

**CITY OF GOSNELLS**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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**CITY OF GOSNELLS**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**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 30 June 2011 are in my opinion properly drawn up to present fairly the financial position of the City of Gosnells at 30 June 2011 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 27<sup>th</sup> day of October 2011



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Ian Cowie  
Chief Executive Officer

**CITY OF GOSNELLS**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	2011 \$	2011 Budget \$	2010 \$
<b>REVENUE</b>				
Rates	23	46,361,576	46,172,712	43,040,062
Operating Grants, Subsidies and Contributions	29	6,490,522	4,509,844	6,279,810
Fees and Charges	28	16,262,321	15,394,955	14,940,268
Service Charges	25	0	0	2,925,725
Interest Earnings	2(a)	5,554,608	2,572,518	3,587,670
Other Revenue		182,662	85,000	144,392
		<u>74,851,689</u>	<u>68,735,029</u>	<u>70,917,927</u>
<b>EXPENSES</b>				
Employee Costs		(27,905,464)	(28,267,012)	(25,496,070)
Materials and Contracts		(19,725,330)	(22,692,004)	(21,970,204)
Utility Charges		(3,533,636)	(3,722,443)	(3,314,780)
Depreciation on Non-Current Assets	2(a)	(15,296,472)	(14,223,099)	(14,349,545)
Amortisation	2(a)	(152,681)	(89,186)	(107,818)
Interest Expenses	2(a)	(1,479,874)	(2,094,652)	(957,134)
Insurance Expenses		(1,528,019)	(1,506,600)	(1,301,867)
Other Expenditure		(1,801,364)	(554,890)	(2,091,667)
		<u>(71,422,840)</u>	<u>(73,149,886)</u>	<u>(69,589,085)</u>
		3,428,849	(4,414,857)	1,328,842
Non-Operating Grants, Subsidies and Contributions				
	29	12,187,006	9,221,123	10,701,590
Fair Value Adjustments to Financial Assets at Fair Value through Profit or Loss	4	232,598	0	385,622
Profit on Asset Disposals	21	11,164,886	3,661,801	1,306,659
Loss on Asset Disposal	21	(1,139,712)	(385,303)	(329,924)
<b>NET RESULT</b>		<b>25,873,627</b>	<b>8,082,764</b>	<b>13,392,789</b>
<b>Other Comprehensive Income</b>				
Land and Building Revaluation		(90,553,630)	0	0
<b>Total Other Comprehensive Income</b>		<u><b>(90,553,630)</b></u>	<u><b>0</b></u>	<u><b>0</b></u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u><b>(64,680,003)</b></u></u>	<u><u><b>8,082,764</b></u></u>	<u><u><b>13,392,789</b></u></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 2011**

	NOTE	2011 \$	2011 Budget \$	2010 \$
<b>REVENUE</b>				
Governance		7,440	0	25,102
General Purpose Funding		56,164,867	51,495,168	50,876,088
Law, Order, Public Safety		421,098	391,340	418,688
Health		229,812	171,714	246,274
Education and Welfare		1,036,425	969,040	922,306
Community Amenities		15,761,719	12,782,980	13,998,896
Recreation and Culture		4,114,464	2,317,085	5,452,879
Transport		5,345,401	6,704,082	4,602,260
Economic Services		3,071,747	2,485,102	5,995,387
Other Property and Services		<u>12,283,206</u>	<u>4,301,442</u>	<u>773,918</u>
		98,436,179	81,617,953	83,311,798
<b>EXPENSES EXCLUDING FINANCE COSTS</b>				
Governance		(4,087,816)	(4,263,450)	(3,936,608)
General Purpose Funding		(1,465,949)	(1,460,167)	(1,113,361)
Law, Order, Public Safety		(2,122,074)	(2,154,016)	(2,081,334)
Health		(1,273,820)	(1,472,658)	(1,191,036)
Education and Welfare		(3,493,748)	(3,587,932)	(2,924,872)
Community Amenities		(14,651,367)	(14,966,045)	(12,275,844)
Recreation & Culture		(23,180,026)	(23,204,965)	(21,481,692)
Transport		(17,290,493)	(17,116,575)	(16,431,059)
Economic Services		(3,311,132)	(3,913,751)	(7,277,541)
Other Property and Services		<u>(206,253)</u>	<u>699,022</u>	<u>(248,528)</u>
		(71,082,678)	(71,440,537)	(68,961,875)
<b>FINANCE COSTS</b>				
Recreation & Culture		(194,601)	(285,000)	(274,762)
Economic Services		(93,694)	(98,402)	(2,105)
Other Property and Services		<u>(1,191,579)</u>	<u>(1,711,250)</u>	<u>(680,267)</u>
	2 (a)	(1,479,874)	(2,094,652)	(957,134)
<b>NET RESULT</b>		<u><b>25,873,627</b></u>	<u><b>8,082,764</b></u>	<u><b>13,392,789</b></u>
<b>Other Comprehensive Income</b>				
Land and Building Revaluation		(90,553,630)	0	0
<b>Total Other Comprehensive Income</b>		<u><b>(90,553,630)</b></u>	<u><b>0</b></u>	<u><b>0</b></u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u><b>(64,680,003)</b></u></u>	<u><u><b>8,082,764</b></u></u>	<u><u><b>13,392,789</b></u></u>

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

**CITY OF GOSNELLS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2011**

	NOTE	2011 \$	2010 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	69,848,654	59,584,497
Investments	4	1,692,830	4,038,266
Trade and Other Receivables	5	3,961,514	3,494,520
Inventories	6	2,505,405	5,154,951
<b>TOTAL CURRENT ASSETS</b>		<b>78,008,403</b>	<b>72,272,234</b>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	5	1,867,132	2,229,393
Investments	4	4,143,544	4,213,924
Inventories	6	0	1,616,479
Property, Plant and Equipment	7	203,084,441	293,024,260
Infrastructure	8	224,111,837	220,477,239
<b>TOTAL NON-CURRENT ASSETS</b>		<b>433,206,954</b>	<b>521,561,295</b>
<b>TOTAL ASSETS</b>		<b>511,215,357</b>	<b>593,833,529</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	9	11,734,238	13,119,502
Long Term Borrowings	10	2,782,733	27,132,119
Provisions	11	4,938,910	4,252,454
<b>TOTAL CURRENT LIABILITIES</b>		<b>19,455,881</b>	<b>44,504,075</b>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	10	11,701,008	4,638,868
Provisions	11	668,713	620,828
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>12,369,721</b>	<b>5,259,696</b>
<b>TOTAL LIABILITIES</b>		<b>31,825,602</b>	<b>49,763,771</b>
<b>NET ASSETS</b>		<b>479,389,755</b>	<b>544,069,758</b>
<b>EQUITY</b>			
Retained Surplus		303,192,668	282,672,915
Reserves - Cash/Investment Backed	12	42,567,807	37,770,658
Reserves - Asset Revaluation	13	133,629,280	223,626,185
<b>TOTAL EQUITY</b>		<b>479,389,755</b>	<b>544,069,758</b>

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 2011**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 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		0	0	0	0
Transfer to Retained Surplus		79,999	0	(79,999)	0
Reserve Transfers		(2,767,724)	2,767,724	0	0
<b>Balance as at 30 June 2010</b>		<b>282,672,915</b>	<b>37,770,658</b>	<b>223,626,185</b>	<b>544,069,758</b>
Net Result		25,873,627	0	0	25,873,627
Total Other Comprehensive Income		0	0	(90,553,630)	(90,553,630)
Transfer to Retained Surplus		(556,725)	0	556,725	0
Reserve Transfers		(4,797,149)	4,797,149	0	0
<b>Balance as at 30 June 2011</b>		<b>303,192,668</b>	<b>42,567,807</b>	<b>133,629,280</b>	<b>479,389,755</b>

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 2011**

	<b>NOTE</b>	<b>2011 \$</b>	<b>2011 Budget \$</b>	<b>2010 \$</b>
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		46,025,857	46,306,712	42,770,291
Operating Grants, Subsidies and Contributions		6,490,522	4,309,844	6,279,810
Fees and Charges		16,519,480	15,178,392	13,295,331
Service Charges		0	706,402	2,925,725
Interest Earnings		5,624,988	2,294,116	3,587,670
Goods and Services Tax		4,636,546	4,320,042	3,749,959
Other Revenue		182,662	85,000	144,392
		<u>79,480,055</u>	<u>73,200,508</u>	<u>72,753,178</u>
<b>Payments</b>				
Employee Costs		(27,033,483)	(28,169,804)	(24,931,560)
Materials and Contracts		(21,246,944)	(18,005,132)	(17,232,343)
Utility Charges		(3,533,636)	(3,922,443)	(3,314,780)
Insurance Expenses		(1,528,019)	(1,506,600)	(1,301,867)
Interest expenses		(1,472,464)	(1,988,652)	(1,080,128)
Goods and Services Tax		(4,637,293)	(4,480,000)	(3,698,740)
Other Expenditure		(1,801,364)	(554,890)	(2,091,667)
		<u>(61,253,203)</u>	<u>(58,627,521)</u>	<u>(53,651,085)</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Operating Activities</b>	14(b)	<u>18,226,852</u>	<u>14,572,987</u>	<u>19,102,093</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Development of Land Held for Resale		(1,894,670)	(800,000)	(3,956,312)
Payments for Purchase of Property, Plant & Equipment		(8,765,687)	(11,147,291)	(13,181,911)
Payments for Construction of Infrastructure		(14,762,192)	(25,988,090)	(16,844,202)
Payments for Purchase of Investments		(1,000,000)	0	(5,213,924)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		12,187,006	9,221,123	10,701,590
Proceeds from Sale of Plant & Equipment		1,155,393	11,768,600	561,704
Proceeds from Sale of Land Held for Resale		18,826,667	0	2,561,880
Proceeds from Sale of Infrastructure Assets		0	0	182
Proceeds from Sale of Investments		3,578,034	0	2,430,000
		<u>9,324,551</u>	<u>(16,945,658)</u>	<u>(22,940,993)</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Investing Activities</b>		<u>9,324,551</u>	<u>(16,945,658)</u>	<u>(22,940,993)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(19,020,127)	(11,271,552)	(4,571,957)
Proceeds from Additional Drawdowns		1,732,881	0	
Proceeds from New Debentures		0	3,507,881	9,673,631
		<u>17,287,246</u>	<u>(7,763,671)</u>	<u>5,101,674</u>
<b>Net Increase (Decrease) in Cash Held</b>		<u>10,264,157</u>	<u>(10,136,342)</u>	<u>1,262,774</u>
Cash at Beginning of Year		59,584,497	49,818,458	58,321,723
<b>Cash and Cash Equivalents at the End of the Year</b>	14(a)	<u><u>69,848,654</u></u>	<u><u>39,682,116</u></u>	<u><u>59,584,497</u></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 2011**

