,845)	(533,184)	0	0	(704,097)
Revaluation - Increments - (Decrements)	0 0	0 0	0 0	0 0	0 0	0 0
Impairment - (losses) - reversals	0 0	0 0	0 0	0 0	0 0	0 0
Depreciation (Expense)	(1,796,722)	(542,945)	(1,441,414)	(107,818)	0	(3,888,899)
Other Movements	0	0	0	0	0	0
Balance as at 30 June 2010	281,457,592	1,283,014	9,609,592	658,598	15,464	293,024,260

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010	2009
	\$	\$
8. INFRASTRUCTURE		
Roads & Footpaths - Cost	199,927,497	189,103,025
Less Accumulated Depreciation	<u>(52,993,021)</u>	<u>(45,261,784)</u>
	146,934,476	143,841,241
 Bridges - Cost	 10,917,768	 8,841,528
Less Accumulated Depreciation	<u>(1,644,382)</u>	<u>(1,467,092)</u>
	9,273,386	7,374,436
 Drainage - Cost	 45,910,287	 45,650,581
Less Accumulated Depreciation	<u>(7,030,850)</u>	<u>(6,113,095)</u>
	38,879,437	39,537,486
 Park Development - Cost	 36,770,210	 33,316,519
Less Accumulated Depreciation	<u>(11,380,270)</u>	<u>(9,758,993)</u>
	25,389,940	23,557,526
	<u><u>220,477,239</u></u>	<u><u>214,310,689</u></u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

8. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads and Footpaths \$	Bridges \$	Drainage \$	Parks \$	Total \$
Balance as at 1 July 2009	143,841,241	7,374,436	39,537,486	23,557,526	214,310,689
Additions	10,824,472	2,076,241	259,706	3,683,783	16,844,202
(Disposals)	0	0	0	(109,188)	(109,188)
Revaluation - Increments - (Decrements)	0	0	0	0	0
Impairment - (losses) - reversals	0	0	0	0	0
Depreciation (Expense)	(7,731,237)	(177,291)	(917,755)	(1,742,181)	(10,568,464)
Other Movements	0	0	0	0	0
Balance as at 30 June 2010	146,934,476	9,273,386	38,879,437	25,389,940	220,477,239

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010 \$	2009 \$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	3,284,198	2,801,428
Bonds and Deposits	6,351,740	4,819,109
Accruals	3,218,354	644,995
Income received in advance	252,582	240,111
Deferred Salaries	12,628	0
	<u>13,119,502</u>	<u>8,505,643</u>

10. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge Debentures	<u>27,132,119</u>	<u>20,969,313</u>
	<u>27,132,119</u>	<u>20,969,313</u>
Non-Current		
Secured by Floating Charge Debentures	<u>4,638,868</u>	<u>5,700,000</u>
	<u>4,638,868</u>	<u>5,700,000</u>

Additional detail on borrowings is provided in Note 22.

