

**CITY OF GOSNELLS**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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**CITY OF GOSNELLS**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**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 2012 are in my opinion properly drawn up to present fairly the financial position of the City of Gosnells at 30 June 2012 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 15<sup>th</sup> day of October 2012

  
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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 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
<b>Revenue</b>				
Rates	23	49,769,922	49,251,668	46,361,576
Operating Grants, Subsidies and Contributions	29	6,688,374	4,620,145	6,490,522
Fees and Charges	28	16,743,250	16,202,025	16,262,321
Interest Earnings	2(a)	6,294,295	2,861,851	5,554,608
Other Revenue		<u>434,052</u>	<u>97,000</u>	<u>182,662</u>
		79,929,893	73,032,689	74,851,689
<b>Expenses</b>				
Employee Costs		(29,785,133)	(30,392,065)	(27,905,464)
Materials and Contracts		(18,171,191)	(22,318,821)	(19,725,330)
Utility Charges		(4,200,858)	(4,335,659)	(3,533,636)
Depreciation on Non-Current Assets	2(a)	(15,772,430)	(16,228,704)	(15,296,472)
Amortisation	2(a)	(182,728)	(185,208)	(152,681)
Interest Expenses	2(a)	(852,197)	(1,171,239)	(1,479,874)
Insurance Expenses		(1,683,552)	(1,684,646)	(1,528,019)
Other Expenditure		<u>(3,991,654)</u>	<u>(744,147)</u>	<u>(1,801,364)</u>
		<u>(74,639,743)</u>	<u>(77,060,489)</u>	<u>(71,422,840)</u>
		5,290,150	(4,027,800)	3,428,849
Non-Operating Grants, Subsidies and Contributions	29	14,007,132	11,033,388	12,187,006
Fair value adjustments to financial assets at fair value through profit or loss	4	(171,917)	0	232,598
Gain on Sale of Investment	4	114,172	0	0
Profit on Asset Disposals	21	930,670	1,965,507	11,164,886
Loss on Asset Disposals	21	<u>(503,094)</u>	<u>(778,712)</u>	<u>(1,139,712)</u>
<b>Net Result</b>		<b>19,667,113</b>	<b>8,192,383</b>	<b>25,873,627</b>
<b>Other Comprehensive Income</b>				
Land and Building Revaluation	13(a)	0	0	(90,553,630)
Roads and Footpaths Revaluation	13(b)	<u>334,681,559</u>	<u>0</u>	<u>0</u>
<b>Total Other Comprehensive Income</b>		<b><u>334,681,559</u></b>	<b><u>0</u></b>	<b><u>(90,553,630)</u></b>
<b>Total Comprehensive Income</b>		<b><u>354,348,672</u></b>	<b><u>8,192,383</u></b>	<b><u>(64,680,003)</u></b>