	NOTE	2011 \$	2011 Budget \$
<b>REVENUE</b>			
Governance		7,440	0
General Purpose Funding		9,803,291	5,322,454
Law, Order, Public Safety		403,100	391,340
Health		229,812	171,714
Education and Welfare		1,036,425	969,040
Community Amenities		10,514,229	10,082,980
Recreation and Culture		2,410,892	2,258,743
Transport		201,285	241,301
Economic Services		3,071,747	2,485,102
Other Property and Services		<u>12,209,377</u>	<u>4,301,442</u>
		39,887,598	26,224,116
<b>EXPENSES</b>			
Governance		(4,087,816)	(4,263,450)
General Purpose Funding		(1,465,949)	(1,460,167)
Law, Order, Public Safety		(2,122,076)	(2,154,016)
Health		(1,273,820)	(1,472,658)
Education and Welfare		(3,493,748)	(3,587,932)
Community Amenities		(14,651,367)	(14,966,045)
Recreation & Culture		(23,374,627)	(23,489,965)
Transport		(17,290,493)	(17,116,575)
Economic Services		(3,404,824)	(4,012,153)
Other Property and Services		<u>(1,397,832)</u>	<u>(1,012,228)</u>
		(72,562,552)	(73,535,189)
<b>Net Operating Result Excluding Rates</b>		(32,674,954)	(47,311,073)
<b>Adjustments for Cash Budget Requirements:</b>			
<b>Non-Cash Expenditure and Revenue</b>			
(Profit)/Loss on Asset Disposals		(10,025,174)	(3,276,498)
Depreciation and Amortisation on Assets		15,575,642	14,402,622
Amortisation on Investments		70,380	0
Fair value Adjustments to Financial Assets through Profit or Loss		(232,598)	0
Change in Other Non-Current Assets		362,261	0
<b>Capital Expenditure and Revenue</b>			
Purchase of Investments		(1,000,000)	0
Purchase Land Held for Resale		(1,894,670)	(800,000)
Purchase Land and Buildings		(5,220,438)	(4,922,445)
Purchase Infrastructure Assets		(14,888,682)	(25,988,090)
Purchase Plant and Equipment		(2,922,609)	(4,460,000)
Purchase Furniture, Equipment and Intangible Assets		(622,640)	(1,764,846)
Contribution/Grants for the construction of assets		12,187,006	9,221,123
Proceeds from Disposal of Assets		19,982,060	11,768,600
Proceed from Disposal of Investments		3,578,034	0
Proceeds from New Loans		1,732,881	3,507,881
Repayment of Loans		(19,020,127)	(11,271,552)
Transfers to Reserves (Restricted Assets)		(12,768,282)	(6,525,691)
Transfers from Reserves (Restricted Assets)		7,971,133	7,753,371
ADD Surplus/(Deficit) July 1 B/Fwd		7,621,086	13,893,886
LESS Surplus/(Deficit) June 30 C/Fwd		14,171,885	400,000
<b>Amount Required to be Raised from Rates</b>	23	<u>(46,361,576)</u>	<u>(46,172,712)</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 2011**

**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 statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying Regulations (as amended).

The report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of the selected non-current assets, financial assets and liabilities.

**Critical Accounting Estimates**

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

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

**(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 these financial statements.

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

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.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(e) Trade and Other Receivables**

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

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

**(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**

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

***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 by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

***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 the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(g) Fixed Assets (Continued)**

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases in the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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 materially from that determined using fair value at reporting 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.

***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.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

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

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(g) Fixed Assets (Continued)**

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

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	5 to 25 years
Play Equipment	5 to 15 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

***Capitalisation Threshold***

Detailed below are the minimum threshold amounts for the recognition of an non-current assets in the balance sheet.

Land	Nil
Buildings	2,000
Plant & Equipment	2,000
Furniture & Equipment	2,000
Infrastructure	5,000

**(h) 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.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

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

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

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

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

**Recognition and derecognition**

Regular purchases and sales of financial assets are recognised on trade-date – the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the 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.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

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

***Subsequent measurement***

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

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains and losses arising from changes in the fair value of the financial assets at fair value 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 the 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 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.

**(i) Estimation of Fair Value**

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

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

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

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

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

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(j) 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.

**(k) 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.

**(l) 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 Council has a present obligation to pay resulting from employees services provided to reporting 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 the Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

**(m) 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.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(m) Interest-bearing Loans and Borrowings (Continued)**

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

**(n) Provisions**

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result to settle the obligation; and
- c) that outflow can be reliably measured.

Provisions are not recognised for future operating losses.

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

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.

**(o) 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 Council, 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 for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

**(p) Joint Venture**

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

**(q) 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.



**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(q) Rates, Grants, Donations and Other Contributions (Continued)**

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.

**(r) 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 a cash refund or a reduction in the future payments is available.

**(s) 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 the 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.

**(t) Rounding Off Figures**

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

**(u) Comparative Figures**

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

**(v) 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 2011**

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

**(w) 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 2011.

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

<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(i) AASB 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 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iv) 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.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

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

<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(v) 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 (i) above).
(vi) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(vii) AASB 2010 - 4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134, and Interpretation 13]	June 2010	01 January 2011	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.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

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

<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(viii) AASB 2010 - 5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	October 2010	01 January 2011	Nil - The revisions embodied in this standard are largely editorial in nature or relate to standards not applicable to the Council and will have minimal effect (if any) on the accounting practices of the Council.
(ix) AASB 2010 - 6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7]	November 2010	01 July 2011	Nil - The revisions embodied in this standard amend disclosures required on transfers of financial assets. The Council is not expected to have any qualifying transfers.
(x) AASB 2010 - 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [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 2010	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 (i) above).
(xi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 1 & 7]	December 2010	01 January 2012	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.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

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

<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(xi) (Continued)			
AASB 2010 - 9 Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	December 2010	01 July 2011	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 2009 - 14 Amendments to Australian Interpretations - Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	
AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	

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 2011**

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

**(x) 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.

These new and revised standards were:

AASB 2009 - 5  
AASB 2009 - 8  
AASB 2009 - 10  
AASB 2009 - 13  
AASB 2010 - 1  
AASB 2010 - 3

Interpretation 19

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

<b>2. REVENUE AND EXPENSES</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Net Result</b>		
The Net Result includes:		
(i) Charging as an Expense:		
<b>Amortisation</b>		
Intangible Assets	152,681	107,818
<b>Auditors Remuneration</b>		
- Audit	34,900	33,625
<b>Depreciation</b>		
Buildings	2,036,395	1,796,722
Furniture and Equipment	433,815	542,945
Plant and Equipment	1,698,668	1,441,414
Roads & Footpaths	8,017,530	7,731,237
Bridges	218,241	177,291
Drainage	920,478	917,755
Park Development	1,971,345	1,742,181
	<u>15,296,472</u>	<u>14,349,545</u>
<b>Interest Expenses (Finance Costs)</b>		
Debentures ( <i>refer Note 22(a)</i> )	1,479,874	957,134
	<u>1,479,874</u>	<u>957,134</u>
<b>Rental Charges</b>		
- Operating Leases	62,989	66,730
	<u>62,989</u>	<u>66,730</u>
(ii) Crediting as Revenue:	<b>2011</b>	<b>2011</b>
	<b>\$</b>	<b>Budget</b>
		<b>\$</b>
<b>Interest Earnings</b>		
Investments		
- Reserve Funds	2,457,731	878,694
- Other Funds	2,478,698	1,091,918
Other Interest Revenue ( <i>refer note 27</i> )	618,179	474,755
	<u>5,554,608</u>	<u>2,572,518</u>
	<u>5,554,608</u>	<u>3,587,670</u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(b) Statement of Objective**

In order to discharge its responsibilities to the community, Council 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 report 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 2011**

**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 2011**

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

**(c) Conditions Over Grants/Contributions**

Grant/Contribution	Function/ Activity	Opening Balance (*) 1-Jul-09 \$	Received (+) 2009/10 \$	Expended (#) 2009/10 \$	Closing Balance (*) 30-Jun-10 \$	Received (+) 2010/11 \$	Expended (#) 2010/11 \$	Closing Balance 30-Jun-11 \$
Leisure World Pool Upgrade	Recreation and Culture	0	250,000	0	250,000	0	(250,000)	0
Bequest Funds to Addie Mills Centre	Education and Welfare	25,174	0	(24,687)	487	0	(487)	0
Graffiti Proclaim Upgrade	Other Property and Services	0	0	0	0	18,000	0	18,000
New cricket wicket - Sutherland Park Res F - CSRIF	Recreation and Culture	3,954	0	0	3,954	0	(3,954)	0
Spencer Road/Roe Highway Embankments MRWA	Recreation and Culture	20,269	0	0	20,269	0	(20,269)	0
Walter Padbury landscape works council funds	Recreation and Culture	0	0	0	0	11,044	0	11,044
Walter Padbury Landscaping, Gazebo and BBQ	Recreation and Culture	0	41,000	0	41,000	0	(41,000)	0
Cromarty Gardens Reserve Playground Installation	Recreation and Culture	0	0	0	0	49,950	(32,044)	17,906
Aldinga Street Reserve Playground Construction	Recreation and Culture	0	0	0	0	69,050	(28,771)	40,279
Lakey Street Road Verge Landscaping	Transport	0	0	0	0	13,636	(7,216)	6,420
William St/Luyer St - Roundabout - MRWA	Transport	53,796	0	0	53,796	0	(53,796)	0
Dorothy St/Lissman St - Splitter Island	Transport	0	4,800	0	4,800	0	(4,800)	0
Spencer Rd/Wilfred Rd - L Turn Lane	Transport	0	19,800	0	19,800	0	(19,800)	0
Nicholson Rd/Amherst Rd	Transport	0	20,800	(7,513)	13,287	0	(13,287)	0
Warton Rd - Garden St to Ranford Rd - MRWA	Transport	20,000	0	0	20,000	0	(20,000)	0
Nicholson Rd - Garden St to Hughes St - MRWA	Transport	98,972	0	(25,964)	73,008	0	(73,008)	0
Upgrade lighting Nicholson Rd Yale Rd MRWA	Transport	31,922	0	(30,409)	1,513	0	(1,513)	0
Upgrade lighting Corfield St Dorothy St MRWA	Transport	25,156	0	(3,534)	21,622	0	(21,622)	0
Upgrade lighting Wanaping Rd Brixton St MRWA	Transport	7,172	18,500	(21,671)	4,001	0	(4,001)	0
Upgrade lighting Kelvin Rd Maddington Rd MRWA	Transport	10,454	0	(6,620)	3,834	0	(3,834)	0
Upgrade lighting Fremantle Rd Corfield St MRWA	Transport	21,018	0	(11,330)	9,688	0	(9,688)	0
Traffic Signals Dorothy St Wheatley St MRWA	Transport	88,786	160,000	0	248,786	160,000	(5,374)	403,412
Safety Barrier, Speed Signs Mills Rd (E)	Transport	0	112,400	0	112,400	0	(112,400)	0
R/about Discovery Dr & Expedition Dr	Transport	0	23,000	0	23,000	0	(23,000)	0
L Turn Slip Lane Nicholson Rd Spencer Rd MRWA	Transport	46,603	0	0	46,603	0	(46,603)	0
L Turn Slip Lane Corfield St/King St - MRWA	Transport	20,302	0	0	20,302	0	(20,302)	0
Med Islands & Bus Embayment Spencer Rd MRWA	Transport	66,751	0	0	66,751	0	(66,751)	0
L & R Turn Lane Spencer Rd Berhaven Ave MRWA	Transport	48,000	0	0	48,000	0	(48,000)	0
Bridge 925 - Nicholson Road Langford WALGA	Transport	22,909	0	0	22,909	0	0	22,909
Connemara Dr - Spencer/Camberley	Transport	0	32,000	0	32,000	0	(32,000)	0
Maddington Rd at Alcock St MRWA	Transport	20,800	0	0	20,800	0	(20,800)	0
Maddington Rd at Eva St MRWA	Transport	20,142	0	0	20,142	0	(20,142)	0
Spencer Rd - Yale/Thornlie MRWA	Transport	26,400	0	0	26,400	0	(26,400)	0
St Lights - Warton Rd/Forest Lakes Dr - MRWA	Transport	9,671	21,000	(28,168)	2,503	0	(2,503)	0
St Lights - Kelvin Rd/Bickley Rd - MRWA	Transport	12,000	36,000	(40,339)	7,661	0	(7,661)	0
Median Island and Shared Path Amherst Rd	Transport	0	10,000	(5,141)	4,859	0	(4,859)	0
St Lights - Warton Rd - MRWA	Transport	99,486	120,000	(216,787)	2,699	0	(2,699)	0
Amherst Road/Campbell Road - MRWA	Transport	16,000	0	(3,112)	12,888	1,000	(13,888)	0