11. PROVISIONS

Current		
Provision for Annual Leave	2,292,142	2,046,449
Provision for Long Service Leave	1,960,312	1,873,235
	<u>4,252,454</u>	<u>3,919,684</u>
Non-Current		
Provision for Long Service Leave	620,828	414,187
	<u>620,828</u>	<u>414,187</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010 \$	2010 Budget \$	2009 \$
12. RESERVES - CASH/INVESTMENT BACKED			
(a) MGB Plant & Equipment			
Opening Balance	2,354,211	2,377,352	1,725,049
Amount Set Aside / Transfer to Reserve	939,178	256,220	861,071
Amount Used / Transfer from Reserve	(685,652)	(962,800)	(231,909)
	<u>2,607,737</u>	<u>1,670,772</u>	<u>2,354,211</u>
(b) Leisure World Mechanical Plant Services			
Opening Balance	86,342	85,496	82,287
Amount Set Aside / Transfer to Reserve	4,443	2,020	4,055
Amount Used / Transfer from Reserve	(8,223)	0	0
	<u>82,562</u>	<u>87,516</u>	<u>86,342</u>
(c) Netball Court Resurfacing			
Opening Balance	7,485	7,411	7,133
Amount Set Aside / Transfer to Reserve	404	180	352
Amount Used / Transfer from Reserve	0	0	0
	<u>7,889</u>	<u>7,591</u>	<u>7,485</u>
(d) Performing Arts Centre			
Opening Balance	111,374	110,282	88,335
Amount Set Aside / Transfer to Reserve	25,167	20,652	23,039
Amount Used / Transfer from Reserve	(7,329)	0	0
	<u>129,212</u>	<u>130,934</u>	<u>111,374</u>
(e) Waste Disposal Site Development			
Opening Balance	4,280,670	4,238,690	4,079,620
Amount Set Aside / Transfer to Reserve	0	100,250	201,050
Amount Used / Transfer from Reserve	0	0	0
Equity Transfer	(4,280,670)	(4,338,940)	0
	<u>0</u>	<u>0</u>	<u>4,280,670</u>
(f) Refuse Disposal Site Rehabilitation			
Opening Balance	304,752	370,139	290,292
Amount Set Aside / Transfer to Reserve	62,961	77,225	14,460
Amount Used / Transfer from Reserve	0	0	0
	<u>367,713</u>	<u>447,364</u>	<u>304,752</u>
(g) Hillside Farm Equipment *			
Opening Balance	0	0	1,967
Amount Set Aside / Transfer to Reserve	0	0	24
Amount Used / Transfer from Reserve	0	0	(1,991)
	<u>0</u>	<u>0</u>	<u>0</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010 \$	2010 Budget \$	2009 \$
12. RESERVES - CASH/INVESTMENT BACKED (Continued)			
(h) Insurance			
Opening Balance	402,593	398,645	382,320
Amount Set Aside / Transfer to Reserve	21,799	9,430	20,273
Amount Used / Transfer from Reserve	0	0	0
	<u>424,392</u>	<u>408,075</u>	<u>402,593</u>
(i) Southern River Contaminated Site Rehabilitation			
Opening Balance	634,986	606,032	605,229
Amount Set Aside / Transfer to Reserve	33,422	14,330	29,757
Amount Used / Transfer from Reserve	(33,591)	(100,000)	0
	<u>634,817</u>	<u>520,362</u>	<u>634,986</u>
(j) Building Construction			
Opening Balance	395,550	391,671	416,497
Amount Set Aside / Transfer to Reserve	297,413	9,260	19,053
Amount Used / Transfer from Reserve	0	0	(40,000)
	<u>692,963</u>	<u>400,931</u>	<u>395,550</u>
(k) Local Government Elections			
Opening Balance	242,682	240,302	159,712
Amount Set Aside / Transfer to Reserve	116,482	109,346	109,242
Amount Used / Transfer from Reserve	(139,467)	(170,000)	(26,272)
	<u>219,697</u>	<u>179,648</u>	<u>242,682</u>
(l) Rate Revaluation			
Opening Balance	130,961	129,676	14,380
Amount Set Aside / Transfer to Reserve	125,611	117,556	116,581
Amount Used / Transfer from Reserve	0	0	0
	<u>256,572</u>	<u>247,232</u>	<u>130,961</u>
(m) Gosnells Town Centre Revitalisation			
Opening Balance	203,931	201,931	122,778
Amount Set Aside / Transfer to Reserve	92,199	83,174	81,153
Amount Used / Transfer from Reserve	0	(18,534)	0
	<u>296,130</u>	<u>266,571</u>	<u>203,931</u>
(n) Plant & Equipment			
Opening Balance	384,738	1,198,418	840,763
Amount Set Aside / Transfer to Reserve	1,214,922	1,197,142	1,187,306
Amount Used / Transfer from Reserve	(747,200)	(1,655,000)	(1,643,331)
	<u>852,460</u>	<u>740,560</u>	<u>384,738</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010 \$	2010 Budget \$	2009 \$
12. RESERVES - CASH/INVESTMENT BACKED (Continued)			
(o) Walter Padbury Park			
Opening Balance	179,808	160,377	377,456
Amount Set Aside / Transfer to Reserve	62,251	53,295	76,643
Amount Used / Transfer from Reserve	0	0	(274,291)
	<u>242,059</u>	<u>213,672</u>	<u>179,808</u>
(p) Sutherlands Park			
Opening Balance	159,081	156,134	85,892
Amount Set Aside / Transfer to Reserve	78,536	70,311	73,189
Amount Used / Transfer from Reserve	(31,497)	(28,000)	0
	<u>206,120</u>	<u>198,445</u>	<u>159,081</u>
(q) Harmony Fields			
Opening Balance	52,603	52,087	31,690
Amount Set Aside / Transfer to Reserve	23,357	19,894	20,913
Amount Used / Transfer from Reserve	(10,224)	0	0
	<u>65,736</u>	<u>71,981</u>	<u>52,603</u>
(r) Administration Building Construction			
Opening Balance	1,032,777	1,022,649	868,092
Amount Set Aside / Transfer to Reserve	65,181	290,791	299,035
Amount Used / Transfer from Reserve	(4,400,000)	(4,400,000)	(134,350)
Equity Transfer	4,280,670	4,338,940	0
	<u>978,628</u>	<u>1,252,380</u>	<u>1,032,777</u>
(s) Public Open Space			
Opening Balance	9,016,111	8,838,523	10,138,322
Amount Set Aside / Transfer to Reserve	2,926,200	1,709,030	2,624,444
Amount Used / Transfer from Reserve	(493,037)	0	(3,746,655)
	<u>11,449,274</u>	<u>10,547,553</u>	<u>9,016,111</u>
(t) Maddington/Kenwick Revitalisation			
Opening Balance	3,209,017	3,095,438	3,417,048
Amount Set Aside / Transfer to Reserve	166,812	73,210	749,312
Amount Used / Transfer from Reserve	(358,630)	(451,794)	(957,343)
	<u>3,017,199</u>	<u>2,716,854</u>	<u>3,209,017</u>
(u) Mills Park			
Opening Balance	134,193	140,936	148,656
Amount Set Aside / Transfer to Reserve	57,747	40,617	56,705
Amount Used / Transfer from Reserve	(73,584)	(77,000)	(71,168)
	<u>118,356</u>	<u>104,553</u>	<u>134,193</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010 \$	2010 Budget \$	2009 \$
12. RESERVES - CASH/INVESTMENT BACKED (Continued)			
(v) Langford Oval Redevelopment			
Opening Balance	88,145	85,773	65,198
Amount Set Aside / Transfer to Reserve	23,922	20,105	22,947
Amount Used / Transfer from Reserve	0	(40,000)	0
	<u>112,067</u>	<u>65,878</u>	<u>88,145</u>
(w) Gosnells Oval Redevelopment			
Opening Balance	256,829	254,311	191,880
Amount Set Aside / Transfer to Reserve	90,044	60,131	64,949
Amount Used / Transfer from Reserve	(53,490)	0	0
	<u>293,383</u>	<u>314,442</u>	<u>256,829</u>
(x) Developer Contributions Infrastructure			
Opening Balance	275,093	282,194	161,081
Amount Set Aside / Transfer to Reserve	26,622	56,670	130,179
Amount Used / Transfer from Reserve	0	0	(16,167)
	<u>301,715</u>	<u>338,864</u>	<u>275,093</u>
(y) Operations Centre			
Opening Balance	342,808	340,939	409,570
Amount Set Aside / Transfer to Reserve	18,562	8,060	18,544
Amount Used / Transfer from Reserve	0	(328,000)	(85,306)
	<u>361,370</u>	<u>20,999</u>	<u>342,808</u>
(z) Floodlighting Levy			
Opening Balance	23,081	21,682	12,152
Amount Set Aside / Transfer to Reserve	13,982	10,510	10,929
Amount Used / Transfer from Reserve	(9,200)	(21,450)	0
	<u>27,863</u>	<u>10,742</u>	<u>23,081</u>
(aa) Emergency Service Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	28,730	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>28,730</u>	<u>0</u>	<u>0</u>
(ab) TPS No. 7			
Opening Balance	58,214	57,643	55,480
Amount Set Aside / Transfer to Reserve	3,152	1,360	2,734
Amount Used / Transfer from Reserve	0	0	0
	<u>61,366</u>	<u>59,003</u>	<u>58,214</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010 \$	2010 Budget \$	2009 \$
12. RESERVES - CASH/INVESTMENT BACKED (Continued)			
(ac) TPS No. 9A			
Opening Balance	1,231,321	1,356,826	1,187,765
Amount Set Aside / Transfer to Reserve	56,826	82,090	186,136
Amount Used / Transfer from Reserve	<u>(215,648)</u>	<u>(580,000)</u>	<u>(142,580)</u>
	<u>1,072,499</u>	<u>858,916</u>	<u>1,231,321</u>
(ad) TPS No. 10			
Opening Balance	8,468	8,385	8,070
Amount Set Aside / Transfer to Reserve	459	200	398
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>8,927</u>	<u>8,585</u>	<u>8,468</u>
(ae) TPS No. 15			
Opening Balance	331,828	328,574	321,184
Amount Set Aside / Transfer to Reserve	17,791	32,770	15,644
Amount Used / Transfer from Reserve	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>
	<u>344,619</u>	<u>356,344</u>	<u>331,828</u>
(af) TPS No. 17			
Opening Balance	233,310	231,022	227,293
Amount Set Aside / Transfer to Reserve	12,457	30,460	11,017
Amount Used / Transfer from Reserve	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>
	<u>240,767</u>	<u>256,482</u>	<u>233,310</u>
(ag) TPS No. 20			
Opening Balance	822,847	793,873	695,793
Amount Set Aside / Transfer to Reserve	202,804	118,780	164,983
Amount Used / Transfer from Reserve	<u>(5,000)</u>	<u>(174,000)</u>	<u>(37,929)</u>
	<u>1,020,651</u>	<u>738,653</u>	<u>822,847</u>
(ah) ODP Canning Vale			
Opening Balance	239,212	213,046	122,825
Amount Set Aside / Transfer to Reserve	188,626	205,040	184,684
Amount Used / Transfer from Reserve	<u>(118,571)</u>	<u>(207,000)</u>	<u>(68,297)</u>
	<u>309,267</u>	<u>211,086</u>	<u>239,212</u>
(ai) ODP Southern River Precinct 5			
Opening Balance	182,447	180,658	341,018
Amount Set Aside / Transfer to Reserve	8,864	4,291	149,651
Amount Used / Transfer from Reserve	<u>(33,014)</u>	<u>(150,000)</u>	<u>(308,222)</u>
	<u>158,297</u>	<u>34,949</u>	<u>182,447</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010 \$	2010 Budget \$	2009 \$
12. RESERVES - CASH/INVESTMENT BACKED (Continued)			
(aj) ODP Southern River Precinct 3			
Opening Balance	67,916	67,250	64,726
Amount Set Aside / Transfer to Reserve	3,677	1,590	3,190
Amount Used / Transfer from Reserve	0	0	0
	<u>71,593</u>	<u>68,840</u>	<u>67,916</u>
(ak) ODP Southern River Precinct 1			
Opening Balance	779,413	771,770	747,747
Amount Set Aside / Transfer to Reserve	42,027	118,250	36,666
Amount Used / Transfer from Reserve	(5,000)	(5,000)	(5,000)
	<u>816,440</u>	<u>885,020</u>	<u>779,413</u>
(al) ODP Campbell Estate (West Canning Vale)			
Opening Balance	4,233,892	4,784,242	5,079,319
Amount Set Aside / Transfer to Reserve	1,677,817	313,150	648,688
Amount Used / Transfer from Reserve	(109,711)	(95,000)	(1,494,115)
	<u>5,801,998</u>	<u>5,002,392</u>	<u>4,233,892</u>
(am) ODP Southern River Precinct 2			
Opening Balance	2,271,993	2,249,712	2,146,301
Amount Set Aside / Transfer to Reserve	653,013	553,210	553,751
Amount Used / Transfer from Reserve	(557,566)	(25,000)	(428,059)
	<u>2,367,440</u>	<u>2,777,922</u>	<u>2,271,993</u>
(an) Recreation and Culture Infrastructure			
Opening Balance	201,148	190,637	102,053
Amount Set Aside / Transfer to Reserve	1,759,717	4,510	111,223
Amount Used / Transfer from Reserve	(302,417)	(21,450)	(12,128)
	<u>1,658,448</u>	<u>173,697</u>	<u>201,148</u>
(ao) Staff Retention			
Opening Balance	31,104	30,799	0
Amount Set Aside / Transfer to Reserve	32,598	30,730	31,104
Amount Used / Transfer from Reserve	0	0	0
	<u>63,702</u>	<u>61,529</u>	<u>31,104</u>
TOTAL CASH BACKED RESERVES	<u><u>37,770,658</u></u>	<u><u>32,457,337</u></u>	<u><u>35,002,934</u></u>
Summary of Cash / Investment Backed Reserves			
Opening Balance	35,002,934	36,071,525	35,822,973
Amount Set Aside / Transfer to Reserve	11,175,775	10,244,780	8,915,074
# Equity Transfer to / (from) Reserve	0	0	0
Amount Used / Transfer from Reserve	(8,408,051)	(13,858,968)	(9,735,113)
Total Summary of Cash / Investment Backed Reserves	<u><u>37,770,658</u></u>	<u><u>32,457,337</u></u>	<u><u>35,002,934</u></u>