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 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
<b>Revenue</b>				
Governance		22,949	100	7,440
General Purpose Funding		61,407,874	55,790,456	56,164,867
Law, Order, Public Safety		448,689	392,460	403,099
Health		210,134	170,110	229,812
Education and Welfare		1,008,672	873,242	1,036,425
Community Amenities		10,975,861	10,852,309	10,514,229
Recreation and Culture		2,961,426	2,542,946	2,410,892
Transport		155,341	97,496	113,145
Economic Services		1,886,320	1,855,088	3,071,747
Other Property and Services		794,882	458,482	1,132,631
		<u>79,872,148</u>	<u>73,032,689</u>	<u>75,084,287</u>
<b>Expenses</b>				
Governance		(3,786,893)	(4,271,253)	(4,087,816)
General Purpose Funding		(1,183,648)	(1,190,607)	(1,465,949)
Law, Order, Public Safety		(2,214,923)	(2,289,595)	(2,122,076)
Health		(1,269,543)	(1,431,234)	(1,273,819)
Education and Welfare		(3,513,397)	(3,526,462)	(3,493,748)
Community Amenities		(17,097,774)	(15,644,274)	(14,651,367)
Recreation and Culture		(23,678,674)	(25,144,173)	(22,681,525)
Transport		(17,867,510)	(18,803,757)	(17,000,203)
Economic Services		(2,504,207)	(3,005,313)	(3,311,132)
Other Property and Services		(670,977)	(582,582)	144,669
		<u>(73,787,546)</u>	<u>(75,889,250)</u>	<u>(69,942,966)</u>
<b>Finance Costs</b>				
Recreation and Culture		(99,907)	(100,000)	(194,601)
Economic Services		(65,432)	(75,720)	(93,694)
Other Property and Services		(686,858)	(995,519)	(1,191,579)
	2(a)	<u>(852,197)</u>	<u>(1,171,239)</u>	<u>(1,479,874)</u>
<b>Non-Operating Grants, Subsidies and Contributions</b>				
Law Order and Public Safety		0	0	18,000
Education and Welfare		18,498	0	0
Community Amenities		6,418,875	2,480,000	5,247,490
Recreation and Culture		516,628	554,498	1,703,571
Transport		6,533,341	7,998,890	5,144,116
Other Property and Services		519,790	0	73,829
	29	<u>14,007,132</u>	<u>11,033,388</u>	<u>12,187,006</u>
<b>Profit/(Loss) on Disposal of Assets</b>				
Recreation and Culture		(50,440)	0	(498,501)
Transport		(154,589)	(775,660)	(202,150)
Other Property and Services		632,605	1,962,455	10,725,825
	21	<u>427,576</u>	<u>1,186,795</u>	<u>10,025,174</u>
<b>Net Result</b>		<b>19,667,113</b>	<b>8,192,383</b>	<b>25,873,627</b>
<b>Other Comprehensive Income</b>				
Land and Building Revaluation	13(a)	0	0	(90,553,630)
Roads and Footpaths Revaluation	13(b)	334,681,559	0	0
<b>Total Other Comprehensive Income</b>		<b>334,681,559</b>	<b>0</b>	<b>(90,553,630)</b>
<b>Total Comprehensive Income</b>		<b><u>354,348,672</u></b>	<b><u>8,192,383</u></b>	<b><u>(64,680,003)</u></b>

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

**CITY OF GOSNELLS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2012**

	NOTE	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	82,646,235	69,848,654
Investments	4	0	1,692,830
Trade and Other Receivables	5	4,187,730	3,961,514
Inventories	6	3,927,045	2,505,405
<b>TOTAL CURRENT ASSETS</b>		<u>90,761,010</u>	<u>78,008,403</u>
<b>NON-CURRENT ASSETS</b>			
Investments	4	3,482,202	4,143,544
Other Receivables	5	1,438,741	1,867,132
Property, Plant and Equipment	7	202,142,628	203,084,441
Infrastructure	8	564,299,337	224,111,837
<b>TOTAL NON-CURRENT ASSETS</b>		<u>771,362,908</u>	<u>433,206,954</u>
<b>TOTAL ASSETS</b>		<u>862,123,918</u>	<u>511,215,357</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	9	9,715,252	11,734,238
Borrowings	10	3,583,529	2,782,733
Provisions	11	5,398,619	4,938,910
<b>TOTAL CURRENT LIABILITIES</b>		<u>18,697,400</u>	<u>19,455,881</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	10	9,028,371	11,701,008
Provisions	11	659,720	668,713
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>9,688,091</u>	<u>12,369,721</u>
<b>TOTAL LIABILITIES</b>		<u>28,385,491</u>	<u>31,825,602</u>
<b>NET ASSETS</b>		<u>833,738,427</u>	<u>479,389,755</u>
<b>EQUITY</b>			
Retained Surplus		320,084,513	303,192,668
Reserves - Cash/Investments Backed	12	46,198,039	42,567,807
Reserves - Asset Revaluation	13	467,455,875	133,629,280
<b>TOTAL EQUITY</b>		<u>833,738,427</u>	<u>479,389,755</u>