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(c) Conditions Over Grants/Contributions (Continued)**

Grant/Contribution	Function/ Activity	Opening Balance (*) 1-Jul-09 \$	Received (+) 2009/10 \$	Expended (#) 2009/10 \$	Closing Balance (*) 30-Jun-10 \$	Received (+) 2010/11 \$	Expended (#) 2010/11 \$	Closing Balance 30-Jun-11 \$
King St: Upgrade St Light	Transport	0	16,000	0	16,000	0	(16,000)	0
Burslem Dr: Upgrade St Light	Transport	0	36,000	0	36,000	0	(36,000)	0
Albany Hwy: Gosnells Rd - Traffic Signal	Transport	0	24,000	(16,718)	7,282	160,000	0	167,282
Ranford Rd: Slip Lane	Transport	0	34,400	0	34,400	0	(34,400)	0
Ranford Rd: Upgrade St Light	Transport	0	40,000	(1,374)	38,626	0	(26,852)	11,774
SR Rd: Upgrade St Light	Transport	0	144,000	(712)	143,288	0	(3,990)	139,298
Garden St: Nicholson Rd to Warton Rd	Transport	0	1,066,667	(52,202)	1,014,465	1,333,334	(1,518,806)	828,993
Bridge 928 - Station St - WA Grant Commission	Transport	22,000	0	0	22,000	0	(22,000)	0
Huntingdale Rd/Harpenden St - Upgrade St Lighting	Transport	0	6,400	0	6,400	6,400	(2,694)	10,106
Burslem Dr/Olga Rd - Install pre deflection nibs	Transport	0	10,400	0	10,400	10,400	(20,800)	0
Stalker Rd/Terence St - Upgrade St Lighting	Transport	0	8,000	0	8,000	8,000	(16,000)	0
Ovens Rd/Forest Lakes Dr - Upgrade St Lighting	Transport	0	6,400	0	6,400	6,400	(2,538)	10,262
Corfield St/Verna St - Upgrade St Lighting	Transport	0	8,000	0	8,000	8,000	0	16,000
Kenwick Rd/Belmont Rd - Upgrade St Lighting	Transport	0	8,000	0	8,000	8,000	(6,086)	9,914
Ovens Road/Discovery Drive - Upgrade Street Lighting	Transport	0	0	0	0	9,600	(2,849)	6,751
Connell Avenue - Install median islands & upgrade st lights	Transport	9,000	0	0	9,000	48,000	(7,021)	40,979
Anaconda Dr, Corfield-Chamberlain MRWA	Transport	0	13,200	(7,413)	5,787	0	(9,000)	0
Kelvin Rd - Westfield St to Weston St	Transport	0	19,848	0	19,848	29,771	(5,787)	0
Warton Rd: Furley Rd/Ranford Rd	Transport	0	0	0	0	13,067	(49,619)	0
Eudoria Street Bicycle Lanes - Remarking	Transport	0	0	0	0	3,084	0	13,067
Crandon Street Bicycle Lanes - Remarking	Transport	0	0	0	0	1,989	0	3,084
George Street Bicycle Lanes - Remarking	Transport	0	0	0	0	8,250	0	1,989
Eileen Street Bicycle Lanes - Remarking	Transport	0	0	0	0	104,000	(42,679)	8,250
Install Roundabout Stage 1 Yale Road & Murdoch Road	Transport	0	0	0	0	32,000	(2,264)	61,321
Install median island - Amherst Road	Transport	0	0	0	0	112,000	0	29,736
Install median islands, bus embayment - Ovens Road	Transport	0	0	0	0	42,400	(3,800)	112,000
Install Roundabout - William Street & Tooting Street	Transport	0	0	0	0	26,400	0	38,600
Upgrade Streetlighting - Yale Road to Murdoch Road	Transport	0	0	0	0	52,000	(2,264)	11,200
Install Median Islands - Forest Lakes drive	Transport	0	0	0	0	14,400	(5,503)	26,400
Reinforce/improve Signage Corfield St & Stalker Rd	Transport	0	0	0	0	0	0	49,736
Install Median Islands - Dorothy Street	Transport	43,000	0	0	43,000	0	0	8,897
Pioneer Park - DUP DPI (Transport)	Transport	1,000	0	0	1,000	0	(1,000)	43,000
Harmony Fields Cora Rack - DPI	Transport	0	210,150	0	210,150	0	(210,150)	0
Drainage problems - various	Transport	0	0	0	0	481,053	(264,052)	217,001
Corfield St at Verna St - Intersection - MRWA	Transport	0	0	0	0	0	(225)	0
Parent Workshop - Department of Community Development	Education and Welfare	482	0	(257)	225	0	(2,866)	0
Committees - Office of Crime Prevention	Law Order and Public Safety	1,097	1,200	(631)	1,666	1,200	0	0
Home Security Interactive DVD	Law Order and Public Safety	0	0	0	0	13,000	0	13,000
Inclusive Recreation - DSC	Education and Welfare	0	127,198	(78,267)	48,931	81,326	(109,240)	21,017
Take A Break Holiday Program	Education and Welfare	0	98,576	(87,612)	10,964	93,928	(104,892)	0
Take a Break Carers Retreats	Education and Welfare	0	15,000	(12,049)	2,951	15,379	(18,330)	0
Take a Break Awesome Fun Club	Education and Welfare	0	5,000	(3,784)	1,216	8,092	(9,308)	0

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(c) Conditions Over Grants/Contributions (Continued)**

Grant/Contribution	Function/ Activity	Opening Balance (*) 1-Jul-09 \$	Received (+) 2009/10 \$	Expended (#) 2009/10 \$	Closing Balance (*) 30-Jun-10 \$	Received (+) 2010/11 \$	Expended (#) 2010/11 \$	Closing Balance 30-Jun-11 \$
Senior Cuisine	Education and Welfare	0	12,200	(8,069)	4,131	16,611	(4,131)	16,611
Work for the Dole - Office of Crime Prevention	Education and Welfare	750	0	0	750	0	(750)	0
Safer Suburbs Amherst Village Programs	Education and Welfare	0	50,000	(45,852)	4,148	0	(4,148)	0
Club Development DSR	Recreation and Culture	0	0	0	0	28,000	(11,492)	16,508
Maddington Village DPI	Economic Services	185,224	0	0	185,224	0	(185,224)	0
Maddington Town Centre - DPI	Economic Services	61,393	55,614	0	117,007	0	(117,007)	0
Improving Connectivity Mad/Ken DPI	Economic Services	395	0	0	395	0	(395)	0
Peace Court Linear Park Concept - DPI	Economic Services	116,518	0	0	116,518	0	(116,518)	0
Watercourse Rehabilitation - DPI	Economic Services	35,231	0	0	35,231	0	(35,231)	0
Great Gardens Program - DPI	Economic Services	7,971	0	0	7,971	0	(7,971)	0
Community Attitudes to Education & Training - DPI	Economic Services	469	0	0	469	0	(469)	0
Co-ordination of Education and Training DPI	Economic Services	1,457	0	0	1,457	0	(1,457)	0
Business Development Program - DPI	Economic Services	13,642	0	0	13,642	0	(13,642)	0
Safety & Security Program - DPI	Economic Services	58,141	0	0	58,141	0	(58,141)	0
Community Development - DPI	Economic Services	21,150	0	0	21,150	0	(21,150)	0
Mambu Way Drainage Reserve Land Subdivision	Economic Services	18,270	0	0	18,270	0	(18,270)	0
Model Industrial Guidelines -SCC	Community Amenities	0	0	0	0	2,727	0	2,727
STR8 Talking Project Attorney General	Community Amenities	38,625	0	0	38,625	0	(38,625)	0
	Education and Welfare	0	0	0	0	160,000	0	160,000
<b>Total</b>		<b>1,451,552</b>	<b>2,885,553</b>	<b>(740,215)</b>	<b>3,596,890</b>	<b>3,272,691</b>	<b>(4,254,108)</b>	<b>2,615,473</b>