CITY OF GOSNELLS
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FOR THE YEAR ENDED 30TH JUNE 2010

12. RESERVES - CASH/INVESTMENT BACKED (Continued)

All of the cash/investment backed reserve accounts are supported by money held in financial institutions or in separate investments and match the amounts shown as restricted cash in Note 3 and Note 4.

Equity Transfer to / (from) Reserve are movements between reserve funds. These equity transfers are in accordance with the 2009/2010 Budget or Council Resolution or a correction of a previous incorrect transfer.

The timing of expenditure from reserves is varied depending upon the timing of projects.

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

Administration Building Construction

- to fund expenditure on a new Administration Building.

Building Construction

- for new or refurbished building activity & major building plant replacement.

Developer Contributions Infrastructure

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

Emergency Services Reserve

- to fund excess Bushfire and SES expenditure from prior year over budget reimbursements.

Performing Arts Centre

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

Floodlighting Levy

- to upgrade the City's active reserve floodlighting

Gosnells Oval Redevelopment

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

Gosnells Town Centre Revitalisation

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

Harmony Fields (formerly known as Maddington Golf Course)

- to provide future expenditure at Harmony Fields.

Hillside Farm Equipment

- to fund future purchases of equipment at Hillside Farm.

Insurance

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

Langford Oval Redevelopment

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

Leisure World - Mechanical/Plant Services

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

Local Government Elections

- for expenditure associated with holding of Local Government elections.

Maddington / Kenwick Revitalisation

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

MGB Plant and Equipment

- for acquisition of rubbish plant and associated equipment (including bins).

Mills Park

- to assist with the development of Mills Park.

Netball Courts - Resurfacing

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

Operations Centre

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

Plant and Equipment

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

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.

Recreation and Culture Infrastructure

- to fund future expenditure on Recreational and Cultural Infrastructure.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

12. RESERVES - CASH/INVESTMENT BACKED (Continued)

Rate Revaluation

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

Refuse Disposal Site Rehabilitation

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

Southern River Contaminated Site Rehabilitation

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

Staff Retention

- to fund future director bonuses.

Sutherlands Park

- to fund future works at Sutherlands Park.

Walter Padbury Park

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

Waste Disposal Site Development

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

TPS No. 7

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

TPS No. 9A

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

TPS No. 10

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

TPS No. 15

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

TPS No. 17

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

TPS No. 20

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

ODP Canning Vale

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

ODP Campbell Estate (West Canning Vale)

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

ODP Southern River Precinct 1

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

ODP Southern River Precinct 2

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

ODP Southern River Precinct 3

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

ODP Southern River Precinct 5

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

13. RESERVES - ASSET REVALUATION

2010

\$

2009

\$

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

Land and Buildings

Balance as at 1 July 2009	223,706,184	223,706,184
Revaluation Increment		
Revaluation Decrement	(79,999)	0
Balance as at 30 June 2010	<u>223,626,185</u>	<u>223,706,184</u>

TOTAL ASSET REVALUATION RESERVES

<u>223,626,185</u>	<u>223,706,184</u>
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CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2010 \$	2010 Budget \$	2009 \$
Cash and Cash Equivalents	<u>59,584,497</u>	<u>40,563,145</u>	<u>58,321,723</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net Result	13,392,788	5,063,508	12,246,470
Amortisation	107,818	105,770	103,517
Depreciation	14,349,545	13,689,544	13,486,837
Fair Value adjustment to financial assets at fair value through profit or loss	(385,622)	0	(374,325)
(Profit)/Loss on Sale of Asset	(976,735)	(2,545,173)	(626,147)
(Increase)/Decrease in Receivables	(1,863,488)	(141,497)	(441,214)
(Increase)/Decrease in Inventories	26,106	(858)	9,482
Increase/(Decrease) in Payables	4,601,232	(2,553,029)	(1,420,563)
Increase/(Decrease) in Employee Provisions	552,038	162,650	(112,437)
Grants/Contributions for the Development of Assets	(10,701,590)	(8,783,714)	(12,649,786)
Net Cash from Operating Activities	<u>19,102,092</u>	<u>4,997,201</u>	<u>10,221,834</u>
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Credit Card limit	60,000	30,000	60,000
Credit Card Balance at Balance Date	(16,660)	0	(13,832)
	<u>43,340</u>	<u>30,000</u>	<u>46,168</u>
Loan Facility Limit	37,015,000		43,703,000
Loan Facility Balance as Balance Date	(31,770,987)		(26,669,313)
	<u>5,244,013</u>		<u>17,033,687</u>
Total Amount of Credit Unused	<u>5,287,353</u>	<u>30,000</u>	<u>17,079,855</u>
Loan Facilities			
Loan Facilities - Current	27,132,119	44,410,393	20,969,313
Loan Facilities - Non-Current	4,638,868	0	5,700,000
Total Facilities in Use at Balance Date	<u>31,770,987</u>	<u>44,410,393</u>	<u>26,669,313</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>2,786,454</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