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

**CITY OF GOSNELLS  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2010		282,672,915	37,770,658	223,626,185	544,069,758
Net Result		25,873,627	0	0	25,873,627
Total Other Comprehensive Income	13(a)	0	0	(90,553,630)	(90,553,630)
Transfer from Retained Surplus	13(a)	(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>
Net Result		19,667,113	0	0	19,667,113
Total Other Comprehensive Income	13(b)	0	0	334,681,559	334,681,559
Transfer to Retained Surplus	13(a)	854,964	0	(854,964)	0
Reserve Transfers	12	(3,630,232)	3,630,232	0	0
<b>Balance as at 30 June 2012</b>		<b>320,084,513</b>	<b>46,198,039</b>	<b>467,455,875</b>	<b>833,738,427</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 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		49,867,965	49,051,668	46,025,857
Operating Grants, Subsidies and Contributions		6,688,374	4,920,145	6,490,522
Fees and Charges		16,810,375	16,012,631	16,519,480
Service Charges		0	675,720	0
Interest Earnings		6,423,311	2,836,131	5,624,988
Goods and Services Tax		4,511,472	4,450,000	4,636,546
Other Revenue		434,052	97,000	182,662
		<u>84,735,549</u>	<u>78,043,295</u>	<u>79,480,055</u>
<b>Payments</b>				
Employee Costs		(29,149,228)	(30,201,020)	(27,033,483)
Materials and Contracts		(20,521,651)	(20,873,546)	(21,246,944)
Utility Charges		(4,200,858)	(4,335,659)	(3,533,636)
Insurance Expenses		(1,683,552)	(1,684,646)	(1,528,019)
Interest expenses		(729,160)	(1,227,239)	(1,472,464)
Goods and Services Tax		(4,411,926)	(4,525,000)	(4,637,293)
Other Expenditure		(3,991,654)	(744,147)	(1,801,364)
		<u>(64,688,029)</u>	<u>(63,591,257)</u>	<u>(61,253,203)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	14(b)	<u>20,047,520</u>	<u>14,452,038</u>	<u>18,226,852</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Development of Land Held for Resale	6	(428,648)	(5,218,363)	(1,894,670)
Payments for Purchase of Property, Plant & Equipment	7	(9,340,160)	(9,021,693)	(8,765,687)
Payments for Construction of Infrastructure	8	(17,358,308)	(29,382,631)	(14,762,192)
Payments for Purchase of Investments	4	(1,961,289)	0	(1,000,000)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets	29	14,007,132	11,033,388	12,187,006
Proceeds from Sale of Property, Plant & Equipment	21	3,563,918	1,266,000	1,155,393
Proceeds from Sale of Land Held for Resale	21	2,010,557	2,597,955	18,826,667
Proceeds from Sale of Investments	4	4,128,700	0	3,578,034
<b>Net Cash Provided By (Used In) Investing Activities</b>		<u>(5,378,098)</u>	<u>(28,725,344)</u>	<u>9,324,551</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures	22(a)	(7,171,841)	(2,782,733)	(19,020,127)
Proceeds from Additional Drawdowns and New Debentures	22(a)	5,300,000	5,300,000	1,732,881
<b>Net Cash Provided By (Used In) Financing Activities</b>		<u>(1,871,841)</u>	<u>2,517,267</u>	<u>(17,287,246)</u>
<b>Net Increase (Decrease) in Cash Held</b>		12,797,581	(11,756,039)	10,264,157
Cash at Beginning of Year		69,848,654	59,367,238	59,584,497
<b>Cash and Cash Equivalents at the End of the Year</b>	14(a)	<u>82,646,235</u>	<u>47,611,199</u>	<u>69,848,654</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 2012**