**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 2011**

	2011 \$	2010 \$
<b>3. CASH AND CASH EQUIVALENTS</b>		
Unrestricted	30,501,748	26,469,139
Restricted	39,346,906	33,115,358
	<u>69,848,654</u>	<u>59,584,497</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Reserves (Refer Note 12)	42,567,807	37,770,658
less investment backed reserves	(5,836,374)	(8,252,190)
Total Cash Backed Reserves	<u>36,731,433</u>	<u>29,518,468</u>
<b>Restricted Cash</b>		
Cash Backed Reserves	36,731,433	29,518,468
Unspent Grants	2,615,473	3,596,890
Total Restricted Cash	<u>39,346,906</u>	<u>33,115,358</u>
<b>4. INVESTMENTS</b>		
<b>Current</b>		
Held for Trading - Managed Funds	1,692,830	4,038,266
<b>Non-Current</b>		
Held to Maturity - Bonds	4,143,544	4,213,924
<b>Total Investment</b>	<u>5,836,374</u>	<u>8,252,190</u>
<b>Financial assets at fair value through profit or loss</b>		
At beginning of the year	4,038,266	5,082,644
Revaluation to Income Statement	232,598	385,622
Additions	1,000,000	1,000,000
Disposals	(3,578,034)	(2,430,000)
At end of the year	<u>1,692,830</u>	<u>4,038,266</u>
<b>Held to Maturity</b>		
At beginning of the year	4,213,924	0
Additions	0	4,213,924
Disposals/Amortisation	(70,380)	0
At end of the year	<u>4,143,544</u>	<u>4,213,924</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Various Reserve Funds	5,836,374	8,252,190
	<u>5,836,374</u>	<u>8,252,190</u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

	2011 \$	2010 \$
<b>5. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates Outstanding	1,026,189	848,337
GST Receivable	467,346	466,599
Accrued Interest	999,773	197,755
Accrued Income	66,186	387,292
CLASS Debtors	38,552	32,267
Sundry Debtors	964,624	1,148,331
Less - Provisions for Doubtful Debts	(102,208)	(102,208)
Underground Power Debtors	455,814	467,067
Health Debtors	45,238	49,080
	<u>3,961,514</u>	<u>3,494,520</u>
<b>Non-Current</b>		
Rates & ESL Outstanding - Pensioners	1,030,618	872,751
Underground Power Debtors	836,514	1,356,642
	<u>1,867,132</u>	<u>2,229,393</u>
<b>6. INVENTORIES</b>		
<b>Current</b>		
Fuel and Materials	271,385	305,511
Land Held for Resale - Cost		
Cost of Acquisition	6,465,919	1,915,915
Development Costs	1,894,670	2,933,525
Disposals	(7,826,569)	0
Reclassification of Land to Land Held for Re Sale (at valuation)	1,700,000	0
	<u>2,505,405</u>	<u>5,154,951</u>
<b>Non-Current</b>		
Land Held for Resale - Cost		
Cost of Acquisition	0	1,927,441
Development Costs	0	1,022,785
Disposals	0	(1,333,747)
	<u>0</u>	<u>1,616,479</u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**7. PROPERTY, PLANT AND EQUIPMENT**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Land and Buildings</b>		
Land - Management Valuations 2008	0	184,423,550
Buildings - Management Valuations 2008	0	64,750,350
Land - Management Valuations 2011	103,804,500	0
Buildings - Management Valuations 2011	87,826,601	0
Land & Buildings - Cost	0	35,588,832
Less Accumulated Depreciation	0	(3,305,140)
	<u>191,631,101</u>	<u>281,457,592</u>
 Furniture and Equipment - Cost	 3,946,385	 3,925,638
Less Accumulated Depreciation	<u>(2,627,217)</u>	<u>(2,642,624)</u>
	1,319,168	1,283,014
 Plant and Equipment - Cost	 15,068,423	 14,298,896
Less Accumulated Depreciation	<u>(5,546,032)</u>	<u>(4,689,304)</u>
	9,522,391	9,609,592
 Local Government House	 15,464	 15,464
	<u>15,464</u>	<u>15,464</u>
 Intangible Assets - Cost	 1,693,217	 1,691,205
Less Accumulated Depreciation	<u>(1,096,900)</u>	<u>(1,032,607)</u>
	596,317	658,598
	<u><u>203,084,441</u></u>	<u><u>293,024,260</u></u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**Movements in Carrying Amounts**

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

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Intangible Assets \$	Local Government House \$	Total \$
Balance as at the beginning of the year	281,457,592	1,283,014	9,609,592	658,598	15,464	293,024,260
Additions	5,220,438	532,240	2,922,609	90,400	0	8,765,687
(Disposals)	(756,904)	(62,271)	(1,311,142)	0	0	(2,130,317)
Revaluation:						
Increments	0	0	0	0	0	0
(Decrements)	(90,553,630)	0	0	0	0	(90,553,630)
Impairment:						
(Losses)	0	0	0	0	0	0
Reversals	0	0	0	0	0	0
Depreciation (Expense)	(2,036,395)	(433,815)	(1,698,668)	(152,681)	0	(4,321,559)
Other Movements to Land Held for Resale	(1,700,000)	0	0	0	0	(1,700,000)
<b>Carrying amount at the end of year</b>	<b>191,631,101</b>	<b>1,319,168</b>	<b>9,522,391</b>	<b>596,317</b>	<b>15,464</b>	<b>203,084,441</b>



**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

	2011 \$	2010 \$
<b>8. INFRASTRUCTURE</b>		
Roads & Footpaths - Cost	210,851,228	199,927,497
Less Accumulated Depreciation	<u>(61,137,040)</u>	<u>(52,993,021)</u>
	149,714,188	146,934,476
 Bridges - Cost	 10,945,828	 10,917,768
Less Accumulated Depreciation	<u>(1,862,624)</u>	<u>(1,644,382)</u>
	9,083,204	9,273,386
 Drainage - Cost	 46,278,830	 45,910,287
Less Accumulated Depreciation	<u>(7,951,328)</u>	<u>(7,030,850)</u>
	38,327,502	38,879,437
 Parks - Cost	 40,338,558	 36,770,210
Less Accumulated Depreciation	<u>(13,351,615)</u>	<u>(11,380,270)</u>
	26,986,943	25,389,940
	<u>224,111,837</u>	<u>220,477,239</u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**8. INFRASTRUCTURE (Continued)**

**Movements in Carrying Amounts**

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

	<b>Roads &amp; Footpaths \$</b>	<b>Bridges \$</b>	<b>Drainage \$</b>	<b>Parks \$</b>	<b>Total \$</b>
Balance at the beginning of the year	146,934,476	9,273,386	38,879,437	25,389,940	220,477,239
Additions	10,923,732	28,059	368,543	3,568,348	14,888,682
(Disposals)	0	0	0	0	0
Impairment (Losses)	0	0	0	0	0
Reversals	0	0	0	0	0
Depreciation (Expense)	(8,144,020)	(218,241)	(920,478)	(1,971,345)	(11,254,084)
<b>Carrying amount at the end of year</b>	<b><u>149,714,188</u></b>	<b><u>9,083,204</u></b>	<b><u>38,327,502</u></b>	<b><u>26,986,943</u></b>	<b><u>224,111,837</u></b>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>9. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	3,630,540	3,284,198
Bonds & Deposits	6,150,008	6,351,740
Accruals	1,626,505	3,218,354
Income Received in Advance	278,008	252,582
Deferred Salaries	49,177	12,628
	<u>11,734,238</u>	<u>13,119,502</u>
<b>10. LONG-TERM BORROWINGS</b>		
<b>Current</b>		
Secured by Floating Charge		
Debentures	<u>2,782,733</u>	<u>27,132,119</u>
	<u>2,782,733</u>	<u>27,132,119</u>
<b>Non-Current</b>		
Secured by Floating Charge		
Debentures	<u>11,701,008</u>	<u>4,638,868</u>
	<u>11,701,008</u>	<u>4,638,868</u>
Additional detail on borrowings is provided in Note 22.		
<b>11. PROVISIONS</b>		
<b>Current</b>		
Provision for Annual Leave	2,597,657	2,292,142
Provision for Long Service Leave	<u>2,341,253</u>	<u>1,960,312</u>
	<u>4,938,910</u>	<u>4,252,454</u>
<b>Non-Current</b>		
Provision for Long Service Leave	<u>668,713</u>	<u>620,828</u>
	<u>668,713</u>	<u>620,828</u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

	2011 \$	2011 Budget \$	2010 \$
<b>12. RESERVES - CASH/INVESTMENT BACKED</b>			
<b>(a) Administration Building Construction</b>			
Opening Balance	978,628	1,226,888	1,032,777
Amount Set Aside / Transfer to Reserve	37,417	29,088	65,181
Amount Used / Transfer from Reserve	(834,068)	0	(4,400,000)
Equity Transfer	0	0	4,280,670
	<u>181,977</u>	<u>1,255,976</u>	<u>978,628</u>
<b>(b) Building Construction</b>			
Opening Balance	692,963	413,374	395,550
Amount Set Aside / Transfer to Reserve	29,404	9,801	297,413
Amount Used / Transfer from Reserve	(250,000)	0	0
	<u>472,367</u>	<u>423,175</u>	<u>692,963</u>
<b>(c) Developer Contributions for Future Infrastructure</b>			
Opening Balance	301,715	284,810	275,093
Amount Set Aside / Transfer to Reserve	19,009	21,753	26,622
Amount Used / Transfer from Reserve	(24,259)	0	0
	<u>296,465</u>	<u>306,563</u>	<u>301,715</u>
<b>(d) Emergency Services</b>			
Opening Balance	28,730	26,784	0
Amount Set Aside / Transfer to Reserve	16,738	635	28,730
Amount Used / Transfer from Reserve	(17,100)	0	0
	<u>28,368</u>	<u>27,419</u>	<u>28,730</u>
<b>(e) Floodlighting Levy</b>			
Opening Balance	27,863	12,522	23,081
Amount Set Aside / Transfer to Reserve	17,885	10,297	13,982
Amount Used / Transfer from Reserve	(12,250)	0	(9,200)
	<u>33,498</u>	<u>22,819</u>	<u>27,863</u>
<b>(f) Gosnells Oval Redevelopment</b>			
Opening Balance	293,383	328,744	256,829
Amount Set Aside / Transfer to Reserve	73,339	80,415	90,044
Amount Used / Transfer from Reserve	(199,070)	(54,000)	(53,490)
	<u>167,652</u>	<u>355,159</u>	<u>293,383</u>
<b>(g) Gosnells Town Centre Revitalisation</b>			
Opening Balance	296,130	290,579	203,931
Amount Set Aside / Transfer to Reserve	104,831	90,928	92,199
Amount Used / Transfer from Reserve	(20,398)	(40,034)	0
	<u>380,563</u>	<u>341,473</u>	<u>296,130</u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