15. CONTINGENT LIABILITIES

NIL

16. CAPITAL AND LEASING COMMITMENTS

2010

2009

\$

\$

(a) Finance Lease Commitments

NIL

NIL

(b) Operating Lease Commitments

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

Payable:

- not later than one year

49,434

54,980

- later than one year but not later than five years

73,571

75,627

123,005

130,607

(c) Capital Expenditure Commitments

Contracted for:

- Civic Centre - Capital Expenditure

357,891

7,487,793

- Amherst Community Centre - Capital Expenditure

4,515

55,201

- Lot 8 Subdivision

955,040

0

Payable:

- not later than one year

1,317,446

7,542,994

- between one and five years

0

0

- later than five years

0

0

17. JOINT VENTURE

NIL

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance

13,802,084

1,562,424

General Purpose Funding

1,825,952

3,148,271

Law, Order, Public Safety

1,249,270

1,255,155

Health

2,365,497

2,366,051

Education and Welfare

4,197,095

4,249,133

Community Amenities

150,850,311

149,988,336

Recreation and Culture

136,751,168

136,755,472

Transport

164,782,628

159,790,348

Economic Services

2,129,422

182,096

Other Property and Services

47,050,610

45,711,745

Unallocated

68,829,492

65,176,765

593,833,529

570,185,796

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010	2009	2008
19. FINANCIAL RATIOS			
Current Ratio	0.92	0.69	0.92
Untied Cash to Unpaid Trade Creditors Ratio	2.02	5.41	2.22
Debt Ratio	0.08	0.06	0.04
Debt Service Ratio	0.08	0.13	0.13
Gross Debt to Revenue Ratio	0.44	0.42	0.22
Gross Debt to Economically Realisable Assets Ratio	0.09	0.08	0.04
Rate Coverage Ratio	0.52	0.52	0.53
Outstanding Rates Ratio	0.02	0.02	0.02

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 Unpaid Trade Creditors Ratio	$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$
Debt Ratio	$\frac{\text{total liabilities}}{\text{total assets}}$
Debt Service Ratio	$\frac{\text{debt service cost}}{\text{available operating revenue}}$
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 2010

20. TRUST FUNDS

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

	Balance 1-Jul-09 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-10 \$
Unclaimed Monies	560	1,700	0	2,260
BCITF	164,736	614,431	(779,167)	0
BRB	24,145	112,610	(116,846)	19,909
	<u>189,441</u>			<u>22,169</u>

21. DISPOSALS OF ASSETS - 2009/10 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land (Held for Resale)	1,333,747	3,429,000	2,561,881	5,947,500	1,228,134	2,518,500
Buildings	77,067	0	40,000	0	(37,067)	0
Furniture & Equipment	93,845	0	1,577	0	(92,268)	0
Plant & Equipment	533,184	1,351,327	520,126	1,378,000	(13,058)	26,673
Roads and Footpaths	0	0	0	0	0	0
Park Development	109,188	0	182	0	(109,006)	0
	<u>2,147,031</u>	<u>4,780,327</u>	<u>3,123,766</u>	<u>7,325,500</u>	<u>976,735</u>	<u>2,545,173</u>

	2010 \$	2010 Budget \$
Summary		
Profit on Asset Disposals	1,306,659	2,782,372
Loss on Asset Disposals	(329,924)	(237,199)
	<u>976,735</u>	<u>2,545,173</u>

- (a) Other comprehensive income results from a building that had been revalued during the 2007/2008 financial year being disposed of in the 2009/2010 financial year.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

22. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-09 \$	New Loans \$	Principal Repayments		Principal 30-Jun-10		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation and Culture								
Harmony Fields Redevelopment	5,500,000	0	3,594,988	4,297,500	1,905,012	2,765,500	122,932	519,871
Amherst Village Community Centre Construction Loan	4,000,000	785,000	0	0	4,785,000	5,760,000	151,830	34,986
Lot 8 Development	1,700,000	3,200,000	820,000	1,500,000	4,080,000	8,280,000	67,711	14,827
Pioneer Park	0	925,000	0	275,000	925,000	925,000	935	0
Other Property and Services								
Civic Centre	15,469,313	2,954,775	156,969	4,400,000	18,267,119	20,000,000	611,621	658,488
Economic Services								
Maddington Underground Power	0	1,808,856	0	0	1,808,856	2,279,893	2,105	0
	26,669,313	9,673,631	4,571,957	10,472,500	31,770,987	40,010,393	957,134	1,228,172

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2009/10

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Recreation and Culture Pioneer Park	925,000	1,200,000	WA Treasury Corporation	Debenture	5	20,434	5.17%	925,000	1,200,000	0
Lot 8 Development	3,200,000	3,300,000	WA Treasury Corporation	Debenture	2	67,660	5.03% - 5.15%	3,200,000	3,300,000	0
Amherst Village Community Centre Construction Loan	785,000	0	WA Treasury Corporation	Debenture	2	16,598	5.03% - 5.15%	785,000	0	0
Other Property and Services Civic Centre	2,954,775	0	WA Treasury Corporation	Debenture	2	144,001	5.10%	2,954,775	0	0
Economic Services Maddington Underground Power	1,808,856	2,279,893	WA Treasury Corporation	Debenture	5	90,261	5.21%	1,808,856	2,279,893	0

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

22. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-09 \$	Adjustment to Opening Balance \$	Borrowed During Year \$	Expended During Year \$	Refinanced Repaid During Year \$	Balance 30-Jun-10 \$
Civic Centre	27/04/2008	1,829,180	0	18,267,119	(4,783,955)	(15,312,344)	0
Amherst Village	1/04/2009	478,911	(702,143)	4,785,000	(561,768)	(4,000,000)	0
Lot 8 Holmes St	1/04/2009	478,363	695,369	4,080,000	(3,553,732)	(1,700,000)	0
Pioneer Park	24/06/2010	0	(925,000)	925,000	0	0	0
Maddington Underground Power	23/06/2010	0	0	1,808,856	(1,808,856)	0	0
		2,786,454	(931,774)	29,865,975	(10,708,311)	(21,012,344)	0

(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 2010

22. INFORMATION ON BORROWINGS (Continued)

(e) Refinancing Debentures

Particulars	Loan Facility		Loan Facility Expiry		Institution
	Original	New	Original	New	
Recreation and Culture					
Harmony Fields Redevelopment	7,063,000	2,000,000	30/06/2010	30/06/2013	WA Treasury Corporation
Other Property and Services					
Civic Centre	24,400,000	20,000,000	30/06/2010	30/06/2011	WA Treasury Corporation

Harmony Fields

The draft Public Open Space Strategy contains the seven properties in Maddington that currently form part of the local open space network which are required to be sold to finance the loan repayment. It was anticipated that the approval will not be available within the existing timeframe of the original loan term which expires on 30 June 2010 and as such an extension of a short term facility for the Harmony Fields development loan was required.