	2011 \$	2011 Budget \$	2010 \$
<b>12. RESERVES - CASH/INVESTMENT BACKED (Continued)</b>			
<b>(h) Harmony Fields (formerly known as Maddington Golf Course)</b>			
Opening Balance	65,736	62,852	52,603
Amount Set Aside / Transfer to Reserve	26,289	20,527	23,357
Amount Used / Transfer from Reserve	0	0	(10,224)
	<u>92,025</u>	<u>83,379</u>	<u>65,736</u>
<b>(i) Insurance</b>			
Opening Balance	424,392	416,438	402,593
Amount Set Aside / Transfer to Reserve	27,552	9,873	21,799
Amount Used / Transfer from Reserve	0	0	0
	<u>451,944</u>	<u>426,311</u>	<u>424,392</u>
<b>(j) Langford Oval Redevelopment</b>			
Opening Balance	112,067	109,509	88,145
Amount Set Aside / Transfer to Reserve	27,665	21,032	23,922
Amount Used / Transfer from Reserve	0	0	0
	<u>139,732</u>	<u>130,541</u>	<u>112,067</u>
<b>(k) Leisure World - Mechanical/Plant Services</b>			
Opening Balance	82,562	81,015	86,342
Amount Set Aside / Transfer to Reserve	5,360	1,921	4,443
Amount Used / Transfer from Reserve	0	0	(8,223)
	<u>87,922</u>	<u>82,936</u>	<u>82,562</u>
<b>(l) Local Government Elections</b>			
Opening Balance	219,697	215,580	242,682
Amount Set Aside / Transfer to Reserve	14,263	5,111	116,482
Amount Used / Transfer from Reserve	0	0	(139,467)
	<u>233,960</u>	<u>220,691</u>	<u>219,697</u>
<b>(m) Maddington/Kenwick Revitalisation</b>			
Opening Balance	3,017,199	2,983,370	3,209,017
Amount Set Aside / Transfer to Reserve	1,148,161	70,733	166,812
Amount Used / Transfer from Reserve	(1,507,795)	(2,232,575)	(358,630)
	<u>2,657,565</u>	<u>821,528</u>	<u>3,017,199</u>
<b>(n) MGB Plant &amp; Equipment</b>			
Opening Balance	2,607,737	2,558,804	2,354,211
Amount Set Aside / Transfer to Reserve	1,209,474	1,082,556	939,178
Amount Used / Transfer from Reserve	(339,546)	(361,500)	(685,652)
	<u>3,477,665</u>	<u>3,279,860</u>	<u>2,607,737</u>

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	2011 \$	2011 Budget \$	2010 \$
<b>12. RESERVES - CASH/INVESTMENT BACKED (Continued)</b>			
<b>(o) Mills Park</b>			
Opening Balance	118,356	134,271	134,193
Amount Set Aside / Transfer to Reserve	64,154	46,513	57,747
Amount Used / Transfer from Reserve	0	0	(73,584)
	<u>182,510</u>	<u>180,784</u>	<u>118,356</u>
<b>(p) Netball Courts - Resurfacing</b>			
Opening Balance	7,889	7,742	7,485
Amount Set Aside / Transfer to Reserve	512	184	404
Amount Used / Transfer from Reserve	0	0	0
	<u>8,401</u>	<u>7,926</u>	<u>7,889</u>
<b>(q) Operations Centre</b>			
Opening Balance	361,370	354,597	342,808
Amount Set Aside / Transfer to Reserve	23,461	8,407	18,562
Amount Used / Transfer from Reserve	0	(328,000)	0
	<u>384,831</u>	<u>35,004</u>	<u>361,370</u>
<b>(r) Performing Arts Centre</b>			
Opening Balance	129,212	125,838	111,374
Amount Set Aside / Transfer to Reserve	29,058	21,386	25,167
Amount Used / Transfer from Reserve	0	0	(7,329)
	<u>158,270</u>	<u>147,224</u>	<u>129,212</u>
<b>(s) Plant &amp; Equipment</b>			
Opening Balance	852,460	1,369,556	384,738
Amount Set Aside / Transfer to Reserve	1,420,665	1,236,337	1,214,922
Amount Used / Transfer from Reserve	(1,547,639)	(2,589,900)	(747,200)
	<u>725,486</u>	<u>15,993</u>	<u>852,460</u>
<b>(t) Public Open Space</b>			
Opening Balance	11,449,274	11,103,590	9,016,111
Amount Set Aside / Transfer to Reserve	3,133,494	1,763,257	2,926,200
Amount Used / Transfer from Reserve	(1,206,251)	(327,000)	(493,037)
Equity Transfer	248,399	0	0
	<u>13,624,916</u>	<u>12,539,847</u>	<u>11,449,274</u>
<b>(u) Rate Revaluation</b>			
Opening Balance	256,572	251,764	130,961
Amount Set Aside / Transfer to Reserve	133,615	123,890	125,611
Amount Used / Transfer from Reserve	(305,428)	(280,000)	0
	<u>84,759</u>	<u>95,654</u>	<u>256,572</u>

**CITY OF GOSNELLS**  
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	2011 \$	2011 Budget \$	2010 \$
<b>12. RESERVES - CASH/INVESTMENT BACKED (Continued)</b>			
<b>(v) Recreation and Culture Infrastructure</b>			
Opening Balance	1,658,448	1,403,199	201,148
Amount Set Aside / Transfer to Reserve	465,253	142,432	1,759,717
Amount Used / Transfer from Reserve	<u>(1,133,909)</u>	<u>(250,000)</u>	<u>(302,417)</u>
	<u>989,792</u>	<u>1,295,631</u>	<u>1,658,448</u>
<b>(w) Refuse Disposal Site Rehabilitation</b>			
Opening Balance	367,713	334,013	304,752
Amount Set Aside / Transfer to Reserve	45,219	76,763	62,961
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>412,932</u>	<u>410,776</u>	<u>367,713</u>
<b>(x) Southern River Contaminated Site Rehabilitation</b>			
Opening Balance	634,817	632,702	634,986
Amount Set Aside / Transfer to Reserve	40,393	15,000	33,422
Amount Used / Transfer from Reserve	<u>(17,688)</u>	<u>(100,000)</u>	<u>(33,591)</u>
	<u>657,522</u>	<u>547,702</u>	<u>634,817</u>
<b>(y) Staff Retention</b>			
Opening Balance	63,702	62,174	31,104
Amount Set Aside / Transfer to Reserve	31,450	31,474	32,598
Amount Used / Transfer from Reserve	<u>(80,000)</u>	<u>(80,000)</u>	<u>0</u>
	<u>15,152</u>	<u>13,648</u>	<u>63,702</u>
<b>(z) Sutherlands Park</b>			
Opening Balance	206,120	201,509	159,081
Amount Set Aside / Transfer to Reserve	85,629	72,730	78,536
Amount Used / Transfer from Reserve	<u>(48,484)</u>	<u>0</u>	<u>(31,497)</u>
	<u>243,265</u>	<u>274,239</u>	<u>206,120</u>
<b>(aa) Walter Padbury Park</b>			
Opening Balance	242,059	236,532	179,808
Amount Set Aside / Transfer to Reserve	69,839	52,102	62,251
Amount Used / Transfer from Reserve	<u>(15,418)</u>	<u>(229,895)</u>	<u>0</u>
	<u>296,480</u>	<u>58,739</u>	<u>242,059</u>
<b>(ab) Waste Disposal Site Development</b>			
Opening Balance	0	0	4,280,670
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
Equity Transfer	<u>0</u>	<u>0</u>	<u>(4,280,670)</u>
	<u>0</u>	<u>0</u>	<u>0</u>

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	2011 \$	2011 Budget \$	2010 \$
<b>12. RESERVES - CASH/INVESTMENT BACKED (Continued)</b>			
<b>(ac) TPS 7</b>			
Opening Balance	61,366	60,216	58,214
Amount Set Aside / Transfer to Reserve	3,872	1,427	3,152
Amount Used / Transfer from Reserve	0	(57,643)	0
	<u>65,238</u>	<u>4,000</u>	<u>61,366</u>
<b>(ad) TPS 9A</b>			
Opening Balance	1,072,499	1,088,058	1,231,321
Amount Set Aside / Transfer to Reserve	69,360	75,797	56,826
Amount Used / Transfer from Reserve	(5,000)	(266,000)	(215,648)
	<u>1,136,859</u>	<u>897,855</u>	<u>1,072,499</u>
<b>(ae) TPS 10</b>			
Opening Balance	8,927	8,759	8,468
Amount Set Aside / Transfer to Reserve	579	207	459
Amount Used / Transfer from Reserve	0	0	0
	<u>9,506</u>	<u>8,966</u>	<u>8,927</u>
<b>(af) TPS 15</b>			
Opening Balance	344,619	338,160	331,828
Amount Set Aside / Transfer to Reserve	31,512	33,017	17,791
Amount Used / Transfer from Reserve	(5,000)	(5,000)	(5,000)
	<u>371,131</u>	<u>366,177</u>	<u>344,619</u>
<b>(ag) TPS 17</b>			
Opening Balance	240,767	236,254	233,310
Amount Set Aside / Transfer to Reserve	16,597	30,601	12,457
Amount Used / Transfer from Reserve	(20,983)	(5,000)	(5,000)
	<u>236,381</u>	<u>261,855</u>	<u>240,767</u>
<b>(ah) TPS 20</b>			
Opening Balance	1,020,651	967,531	822,847
Amount Set Aside / Transfer to Reserve	271,912	122,939	202,804
Amount Used / Transfer from Reserve	(5,000)	(172,071)	(5,000)
	<u>1,287,563</u>	<u>918,399</u>	<u>1,020,651</u>
<b>(ai) ODP Canning Vale</b>			
Opening Balance	309,267	279,477	239,212
Amount Set Aside / Transfer to Reserve	35,161	206,626	188,626
Amount Used / Transfer from Reserve	(15,582)	(203,289)	(118,571)
	<u>328,846</u>	<u>282,814</u>	<u>309,267</u>



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	2011 \$	2011 Budget \$	2010 \$
<b>12. RESERVES - CASH/INVESTMENT BACKED (Continued)</b>			
<b>(aj) ODP Campbell Estate (West Canning Vale)</b>			
Opening Balance	5,801,998	5,503,117	4,233,892
Amount Set Aside / Transfer to Reserve	1,929,057	330,475	1,677,817
Amount Used / Transfer from Reserve	(157,839)	(25,000)	(109,711)
Equity Transfer	26,648	0	0
	<u>7,599,864</u>	<u>5,808,592</u>	<u>5,801,998</u>
<b>(ak) ODP Southern River Precinct 1</b>			
Opening Balance	816,440	801,137	779,413
Amount Set Aside / Transfer to Reserve	338,048	118,994	42,027
Amount Used / Transfer from Reserve	(5,000)	(5,000)	(5,000)
Equity Transfer	(275,047)	0	0
	<u>874,441</u>	<u>915,131</u>	<u>816,440</u>
<b>(al) ODP Southern River Precinct 2</b>			
Opening Balance	2,367,440	2,324,730	2,271,993
Amount Set Aside / Transfer to Reserve	1,178,827	555,118	653,013
Amount Used / Transfer from Reserve	(25,000)	(25,000)	(557,566)
	<u>3,521,267</u>	<u>2,854,848</u>	<u>2,367,440</u>
<b>(am) ODP Southern River Precinct 3</b>			
Opening Balance	71,593	70,252	67,916
Amount Set Aside / Transfer to Reserve	561,330	1,665	3,677
Amount Used / Transfer from Reserve	(55,440)	0	0
	<u>577,483</u>	<u>71,917</u>	<u>71,593</u>
<b>(an) ODP Southern River Precinct 3A</b>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	24,412	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>24,412</u>	<u>0</u>	<u>0</u>
<b>(ao) ODP Southern River Precinct 5</b>			
Opening Balance	158,297	154,810	182,447
Amount Set Aside / Transfer to Reserve	7,486	3,680	8,864
Amount Used / Transfer from Reserve	(116,986)	(116,464)	(33,014)
	<u>48,797</u>	<u>42,026</u>	<u>158,297</u>
<b>TOTAL CASH BACKED RESERVES</b>	<u><u>42,567,807</u></u>	<u><u>35,833,577</u></u>	<u><u>37,770,658</u></u>
<b>Summary of Cash / Investment Backed Reserves</b>			
Opening Balance	37,770,658	37,061,257	35,002,934
Amount Set Aside / Transfer to Reserve	12,768,282	6,525,691	11,175,775
# Equity Transfer to / (from) Reserve	0	0	0
Amount Used / Transfer from Reserve	(7,971,133)	(7,753,371)	(8,408,051)
<b>Total Summary of Cash / Investment Backed Reserves</b>	<u><u>42,567,807</u></u>	<u><u>35,833,577</u></u>	<u><u>37,770,658</u></u>

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**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 2010/2011 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**

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

**Developer Contributions for Future Infrastructure**

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

**Emergency Services**

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

**Floodlighting Levy**

- to upgrade the City's active reserve floodlighting

**Gosnells Oval Redevelopment**

- to fund Council's expenditure on Gosnells Oval funded from Telco Tower leases.

**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 funded from Telco Tower leases.

**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 funded from Telco Tower leases.

**Leisure World - Mechanical/Plant Services**

- 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**

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

**Mills Park**

- to assist with the development of Mills Park funded from Telco Tower leases.

**Netball Courts - Resurfacing**

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

**Operations Centre**

- to fund Council's expenditure on redeveloping Gosnells Operations Centre .

**Performing Arts Centre**

- construction, equipping and assessment of Don Russell Performing Arts Centre funded from Telco Tower leases.

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

**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.

**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 funded from Telco Tower leases.

**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 funded from Telco Tower leases.

**Walter Padbury Park**

- to provide future works at Walter Padbury Park funded from Telco Tower leases.

**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 7**

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

**TPS 9A**

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

**TPS 10**

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

**TPS 15**

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

**TPS 17**

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

**TPS 20**

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

**Canning Vale ODP**

- 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 3A**

- 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.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**13. RESERVES - ASSET REVALUATION**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
<b>Land and Buildings</b>		
Opening balance	223,626,185	223,706,184
Revaluation Increment	556,725	0
Revaluation Decrement	<u>(90,553,630)</u>	<u>(79,999)</u>
	<u>133,629,280</u>	<u>223,626,185</u>
 TOTAL ASSET REVALUATION RESERVES	 <u>133,629,280</u>	 <u>223,626,185</u>

**14. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	<b>2011</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and Cash Equivalents	<u>69,848,654</u>	<u>39,682,116</u>	<u>59,584,497</u>

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

Net Result	25,873,627	8,082,764	13,392,789
Amortisation - Held to Maturity Bond	70,380	0	0
Amortisation - Intangible Assets	152,681	89,186	107,818
Depreciation	15,296,472	14,223,099	14,349,545
Fair Value adjustment to financial assets at fair value through profit or loss	(232,598)	0	(385,622)
(Profit)/Loss on Sale of Asset	(10,025,174)	(3,276,498)	(976,735)
(Increase)/Decrease in Receivables	(104,733)	(34,519)	(1,863,488)
(Increase)/Decrease in Inventories	34,126	(25,969)	26,106
Increase/(Decrease) in Payables	(1,385,264)	4,638,841	4,601,232
Increase/(Decrease) in Employee Provisions	734,341	97,206	552,038
Grants/Contributions for the Development of Assets	<u>(12,187,006)</u>	<u>(9,221,123)</u>	<u>(10,701,590)</u>
Net Cash from Operating Activities	<u>18,226,852</u>	<u>14,572,987</u>	<u>19,102,093</u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**14. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)**

	2011 \$	2011 Budget \$	2010 \$
<b>(c) Undrawn Borrowing Facilities</b>			
<b>Credit Standby Arrangements</b>			
Credit Card limit	60,000		60,000
Credit Card Balance at Balance Date	<u>(19,942)</u>		<u>(16,660)</u>
<b>Total Amount of Credit Unused</b>	<u>40,058</u>		<u>43,340</u>
 <b>Loan Facilities</b>			
Loan Facilities - Current	2,782,733		27,132,119
Loan Facilities - Non-Current	<u>11,701,008</u>		<u>4,638,868</u>
<b>Total Facilities in Use at Balance Date</b>	<u>14,483,741</u>		<u>31,770,987</u>
 <b>Unused Loan Facilities at Balance Date</b>	<u>2,921,259</u>		<u>0</u>

**15. CONTINGENT LIABILITIES**

NIL

**16. CAPITAL AND LEASING COMMITMENTS**

**(a) Finance Lease Commitments**

NIL

**(b) Operating Lease Commitments**

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

Payable:

	2011 \$	2010 \$
- not later than one year	58,408	49,434
- later than one year but not later than five years	<u>108,567</u>	<u>73,571</u>
	<u>166,975</u>	<u>123,005</u>

**CITY OF GOSNELLS**  
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**16. CAPITAL AND LEASING COMMITMENTS (Continued)**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>(c) Capital Expenditure Commitments</b>		
Contracted for:		
- Civic Centre - Capital Expenditure	22,404	357,891
- Lot 8 Subdivision - Capital Expenditure	1,600	955,040
- Amherst Community Centre - Capital Expenditure	0	4,515
- Kenwick Village Upgrade - Capital Expenditure	24,055	0
- Cassidy Road Pavilion Extensions - Capital Expenditure	213,052	0
- Hume Road Pavilion Upgrade - Capital Expenditure	79,329	0
- Gosnells Road Change Rooms - Capital Expenditure	66,942	0
- Farnaby Lane - Capital Expenditure	215,319	0
- Piesley Promenade - Capital Expenditure	273,986	0
- Hino 500 Garbage Truck - Capital Expenditure	282,207	0
	<u>1,178,894</u>	<u>1,317,446</u>
Payable:		
- not later than one year	<u>1,178,894</u>	<u>1,317,446</u>

**17. JOINT VENTURE**

NIL

**18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Governance	20,776,000	13,802,084
General Purpose Funding	2,155,504	1,825,952
Law, Order, Public Safety	1,231,884	1,249,270
Health	1,976,811	2,365,497
Education and Welfare	3,972,324	4,197,095
Community Amenities	63,745,595	150,850,311
Recreation and Culture	121,677,874	136,751,168
Transport	178,165,150	164,782,628
Economic Services	1,605,139	2,129,422
Other Property and Services	38,470,080	47,050,610
Unallocated	77,438,996	68,829,492
	<u>511,215,357</u>	<u>593,833,529</u>

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	2011	2010	2009
<b>19. FINANCIAL RATIOS</b>			
Current Ratio	1.90	0.79	0.70
Untied Cash to Unpaid Trade Creditors Ratio	8.40	8.06	7.13
Debt Ratio	0.06	0.08	0.07
Debt Service Ratio	0.24	0.08	0.11
Gross Debt to Revenue Ratio	0.17	0.44	0.37
Gross Debt to Economically Realisable Assets Ratio	0.05	0.09	0.07
Rate Coverage Ratio	0.48	0.54	0.53
Outstanding Rates Ratio	0.02	0.02	0.01

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
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 2011**

**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:

	<b>Balance 1-Jul-10 \$</b>	<b>Amounts Received \$</b>	<b>Amounts Paid (\$)</b>	<b>Balance 30-Jun-11 \$</b>
Unclaimed Monies	2,260	2,632	0	4,892
BCITF	0	417,747	(417,747)	0
BRB	19,909	96,418	(97,511)	18,816
Dataworks User Group	0	10,704	0	10,704
	<u>22,169</u>			<u>34,412</u>

**21. DISPOSALS OF ASSETS - 2010/11 FINANCIAL YEAR**

The following assets were disposed of during the year.