Civic Centre

The timeframe for the redevelopment of the Civic Centre has extended longer than anticipated. At the present time all revenue and cost factors have not been finalised and therefore the final amount for the debenture loan cannot be determined. An extension to the short term facility was therefore required for a further 12 months with a 20 year debenture loan to be possibly utilised once the final amount has been determined.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

23. RATING INFORMATION - 2009/10 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate GRV											
Commercial Improved	7.40	384	52,855,847	3,911,333	163,001	0	4,074,334	3,911,333	70,000	0	3,981,333
Commercial Vacant	9.62	33	798,950	76,859	(5,917)	0	70,942	76,859	0	0	76,859
Extractive Industry	14.06	3	374,500	52,655	0	0	52,655	52,655	4,000	0	56,655
Golf Courses	7.40	2	184,500	13,653	0	0	13,653	13,653	1,000	0	14,653
Industrial Improved	7.40	759	42,103,977	3,115,694	108,672	0	3,224,366	3,115,694	90,000	0	3,205,694
Industrial Vacant	9.92	59	1,330,928	128,035	(26,661)	0	101,374	128,035	0	0	128,035
Kennel Area Improved	7.40	119	1,376,724	101,878	5,050	0	106,928	101,878	0	0	101,878
Kennel Area Vacant	9.62	0	0	0	0	0	0	0	0	0	0
Residential Development GRV	8.88	77	4,465,896	396,572	(13,677)	0	382,895	396,572	50,000	0	446,572
Residential Improved	7.40	18,905	235,199,144	17,404,737	1,500,693	0	18,905,430	17,404,737	342,091	0	17,746,828
Residential Vacant	9.62	2,218	25,401,230	2,443,598	(336,139)	0	2,107,459	2,443,598	20,000	0	2,463,598
Rural GRV	8.88	691	12,359,751	1,097,546	8,691	0	1,106,237	1,097,546	0	0	1,097,546
Tenancy Agreements	7.90	0	0	0	704	0	704	0	0	0	0
Gosnells Town Centre	8.51	87	7,203,354	613,005	(4,445)	0	608,560	613,005	10,000	0	623,005
UV											
Residential Development UV	0.1170	3	6,170,000	7,219	30,791	0	38,010	7,219	0	0	7,219
Rural UV	0.1950	180	187,763,400	366,139	(5,886)	0	360,253	366,139	0	0	366,139
Rural UV Agriculture Concession	0.1560	24	92,290,000	143,972	(2,215)	0	141,757	143,972	0	0	143,972
Sub-Totals		23,544	669,878,201	29,872,895	1,422,662	0	31,295,557	29,872,895	587,091	0	30,459,986

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

23. RATING INFORMATION - 2009/10 FINANCIAL YEAR (Continued)

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
	Minimum \$										
GRV											
Commercial Improved	697	68	443,428	47,396	0	0	47,396	47,396	0	0	47,396
Commercial Vacant	697	1	70	697	0	0	697	697	0	0	697
Extractive Industry	697	0	0	0	0	0	0	0	0	0	0
Golf Courses	697	0	0	0	0	0	0	0	0	0	0
Industrial Improved	697	112	868,639	78,064	0	0	78,064	78,064	0	0	78,064
Industrial Vacant	697	0	0	0	0	0	0	0	0	0	0
Kennel Area Improved	697	29	255,736	20,213	0	0	20,213	20,213	0	0	20,213
Kennel Area Vacant	697	0	0	0	0	0	0	0	0	0	0
Residential Development GRV	697	0	0	0	0	0	0	0	0	0	0
Residential Improved	697	15,976	131,257,535	11,135,272	0	0	11,135,272	11,135,272	0	0	11,135,272
Residential Vacant	697	186	1,162,015	129,642	0	0	129,642	129,642	0	0	129,642
Rural GRV	697	126	853,102	87,822	0	0	87,822	87,822	0	0	87,822
Gosnells Town Centre	697	3	20,930	2,091	0	0	2,091	2,091	0	0	2,091
UV											
Residential Development UV	697	0	0	0	0	0	0	0	0	0	0
Rural UV	697	15	4,532,600	10,455	0	0	10,455	10,455	0	0	10,455
Rural Agricultural Concession	697	1	405,000	697	0	0	697	697	0	0	697
Sub-Totals		16,517	139,799,055	11,512,349	0	0	11,512,349	11,512,349	0	0	11,512,349
Ex-Gratia Rates							42,807,906				41,972,335
Specified Area Rate (refer note 24)							232,156				254,900
Discounts (refer note 26)							43,040,062				42,227,235
TOTALS							43,040,062				42,227,235

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

24. SPECIFIED AREA RATE - 2009/10 FINANCIAL YEAR

	Rate in \$	Number of Properties	Basis of Rate	Rateable Value \$	Rate Revenue \$	Interim Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
The Avenues	0.005493	498	GRV	7,427,760	40,801	47	40,801	40,848	40,801
Bletchley Park	0.003579	466	GRV	7,012,785	25,099	(25,099)	25,099	0	25,099
The Boardwalk	0.003990	622	GRV	12,106,115	48,303	675	48,303	48,978	48,303
Brookland Greens	0.004645	546	GRV	9,644,639	44,799	20	44,799	44,819	44,799
Brookland Park	0.004962	308	GRV	4,594,770	22,800	51	22,800	22,851	22,800
Sanctuary Waters	0.004462	688	GRV	11,429,459	51,000	0	51,000	51,000	51,000
The Reserve	0.004384	306	GRV	5,040,630	22,098	1,562	22,098	23,660	22,098
					254,900	(22,744)	254,900	232,156	254,900

Purpose for the rate and proposed applicant of proceeds:

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

Description of the areas in which rates are to be applied:

The Avenues	Housing development known as "The Avenues"
Sanctuary Waters	Housing development known as "Sanctuary Waters"
The Reserve	Housing development known as "The Reserve"
Brookland Greens	Housing development known as "Brookland Greens"
Brookland Park	Housing development known as "Brookland Park"
The Boardwalk	Housing development known as "The Boardwalk"
The Bletchley Park	Housing development known as "Bletchley Park"

CITY OF GOSNELLS
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FOR THE YEAR ENDED 30TH JUNE 2010

25. SERVICE CHARGES - 2009/10 FINANCIAL YEAR

	Amount of Charge \$	Revenue Raised \$	Budget Revenue \$	Applied to Service Costs \$	Budget Applied to Costs \$
Maddington Underground Power	Varied depending on power usage	2,925,725	580,000	2,925,725	580,000
		2,925,725	580,000	2,925,725	580,000

A service charge for the undergrounding of power within the area bounded by Gosnells Road West, Westfield Street, Helm Street, Weston Street, The Crescent and Albany Highway were levied.