	<b>Net Book Value</b>		<b>Sale Price</b>		<b>Profit (Loss)</b>	
	<b>Actual \$</b>	<b>Budget \$</b>	<b>Actual \$</b>	<b>Budget \$</b>	<b>Actual \$</b>	<b>Budget \$</b>
Land held for resale	7,826,569	6,800,000	18,826,667	10,340,000	11,000,098	3,540,000
Buildings	756,904	0	45,000	0	(711,904)	0
Furniture & Equipment	62,271	0	1,400	0	(60,871)	0
Plant & Equipment	1,311,142	1,692,102	1,108,993	1,428,600	(202,149)	(263,502)
	<u>9,956,886</u>	<u>8,492,102</u>	<u>19,982,060</u>	<u>11,768,600</u>	<u>10,025,174</u>	<u>3,276,498</u>

	<b>2011 \$</b>	<b>2011 Budget \$</b>
<b>Summary</b>		
Profit on Asset Disposals	11,164,886	3,661,801
Loss on Asset Disposals	(1,139,712)	(385,303)
	<u>10,025,174</u>	<u>3,276,498</u>



**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**22. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1-Jul-10 \$	Additional Drawdowns \$	Principal Repayments		Principal 30-Jun-11		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Recreation &amp; Culture</b>								
Harmony Fields Redevelopment	1,905,012	0	0	0	1,905,012	1,905,013	99,812	150,000
Amherst Village Community Centre construction Loan*	4,785,000	0	4,785,000	5,760,000	0	0	94,789	135,000
Lot 8 Development*	4,080,000	0	4,080,000	4,880,000	0	0	165,528	265,000
Pioneer Park	925,000	0	214,611	214,611	710,389	710,389	42,029	46,250
<b>Other Property &amp; Services</b>								
Civic Centre*	18,267,119	1,732,881	9,407,797	0	10,592,203	20,000,000	984,022	1,400,000
<b>Economic Services</b>								
Maddington Underground Power Project	1,808,856	0	532,719	416,941	1,276,137	1,391,915	93,694	98,402
	31,770,987	1,732,881	19,020,127	11,271,552	14,483,741	24,007,317	1,479,874	2,094,652

\*Repayment funded by proceeds from Sale of Land

All other loan repayments were financed by general purpose revenue and service charges

(b) New Debentures - 2010/11

No new debenture facilities were established during the financial year.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-10 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-11 \$
Civic Centre	24/04/2008	0	1,732,881	(1,732,881)	0
		0	1,732,881	(1,732,881)	0

(d) Overdraft

The City has not utilised an overdraft facility during the year.

(e) Refinancing Debentures

Particulars	Loan Facility		Loan Facility Expiry		Institution
	Original	New	Original	New	
<b>Other Property and Services</b>					
Civic Centre	20,000,000	12,630,000	30/06/2011	30/06/2015	WA Treasury Corporation

**Civic Centre**

Council choose to extend the loan term and reduce the loan facility for the Civic Centre redevelopment project beyond 30 June 2011. Debt markets currently are penalising the longer dated debenture style of borrowings and it is significantly cheaper to borrow funds for shorter periods of time. It is Council's intention to repay this debt as quickly as possible, additional adhoc repayments can be made without incurring penalties for the early repayment of the liability, which would not be possible under a debenture arrangement.

**CITY OF GOSNELLS**  
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**FOR THE YEAR ENDED 30TH JUNE 2011**

**23. RATING INFORMATION - 2010/11 FINANCIAL YEAR**

<b>RATE TYPE</b>	<b>Rate in C</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>Differential General Rate GRV</b>											
Commercial Improved	7.9330	369	53,181,016	4,205,132	(15,499)	0	4,189,633	4,218,850	70,000	0	4,288,850
Commercial Vacant	10.3130	33	709,400	72,775	16,541	0	89,316	73,160	0	0	73,160
Extractive Industries	15.0720	3	374,500	56,445	854	0	57,299	56,445	4,000	0	60,445
Industrial Improved	7.9330	762	43,203,068	3,414,060	132,411	0	3,546,471	3,427,299	90,000	0	3,517,299
Industrial Vacant	10.3130	54	1,110,178	114,493	10,767	0	125,260	114,493	2,000	0	116,493
Kennel Area Improved	7.9330	120	1,388,788	105,123	5,132	0	110,255	110,173	0	0	110,173
Residential Development GRV	9.5190	91	4,275,404	388,754	5,882	0	394,636	406,976	50,000	0	456,976
Residential Improved	7.9330	20,512	250,053,664	19,129,645	2,069,646	0	21,199,291	19,836,757	373,124	0	20,209,881
Residential Vacant	10.3130	1,859	21,525,455	2,186,148	(545,929)	0	1,640,219	2,219,921	20,000	0	2,239,921
Rural GRV	9.5190	717	12,732,277	1,190,186	(5,940)	0	1,184,246	1,211,985	20,000	0	1,231,985
Tenancy Agreement	8.4330	55	2,435,905	204,716	(47,569)	0	157,147	205,420	0	0	205,420
Town Centre	9.1230	82	6,771,854	617,073	4,993	0	622,066	617,796	0	0	617,796
<b>UV</b>											
Residential Development UV	0.1220	8	16,370,000	19,160	2,247	0	21,407	19,971	0	0	19,971
Rural UV	0.2033	154	144,100,000	289,194	3,698	0	292,892	292,955	2,000	0	294,955
Rural UV Agriculture Concession	0.1626	12	71,840,000	116,812	(2,278)	0	114,534	116,812	1,000	0	117,812
<b>Sub-Totals</b>		24,831	630,071,509	32,109,716	1,634,956	0	33,744,672	32,929,013	632,124	0	33,561,137
<b>Minimum Rates GRV</b>	<b>Minimum \$</b>										
Commercial Improved	747	65	422,628	48,555	0	0	48,555	48,555	0	0	48,555
Commercial Vacant	747	1	70	747	0	0	747	747	0	0	747
Industrial Improved	747	111	860,839	82,917	0	0	82,917	82,917	0	0	82,917
Kennel Area Improved	747	28	246,480	20,916	0	0	20,916	20,916	0	0	20,916
Residential Development GRV	747	9	61,048	6,723	0	0	6,723	6,723	0	0	6,723
Residential Improved	747	15,984	131,371,171	11,940,048	0	0	11,940,048	11,940,048	0	0	11,940,048
Residential Vacant	747	167	1,035,275	124,749	0	0	124,749	124,749	0	0	124,749
Rural GRV	747	118	799,438	88,146	0	0	88,146	88,146	0	0	88,146
Town Centre	747	3	20,930	2,241	0	0	2,241	2,241	0	0	2,241
<b>UV</b>											
Rural UV	747	9	3,035,000	6,723	0	0	6,723	6,723	0	0	6,723
<b>Sub-Totals</b>		16,495	137,852,879	12,321,765	0	0	12,321,765	12,321,765	0	0	12,321,765
Specified Area Rate (refer note 24)							46,066,437				45,882,902
							295,139				289,810
<b>Totals</b>							46,361,576				46,172,712
							46,361,576				46,172,712

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**24. SPECIFIED AREA RATE - 2010/11 FINANCIAL YEAR**

	Rate in \$	Basis of Rate	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
The Avenues	0.006148	GRV	498	7,449,740	45,801	39	45,801	45,840	45,801
Bletchley Park	0.005335	GRV	688	11,452,859	26,802	4,991	61,101	31,793	61,101
The Boardwalk	0.004791	GRV	308	5,489,261	53,405	256	26,299	53,661	26,299
Brookland Greens	0.005179	GRV	546	9,674,159	50,103	1	50,102	50,104	50,102
Brookland Park	0.005695	GRV	308	4,618,120	26,300	41	26,300	26,341	26,300
Sanctuary Waters	0.004330	GRV	623	12,333,630	61,101	0	53,405	61,101	53,405
The Reserve	0.003221	GRV	508	8,320,998	26,299	0	26,802	26,299	26,802
					289,811	5,328	289,810	295,139	289,810

**Purpose of the rate and proposed application 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"
Bletchley Park	Housing development known as "Bletchley Park"
The Boardwalk	Housing development known as "The Boardwalk"
Brookland Greens	Housing development known as "Brookland Greens"
Brookland Park	Housing development known as "Brookland Park"
Sanctuary Waters	Housing development known as "Sanctuary Waters"
The Reserve	Housing development known as "The Reserve"

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**25. SERVICE CHARGES - 2010/11 FINANCIAL YEAR**

NIL

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2010/11 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Rates Incentive A	Incentive	N/A	5,000	5,000
Leisure World	Discount	Various	59,964	46,700
Leisure Programs	Discount	Various	1,898	1,700
Don Russell Performing Arts Centre	Discount	Various	459	1,661
Ranger Services	Discount	Various	16,835	0
Library & Heritage Services	Discount	10	39	0
Health Services	Discount	50	4,930	4,590
Rates Concessions	Concession	NA	21,874	35,000
Sundry Debtors Write-off	Write-Off	N/A	0	4,000

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2010/11 FINANCIAL YEAR (Continued)**

**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 Bank 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 the district.

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

**Rates Incentive B**

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

Forest Lakes Shopping Centre offered the chance for 4 residents to have their rates paid, up to a maximum value of \$1,000 per ratepayer. With a bonus \$500 shopping voucher if rates are paid in full by the due date.

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

**Leisure World**

Leisure World may offer the following discounts to enhance the financial viability of the program.

10% Discount (general offer)

25% Discount (general offer)

50% Discount (2 for 1 Offer)

50% Off Peak Membership (Monday - Friday: 11am-4pm, Saturday: After 12pm, Sunday: All Day)

Group Bookings - (1 free ticket with every 10 purchased)

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

**Leisure Programs**

Leisure programs may offer the following discounts to enhance the financial viability of the program.

10% Discount (general offer)

25% Discount (general offer)

50% Discount (2 for 1 Offer)

Group Bookings - (1 free ticket with every 10 purchased)

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

**Don Russell Performing Art Centre**

Various discounts on ticket prices are provided to Council's staff and non-staff to enhance the financial viability of the program or show.

15% Discount (General offer)

25% Discount (3 or more shows)

50% Discount (2 for 1 offer)

City of Gosnells Councillors, Staff &Volunteers - up to 25%

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2010/11 FINANCIAL YEAR (Continued)**

**Ranger Services**

In relation to the Dog Act 1976 a discount has been granted to the following registration types;

Guide Dogs - 100% Concession

Dogs used for Droving or tendering stock - 25% concession

Dogs owned by pensioners - 50% concession

Foxhounds, bona fide kept together in a kennelled pack of not less than ten (per pack)

Registration after 31 May in any year for that registration year - 50% concession

**Library & Heritage Services**

The City offers a concession price for entry to the Wilkinson Homestead Museum to encourage visitors and enhance the Museum's financial viability.

**Health Services**

In relation to Food Businesses (Food Act 2008) a discount has been granted to School Canteens in recognition of their community benefit.

**Rate Concessions**

Council has granted specific concessions to community based organisations as follows;

	\$
Black Cockatoo Preservation Society	2,973
Starick Services Inc	5,959
Liddelow Homestead Arts & Crafts	1,037
Police & Citizens Youth Club	7,716
Bailey's Coffee & Cream	1,791
Gosnells Junior Football Club Inc	2,398
	<u>21,874</u>

**Sundry Debt Write-off**

Unrecoverable sundry debtors were written off in accordance with the Council's delegated authority.

**27. INTEREST CHARGES AND INSTALMENTS - 2010/11 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	N/A	148,103	189,988
Interest on Deferred Rates		N/A	48,025	43,516
Interest on Instalments Plan	5.50%	N/A	330,690	270,000
Interest on MUP Instalments	5.28%	N/A	91,361	98,402
			618,179	601,906
Charges on Instalment Plan & Special Arrangements	N/A	\$15/\$25	284,816	260,000
			<u>902,995</u>	<u>861,906</u>

Ratepayers had the option of paying rates in four equal instalments, due on 27 August 2010, 22 October 2010, 7 January 2011 and 4 March 2011.