The project is funded by contributions from the state government, City of Gosnells and ratepayers. The project is expected to be completed by September 2010

No transfer to or from reserve accounts has occurred.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2009/10 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Rates Incentive A	Incentive	NA	5,000	5,000
Leisure World Discount	Discount	25	1,614	0
DRPAC Discount	Discount	15 - 50	915	0
			2,529	0
Rate Waivers	Waiver	NA	34,901	131,443
Sundry Debts Write-off	Write-off	NA	2,468	0

Rates Incentive A

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

Five prizes of \$1,000 each funded by the City of Gosnells were drawn on a random basis as an incentive for the early payment of rates and charges, in full.

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

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

Winners are 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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2009/10 FINANCIAL YEAR (Continued)

Rates Incentive B

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

Centro Maddington offered the chance for four residents to have their rates refunded in cash by Centro Maddington, up to a maximum value of \$1,000 per ratepayer.

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

Leisure World Discount

A membership discount of 25% is given to the Council's staff for Leisure World.

DRPAC Discount

Various discounts on ticket prices are provided to Council's staff and non-staff.

Rate Waivers

Waivers on rates were granted by Council to community based organisations. The majority of waivers disclosed in 2009/10 Budget were charged an annual lease until 30/06/2010. However these community groups were rated from 01/07/2010.

Sundry Debts Write-off

Unrecoverable sundry debts were written off in accordance with the Council's delegation authority.

27. INTEREST CHARGES AND INSTALMENTS - 2009/10 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	NA	167,226	184,454
Interest on Deferred Rates		NA	40,792	42,249
Interest on Instalments Plan	5.50%	NA	266,737	270,000
Charges on Instalment Plan / Special Arrangement Fee	NA	15/25	264,794	260,000
			739,549	756,703

Ratepayers had the option of paying rates in four equal instalments, due on 28 August 2009, 23 October 2009, 18 December 2009 and 12 February 2010. Arrears are payable in the first instalment and continue to attract penalty interest until paid. Administration charges and interest applied for the final three instalments.

CITY OF GOSNELLS
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FOR THE YEAR ENDED 30TH JUNE 2010

28. FEES & CHARGES	2010 \$	2009 \$
Governance	4,926	19,425
General Purpose Funding	376,037	360,811
Law, Order, Public Safety	225,492	239,921
Health	225,241	146,584
Education and Welfare	387,418	388,742
Community Amenities	8,828,585	7,643,771
Recreation and Culture	2,399,287	2,241,495
Transport	32,584	78,114
Economic Services	2,104,330	1,869,815
Other Property and Services	356,368	320,039
	<u>14,940,268</u>	<u>13,308,717</u>

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

29. GRANT REVENUE	2010 \$	2009 \$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	6,279,810	6,197,349
Non-Operating Grants, Subsidies and Contributions	10,701,590	12,649,786
	<u>16,981,400</u>	<u>18,847,135</u>
By Program:		
Governance	20,174	1,747
General Purpose Funding	3,454,087	4,060,067
Law, Order, Public Safety	193,195	153,581
Health	21,034	7,372
Education and Welfare	534,607	425,185
Community Amenities	5,169,712	3,928,434
Recreation and Culture	1,825,218	1,334,105
Transport	4,491,827	7,755,954
Economic Services	965,332	738,493
Other Property and Services	306,214	442,197
	<u>16,981,400</u>	<u>18,847,135</u>

30. COUNCILLORS' REMUNERATION	2010 \$	2010 Budget \$	2009 \$
The following fees, expenses and allowances were paid to council members and/or the mayor.			
Meeting Fees	91,234	91,000	92,310
Mayor's Allowance	60,155	60,000	64,755
Deputy Mayor's Allowance	9,023	9,000	8,963
Travelling Expenses	16,479	14,400	14,338
Telecommunications Allowance	18,046	18,000	18,838
	<u>194,937</u>	<u>192,400</u>	<u>199,204</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

31. EMPLOYEE NUMBERS

	2010	2009
The number of full-time equivalent employees at balance date	<u>369</u>	<u>374</u>

32. MAJOR LAND TRANSACTIONS

Harmony Fields Development

(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.

	2010 \$	2010 Budget \$	2009 \$
(b) Current year transactions			
Operating Revenue			
- Profit on sale	1,228,134	2,018,500	1,003,427
Capital Revenue			
- Sale Proceeds	2,561,881	447,500	2,033,706
Capital Expenditure			
- Purchase of Land	0	0	0
- Development Costs	(44,944)	0	(1,210,801)
	<u>(44,944)</u>	<u>0</u>	<u>(1,210,801)</u>

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

There are no expenditure commitments in relation to this land transaction as at 30 June 2010.

(c) Expected Future Cash Flows

	2011 \$	2012 \$	2013 \$	2014 \$	Total \$
Cash Outflows					
- Development Costs	0	0	0	0	0
- Loan Repayments	0	(2,052,500)	0	0	(2,052,500)
	<u>0</u>	<u>(2,052,500)</u>	<u>0</u>	<u>0</u>	<u>(2,052,500)</u>
Cash Inflows					
- Loan Proceeds	0	0	0	0	0
- Sale Proceeds	0	2,052,500	0	0	2,052,500
	<u>0</u>	<u>2,052,500</u>	<u>0</u>	<u>0</u>	<u>2,052,500</u>
Net Cash Flows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

32. MAJOR LAND TRANSACTIONS (Continued)

Lot 8 Corner Holmes Street and Warton Road, Southern River Development

(a) Details

Council intends 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.

	2010 \$	2010 Budget \$	2009 \$
(b) Current year transactions			
Operating Revenue			
- Profit on sale	0	0	0
Capital Revenue			
- Sale Proceeds	0	0	0
- Grant Proceeds	820,000	0	0
Capital Expenditure			
- Purchase of Land	0	0	0
- Development Costs	(3,994,685)	(5,780,000)	(1,221,637)
	<u>(3,994,685)</u>	<u>(5,780,000)</u>	<u>(1,221,637)</u>

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

There are no expenditure commitments in relation to this land transaction as at 30 June 2010.

(c) Expected Future Cash Flows

	2011 \$	2012 \$	2013 \$	2014 \$	Total \$
Cash Outflows					
- Development Costs	0	0	0	0	0
- Loan Repayments	(1,500,000)	(8,280,000)	0	0	(9,780,000)
	<u>(1,500,000)</u>	<u>(8,280,000)</u>	<u>0</u>	<u>0</u>	<u>(9,780,000)</u>
Cash Inflows					
- Loan Proceeds	0	0	0	0	0
- Sale Proceeds	1,500,000	15,000,000	0	0	16,500,000
	<u>1,500,000</u>	<u>15,000,000</u>	<u>0</u>	<u>0</u>	<u>16,500,000</u>
Net Cash Flows	<u>0</u>	<u>6,720,000</u>	<u>0</u>	<u>0</u>	<u>6,720,000</u>

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

34. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2010	2009	2010	2009
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	59,584,497	58,321,723	59,584,497	58,321,723
Receivables	5,723,913	3,860,424	5,723,913	3,860,424
Financial assets at fair value through profit or loss	4,038,266	5,082,644	4,038,266	5,082,644
Held to maturity investment	4,213,924	0	4,000,000	0
	<u>73,560,600</u>	<u>67,264,791</u>	<u>73,346,676</u>	<u>67,264,791</u>
Financial Liabilities				
Payables	13,119,502	8,505,643	13,119,502	8,505,643
Borrowings	31,770,987	26,669,313	29,912,552	25,069,544
	<u>44,890,489</u>	<u>35,174,956</u>	<u>43,032,054</u>	<u>33,575,187</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 – 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 2010

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

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

	30-Jun-10	30-Jun-09
	\$	\$
Impact of a 10% (*) movement in market rates on investments:		
- Equity	571,831	1,471,159
- Income Statement	571,831 (+)	1,471,159 (+)
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	686,636	641,996
- Income Statement	686,636	641,996

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
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34. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	30-Jun-10	30-Jun-09
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	95.33%	89.86%
- Overdue	4.67%	10.14%

CITY OF GOSNELLS
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34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Borrowings (Continued)

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

						Weighted Average Effective Interest Rate %	
	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$
Year Ended 30 June 2010							
Borrowings							
Fixed Rate							
Debentures	27,132,119	0	1,905,012	2,733,856	0	0	31,770,987
Weighted Average Effective Interest Rate	5.09%	5.15%	4.75%	5.20%			5.10%
Year Ended 30 June 2009							
Borrowings							
Fixed Rate							
Debentures	20,969,313	5,700,000	0	0	0	0	26,669,313
Weighted Average Effective Interest Rate	3.91%	3.44%					3.81%

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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35. PRIOR PERIOD CORRECTIONS

Balances relating to the 2009 comparative year have been amended due to the correction of prior period errors. These errors have been adjusted as shown below and, in accordance with the requirements of AASB101, a statement of financial position as at the beginning of the earliest comparative period has been included (refer statement of financial position column labelled as at 1 July 2008).

Assets totalling \$900,000 were previously classified as land held for resale instead of land.

Bond and retentions of \$4,819,109 were previously classified as trust instead of Sundry Creditors.

The City is not acting in the interest of or on behalf of the depositor but in the discharge of its statutory role as a municipal authority. As a result there is no fiduciary relationship, therefore bond and retentions are not required to be held in trust.

Effect of the above:	Original	Amount of	Adjusted
Statement of Cash Flows	Balance	Adjustment	Balance
	\$	\$	\$
Cash Flows From Operating Activities			
Receipts			
Rates	39,086,943	0	39,086,943
Operating Grants, Subsidies and Contributions	5,382,068	0	5,382,068
Fees and Charges	815,281	0	815,281
Service Charges	13,165,728	0	13,165,728
Interest Earnings	3,201,078	0	3,201,078
Goods and Services Tax	4,233,977	0	4,233,977
Other Revenue	163,496	0	163,496
	<u>66,048,571</u>	<u>0</u>	<u>66,048,571</u>
Payments			
Employee Costs	(23,212,781)	0	(23,212,781)
Materials and Contracts	(17,966,898)	0	(17,966,898)
Utility Charges	(2,798,445)	0	(2,798,445)
Insurance Expenses	(1,009,246)	0	(1,009,246)
Interest expenses	(993,468)	0	(993,468)
Goods and Services Tax	(4,352,387)	0	(4,352,387)
Other Expenditure	(5,493,512)	0	(5,493,512)
	<u>(55,826,737)</u>	<u>0</u>	<u>(55,826,737)</u>
Net Cash Provided By (Used In)			
Operating Activities	14(b) <u>10,221,834</u>	<u>0</u>	<u>10,221,834</u>
Cash Flows from Investing Activities			
Payments for Development of Land Held for Resale	(2,432,438)	0	(2,432,438)
Payments for Purchase of Property, Plant & Equipment	(19,813,383)	0	(19,813,383)
Payments for Construction of Infrastructure	(12,109,483)	0	(12,109,483)
Payments for Purchase of Investments	0	0	0
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets	12,649,786	0	12,649,786
Proceeds from Sale of Plant & Equipment	1,831,862	0	1,831,862
Proceeds from Sale of Land Held for Resale	2,033,707	0	2,033,707
Proceeds from Sale of Infrastructure Assets			
Proceeds from Sale of Investments	<u>24,286,935</u>	<u>0</u>	<u>24,286,935</u>
Net Cash Provided By (Used In)			
Investing Activities	<u>6,446,986</u>	<u>0</u>	<u>6,446,986</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

35. PRIOR PERIOD CORRECTIONS (Continued)

	Original Balance \$	Amount of Adjustment \$	Adjusted Balance \$
Cash Flows from Financing Activities			
Repayment of Debentures	(7,000,000)	0	(7,000,000)
Proceeds from New Debentures	21,169,313	0	21,169,313
Net Cash Provided By (Used In) Financing Activities	14,169,313	0	14,169,313
Net Increase (Decrease) in Cash Held	30,838,133		30,838,133
Cash at Beginning of Year	22,664,481	4,819,109	27,483,590
Cash and Cash Equivalents at the End of the Year	14(a) <u>53,502,614</u>	<u>4,819,109</u>	<u>58,321,723</u>

	Original Balance \$	Amount of Adjustment \$	Adjusted Balance \$
Effect of the above: Statement of Financial Position			

Note 3 - Cash and Cash Equivalents - Current

Unrestricted	15,167,073	4,819,109	19,986,182
Restricted	38,335,541	0	38,335,541
Total	<u>53,502,614</u>	<u>4,819,109</u>	<u>58,321,723</u>

Note 5 - Trade and Other Payables - Current

Sundry Creditors	2,801,428	4,819,109	7,620,537
Accrued Interest on Debentures	644,995	0	644,995
Accrued Salaries and Wages	240,111	0	240,111
Total	<u>3,686,534</u>	<u>4,819,109</u>	<u>8,505,643</u>

Note 6 - Inventories - Non Current

Land Held for Resale - Cost			
Cost of Acquisition	3,341,195	(900,000)	2,441,195
Development Costs	2,432,438	0	2,432,438
Disposals	(1,030,279)	0	(1,030,279)
Total	<u>4,743,354</u>	<u>(900,000)</u>	<u>3,843,354</u>

Note 7 - Property Plant and Equipment - Non Current

Land and Buildings			
Land - Management Valuations 2008	184,423,550	0	184,423,550
Building - Management Valuations 2008	64,750,350	0	64,750,350
Land & Buildings - Cost	23,767,865	900,000	24,667,865
Less Accumulated Depreciation	(1,511,353)	0	(1,511,353)
	<u>271,430,412</u>	<u>900,000</u>	<u>272,330,412</u>
Furniture and Equipment - Cost	4,770,802	0	4,770,802
Less Accumulated Depreciation	(2,977,011)	0	(2,977,011)
	<u>1,793,791</u>	<u>0</u>	<u>1,793,791</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

35. PRIOR PERIOD CORRECTIONS (Continued)

	Original Balance	Amount of Adjustment	Adjusted Balance
	\$	\$	\$
Plant and Equipment - Cost	13,566,739	0	13,566,739
Less Accumulated Depreciation	<u>(3,846,609)</u>	<u>0</u>	<u>(3,846,609)</u>
	9,720,130	0	9,720,130
Local Government House - Cost	15,464	0	15,464
Less Accumulated Depreciation	<u>0</u>	<u>0</u>	<u>0</u>
	15,464	0	15,464
Intangible Assets - Cost	1,500,337	0	1,500,337
Less Accumulated Amortisation	<u>(924,789)</u>	<u>0</u>	<u>(924,789)</u>
	575,548	0	575,548
Total	<u>283,535,345</u>	<u>900,000</u>	<u>284,435,345</u>