Arrears are payable in the first instalment and continue to attract penalty interest until paid.

Administration charges and interest applied to the last three instalments.

**CITY OF GOSNELLS**  
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<b>28. FEES &amp; CHARGES</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Governance	399	4,926
General Purpose Funding	367,652	376,037
Law, Order, Public Safety	203,386	225,492
Health	216,058	225,241
Education and Welfare	402,287	387,418
Community Amenities	10,131,784	8,828,585
Recreation and Culture	2,212,166	2,399,287
Transport	41,247	32,584
Economic Services	2,199,514	2,104,330
Other Property and Services	487,828	356,368
	<u>16,262,321</u>	<u>14,940,268</u>

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

**29. GRANT REVENUE**

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

	<b>2011</b>	<b>2010</b>
<b>By Nature and Type:</b>	<b>\$</b>	<b>\$</b>
Operating Grants, Subsidies and Contributions	6,490,522	6,279,810
Non-Operating Grants, Subsidies and Contributions	12,187,006	10,701,590
	<u>18,677,528</u>	<u>16,981,400</u>
<b>By Program:</b>		
Governance	7,041	20,174
General Purpose Funding	3,671,924	3,454,087
Law, Order, Public Safety	217,713	193,195
Health	13,754	21,034
Education and Welfare	633,135	534,607
Community Amenities	5,629,936	5,169,712
Recreation and Culture	1,902,337	1,825,218
Transport	5,216,014	4,491,827
Economic Services	780,872	965,332
Other Property and Services	604,802	306,214
	<u>18,677,528</u>	<u>16,981,400</u>

<b>30. COUNCILLORS' REMUNERATION</b>	<b>2011</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	

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

Meeting Fees	91,000	91,000	91,234
Mayor's Allowance	60,000	60,000	60,155
Deputy Mayor's Allowance	9,000	9,000	9,023
Travelling Expenses	12,701	18,500	16,479
Telecommunications Allowance	18,000	18,000	18,046
	<u>190,701</u>	<u>196,500</u>	<u>194,937</u>



**CITY OF GOSNELLS**  
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**FOR THE YEAR ENDED 30TH JUNE 2011**

**31. EMPLOYEE NUMBERS**

	<b>2011</b>	<b>2010</b>
The number of full-time equivalent employees at balance date	<u>409</u>	<u>412</u>

**32. MAJOR LAND TRANSACTIONS**

**Harmony Field Redevelopment**

(a) Details

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

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

	<b>2011 \$</b>	<b>2011 Budget \$</b>	<b>2010 \$</b>
(b) Current year transactions			
<b>Operating Revenue</b>			
- Profit on sale	0	0	1,228,134
<b>Capital Revenue</b>			
- Sale Proceeds	0	0	2,561,881
<b>Capital Expenditure</b>			
- Purchase of Land	0	0	0
- Development Costs	0	0	(44,944)
	<u>0</u>	<u>0</u>	<u>(44,944)</u>

The above capital expenditure is included in land held for resale (refer to note 6 in this financial report).

There are no expenditure commitments in relation to this land transaction as at 30 June 2011.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**32. MAJOR LAND TRANSACTIONS (Continued)**

**Harmony Field Redevelopment Continued**

(c) Expected Future Cash Flows

	2012	2013	2014	2015	2016	Total
	\$	\$	\$	\$	\$	\$
<b>Cash Outflows</b>						
- Development Costs	0	0	0	0	0	0
- Loan Repayments	(99,823)	(2,004,835)	0	0	0	(2,104,658)
	<b>(99,823)</b>	<b>(2,004,835)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,104,658)</b>
<b>Cash Inflows</b>						
- Loan Proceeds	0	0	0	0	0	0
- Sale Proceeds	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Cash Flows</b>	<b>(99,823)</b>	<b>(2,004,835)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,104,658)</b>

**Lot 8 Corner Holmes Street and Warton Rd, 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 WA Treasury Corporation.

**CITY OF GOSNELLS**  
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**32. MAJOR LAND TRANSACTIONS (Continued)**

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

	<b>2011</b>	<b>Budget</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>(b) Current year transactions</b>			
<b>Operating Revenue</b>			
- Profit on sale	10,990,755	3,540,000	0
<b>Capital Revenue</b>			
- Sale Proceeds	18,197,325	10,340,000	0
- Grant Proceeds	300,000	300,000	820,000
<b>Capital Expenditure</b>			
- Purchase of Land	0	0	0
- Development Costs	1,473,437	800,000	3,994,685
	<u>1,473,437</u>	<u>800,000</u>	<u>3,994,685</u>

The above capital expenditure is included in land held for resale (refer to Note 6 in this financial report).

There are no liabilities in relation to this land transaction as at 30 June 2011.

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>(c) Expected Future Cash Flows</b>						
<b>Cash Outflows</b>						
- Development Costs	(118,363)	0	0	0	0	(118,363)
- Loan Repayments	0	0	0	0	0	0
	<u>(118,363)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(118,363)</u>
<b>Cash Inflows</b>						
- Loan Proceeds	0	0	0	0	0	0
- Sale Proceeds	1,470,000	0	0	0	0	1,470,000
	<u>1,470,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,470,000</u>
<b>Net Cash Flows</b>	<u>1,351,637</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,351,637</u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**32. MAJOR LAND TRANSACTIONS (Continued)**  
**Farnaby Lane Subdivision**

(a) Details

Council is currently developing and intends to sell Lot 106 Farnaby Lane, Lot 8 Luyer Avenue and Lot 89 Luyer Avenue Beckenham. The costs also include all common infrastructure costs relating to road construction, street drainage and public utilities which will be recovered through contributions from surrounding land owners. The net profit from this development will be transferred to the Public Open Space Reserve for Beckenham.

(b) Current year transactions

	2011 \$	Budget \$	2010 \$
<b>Operating Revenue</b>			
- Profit on sale	0	0	0
- Contributions from Private Owners	167,715	0	0
<b>Capital Revenue</b>			
- Sale Proceeds	0	0	0
- Contributions from Private Owners	77,833	0	0
- Contributions from Development contributions to Infrastructure Reserve	24,259	0	0
	<u>102,092</u>	<u>0</u>	<u>0</u>
<b>Operating Expenditure</b>			
- Development Costs	169,053	0	0
<b>Capital Expenditure</b>			
- Purchase of Land	0	0	0
- Development Costs	509,002	0	0
	<u>509,002</u>	<u>0</u>	<u>0</u>

The above capital expenditure is included in land held for resale (refer to Note 6 in this financial report).

There are no liabilities in relation to this land transaction as at 30 June 2011.

CITY OF GOSNELLS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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32. MAJOR LAND TRANSACTIONS (Continued)  
Farnaby Lane Subdivision (Continued)

	2012	2013	2014	2015	2016	Total
	\$	\$	\$	\$	\$	\$
(c) Expected Future Cash Flows						
<b>Cash Outflows</b>						
- Development Costs	0	0	0	0	0	0
- Sales Incentives	(11,000)	0	0	0	0	(11,000)
- Transfer to POS Reserve	(846,859)	0	0	0	0	(846,859)
	<b>(857,859)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(857,859)</b>
<b>Cash Inflows</b>						
- Contributions from Private Owners	0	0	0	0	0	0
- Contributions from Reserves	0	0	0	0	0	0
- Sale Proceeds	1,112,455	0	0	0	0	1,112,455
	<b>1,112,455</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,112,455</b>
<b>Net Cash Flows</b>	<b>254,596</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>254,596</b>

**CITY OF GOSNELLS**  
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**33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2010/2011 financial year.

**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:

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>				
Cash and cash equivalents	69,848,654	59,584,497	69,848,654	59,584,497
Receivables	5,828,646	5,723,913	5,828,646	5,723,913
Financial assets at fair value through profit or loss	1,692,830	4,038,266	1,692,830	4,038,266
Held to maturity investment	4,143,544	4,213,924	4,000,000	4,000,000
	<u>81,513,674</u>	<u>73,560,600</u>	<u>81,370,130</u>	<u>73,346,676</u>
<b>Financial Liabilities</b>				
Payables	11,734,238	13,119,502	11,734,238	13,119,502
Borrowings	14,483,741	31,770,987	13,683,329	29,912,552
	<u>26,217,979</u>	<u>44,890,489</u>	<u>25,417,567</u>	<u>43,032,054</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 2011**

**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.

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Impact of a 10% (*) movement in price of investments:		
- Equity	758,445	571,831
- Statement of Comprehensive Income	758,445 (+)	571,831 (+)
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	861,885	686,636
- Statement of Comprehensive Income	861,885	686,636

**Notes:**

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

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

(+) Maximum impact

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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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:

	<b>2011</b>	<b>2010</b>
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	96.92%	95.33%
- Overdue	3.08%	4.67%



**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(c) Payables**

**Borrowings**

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

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

**2011**

Payables	11,734,238	0	0	11,734,238	11,734,238
Borrowings	408,147	15,402,469	0	15,810,616	14,483,741
	<u>12,142,385</u>	<u>15,402,469</u>	<u>0</u>	<u>27,544,854</u>	<u>26,217,979</u>

**2010**

Payables	13,119,502	0	0	13,119,502	13,119,502
Borrowings	28,039,306	5,168,842	0	33,208,148	31,770,987
	<u>41,158,808</u>	<u>5,168,842</u>	<u>0</u>	<u>46,327,650</u>	<u>44,890,489</u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**34. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables**  
**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 \$
<b>Year Ended 30 June 2011</b>							
<b>Borrowings</b>							
<b>Fixed Rate</b>							
Debentures	0	1,905,012	1,986,526	10,592,203	0	0	14,483,741
Weighted Average Effective Interest Rate		5.14%	5.23%	5.18%			5.18%
<b>Year Ended 30 June 2010</b>							
<b>Borrowings</b>							
<b>Fixed Rate</b>							
Debentures	27,132,119	0	1,905,012	2,733,856	0	0	31,770,987
Weighted Average Effective Interest Rate	5.09%		5.10%	5.20%			5.10%

**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 comprises the statement of financial position as at 30 June 2011, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

***Management's Responsibility for the Financial Report***

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 Council, as well as evaluating the overall presentation of the financial report.

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

***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 2011 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards, 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)**

***Report on Other Legal and Regulatory Requirements***

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) 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: 27 October 2011  
Perth, WA

  
GREG GODWIN  
PARTNER