Note 14 - Notes to the Statement of Cash Flows

(a) Reconciliation of Cash

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

	Original Balance	Amount of Adjustment	Adjusted Balance
	\$	\$	\$
Cash and Cash Equivalents	<u>53,502,614</u>	<u>4,819,109</u>	<u>58,321,723</u>

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

Net Result	12,246,470	0	12,246,470
Amortisation	103,517	0	103,517
Depreciation	13,486,837	0	13,486,837
Fair Value adjustment to financial assets at fair value through profit or loss	(374,325)	0	(374,325)
(Profit)/Loss on Sale of Asset	(626,147)	0	(626,147)
(Increase)/Decrease in Receivables	(441,214)	0	(441,214)
(Increase)/Decrease in Inventories	9,482	0	9,482
Increase/(Decrease) in Payables	(1,420,563)	0	(1,420,563)
Increase/(Decrease) in Employee Provisions	(112,437)	0	(112,437)
Grants/Contributions for the Development of Assets	<u>(12,649,786)</u>	<u>0</u>	<u>(12,649,786)</u>
Net Cash from Operating Activities	<u>10,221,834</u>	<u>0</u>	<u>10,221,834</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

35. PRIOR PERIOD CORRECTIONS (Continued)

	Original Balance \$	Amount of Adjustment \$	Adjusted Balance \$
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Credit Card limit	60,000	0	60,000
Credit Card Balance at Balance Date	<u>(13,832)</u>	<u>0</u>	<u>(13,832)</u>
Total Amount of Credit Unused	<u><u>46,168</u></u>	<u><u>0</u></u>	<u><u>46,168</u></u>
Loan Facilities			
Loan Facilities - Current	20,969,313	0	20,969,313
Loan Facilities - Non-Current	<u>5,700,000</u>	<u>0</u>	<u>5,700,000</u>
Total Facilities in Use at Balance Date	<u><u>26,669,313</u></u>	<u><u>0</u></u>	<u><u>26,669,313</u></u>
Unused Loan Facilities at Balance Date	<u><u>2,786,454</u></u>	<u><u>0</u></u>	<u><u>2,786,454</u></u>

Note 19 - Financial Ratios	Original 2009	Adjusted 2009
Current Ratio	0.69	0.69
Untied Cash to Unpaid Trade Creditors Ratio	5.41	7.13
Debt Ratio	0.06	0.06
Debt Service Ratio	0.13	0.13
Gross Debt to Revenue Ratio	0.42	0.42
Gross Debt to Economically Realisable Assets Ratio	0.08	0.08
Rate Coverage Ratio	0.52	0.52
Outstanding Rates Ratio	0.02	0.02

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 Unpaid Trade Creditors Ratio	$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$
Debt Ratio	$\frac{\text{total liabilities}}{\text{total assets}}$
Debt Service Ratio	$\frac{\text{debt service cost}}{\text{available operating revenue}}$
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 2010

35. PRIOR PERIOD CORRECTIONS (Continued)

	Original Balance	Amount of Adjustment	Adjusted Balance
	\$	\$	\$
Note 20 - Trust			
Unclaimed Monies	560	0	560
BCITF	164,736	0	164,736
BRB	24,145	0	24,145
Building Bonds	1,221,882	(1,221,882)	0
Planning Bonds	1,517,512	(1,517,512)	0
Infrastructure Bonds	1,547,577	(1,547,577)	0
City Facilities Bonds	32,685	(32,685)	0
Community Engagement Bonds	2,750	(2,750)	0
Miscellaneous Bonds	9,515	(9,515)	0
Sundry Bonds and Deposits	204,399	(204,399)	0
Private Works	282,789	(282,789)	0
Total	5,008,550	(4,819,109)	189,441

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

35. PRIOR PERIOD CORRECTIONS (Continued)

Note 34 - Financial Risk Management

	Original Balance 2009 \$	Carrying Value Amount of Adjustment 2009 \$	Adjusted Balance 2009 \$	Original Balance 2009 \$	Fair Value Amount of Adjustment 2009 \$	Adjusted Balance 2009 \$
Financial Assets						
Cash and cash equivalents	53,502,614	4,819,109	58,321,723	53,502,614	4,819,109	58,321,723
Receivables	3,860,424	0	3,860,424	3,860,424	0	3,860,424
Financial assets at fair value through profit or loss	5,082,644	0	5,082,644	5,082,644	0	5,082,644
Held to maturity investment	0	0	0	0	0	0
	<u>62,445,682</u>	<u>4,819,109</u>	<u>67,264,791</u>	<u>62,445,682</u>	<u>4,819,109</u>	<u>67,264,791</u>
Financial Liabilities						
Payables	3,686,534	4,819,109	8,505,643	3,686,534	4,819,109	8,505,643
Borrowings	26,669,313	0	26,669,313	25,069,544	0	25,069,544
	<u>30,355,847</u>	<u>4,819,109</u>	<u>35,174,956</u>	<u>28,756,078</u>	<u>4,819,109</u>	<u>33,575,187</u>

(a) Cash and Cash Equivalents

Impact of a 10% (*) movement in interest rates on cash and investments:

- Equity	1,471,159	0	1,471,159
- Income Statement	1,471,159	0	1,471,159

Impact of a 1% (*) movement in interest rates on cash and investments:

- Equity	628,608	13,388	641,996
- Income Statement	628,608	13,388	641,996

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

35. PRIOR PERIOD CORRECTIONS (Continued)

(c) Payables							
	Original Balance 2009	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$	
Payables		3,686,534	0	0	3,686,534	3,686,534	
Borrowings		21,616,271	5,895,543	0	27,511,814	26,669,313	
		<u>25,302,805</u>	<u>5,895,543</u>	<u>0</u>	<u>31,198,348</u>	<u>30,355,847</u>	
Amount of Adjustment 2009							
Payables		4,819,109	0	0	4,819,109	4,819,109	
Borrowings		0	0	0	0	0	
		<u>4,819,109</u>	<u>0</u>	<u>0</u>	<u>4,819,109</u>	<u>4,819,109</u>	
Adjusted Balance 2009							
Payables		8,505,643	0	0	8,505,643	8,505,643	
Borrowings		21,616,271	5,895,543	0	27,511,814	26,669,313	
		<u>30,121,914</u>	<u>5,895,543</u>	<u>0</u>	<u>36,017,457</u>	<u>35,174,956</u>	

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE CITY OF GOSNELLS**

Report on the Financial Report

We have audited the accompanying financial report of the City of Gosnells, which comprise the statement of financial position as at 30 June 2010 and the statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows, rate setting statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial reports 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 reports. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial reports, 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 statements 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 reports.

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 have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the financial report of the City of Gosnells is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a giving a true and fair view of the City's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE CITY OF GOSNELLS (continued)**

Other Matters

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the City.
- b) There are no matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.


UHY HAINES NORTON
CHARTERED ACCOUNTANTS

Date: 1 November 2010
Perth, WA


GREG GODWIN
PARTNER