	NOTE	2012 Actual \$	2012 Budget \$	2011 Actual \$
<b>Revenue</b>				
Governance		22,949	100	7,440
General Purpose Funding		11,637,952	6,538,788	9,803,291
Law, Order, Public Safety		448,689	392,460	403,100
Health		210,134	170,110	229,812
Education and Welfare		1,008,672	873,242	1,036,425
Community Amenities		10,975,861	10,852,309	10,514,229
Recreation and Culture		2,961,426	2,542,946	2,410,892
Transport		344,180	100,548	201,285
Economic Services		1,886,320	1,855,088	3,071,747
Other Property and Services		1,536,712	2,420,937	12,209,377
		<u>31,032,895</u>	<u>25,746,528</u>	<u>39,887,598</u>
<b>Expenses</b>				
Governance		(3,786,893)	(4,271,253)	(4,087,816)
General Purpose Funding		(1,183,648)	(1,190,607)	(1,465,949)
Law, Order, Public Safety		(2,214,923)	(2,289,595)	(2,122,076)
Health		(1,269,543)	(1,431,234)	(1,273,820)
Education and Welfare		(3,513,397)	(3,526,462)	(3,493,748)
Community Amenities		(17,097,774)	(15,644,274)	(14,651,367)
Recreation and Culture		(23,829,021)	(25,244,173)	(23,374,627)
Transport		(18,210,938)	(19,582,469)	(17,290,493)
Economic Services		(2,569,638)	(3,081,033)	(3,404,824)
Other Property and Services		(1,467,062)	(1,578,102)	(1,397,832)
		<u>(75,142,837)</u>	<u>(77,839,202)</u>	<u>(72,562,552)</u>
<b>Net Result Excluding Rates</b>		(44,109,942)	(52,092,674)	(32,674,954)
<b>Adjustments for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure and Revenue</b>				
(Profit)/Loss on Asset Disposals	21	(427,576)	(1,186,795)	(10,025,174)
Amortisation on Investments	4	129,016	0	70,380
Fair value Adjustments to Financial Assets through Profit or Loss	4	171,917	0	(232,598)
Gain on Sale of Investment	4	(114,172)	0	0
Change in Other Non-current Assets		428,391	439,623	362,261
Depreciation and Amortisation on Assets	2(a)	16,091,736	16,509,156	15,575,642
<b>Capital Expenditure and Revenue</b>				
Purchase Land Held for Resale	6	(428,648)	(5,218,363)	(1,894,670)
Purchase Land and Buildings	7	(5,069,286)	(2,576,288)	(5,220,438)
Purchase Infrastructure Assets	8	(17,494,886)	(29,382,631)	(14,888,682)
Purchase Plant and Equipment	7	(3,817,449)	(4,955,450)	(2,922,609)
Purchase Furniture, Equipment and Intangible Assets	7	(453,425)	(1,489,955)	(622,640)
Contribution/Grants for the construction of assets	29	14,007,132	11,033,388	12,187,006
Purchase of Investments	4	(1,961,289)	0	(1,000,000)
Proceeds from Disposal of Investments	4	4,128,700	0	3,578,034
Proceeds from Disposal of Assets	21	5,574,475	3,863,955	19,982,060
Repayment of Loans	22(a)	(7,171,841)	(2,782,733)	(19,020,127)
Proceeds from New Loans	22(b)	5,300,000	5,300,000	1,732,881
Transfers to Reserves (Restricted Assets)	12	(13,952,869)	(7,449,915)	(12,768,282)
Transfers from Reserves (Restricted Assets)	12	10,322,637	7,796,118	7,971,133
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	23(b)	14,171,885	13,340,896	7,621,086
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		25,094,428	400,000	14,171,885
<b>Amount Required to be Raised from Rates</b>	23(a)	<u>(49,769,922)</u>	<u>(49,251,668)</u>	<u>(46,361,576)</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 2012**

**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.

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement of fair value of the selected non-current assets, financial assets and liabilities.

All accounting policies are consistent with prior years unless otherwise stated. Where appropriate comparative figures have been amended with current presentation and any material changes have been disclosed.

***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.

***Trust Fund***

All monies held in the Trust Fund are on behalf of other parties and are excluded from the financial statements, but a separate statement of those monies appears at Note 20 to those financial statements.

The Department of Local Government expressed the view that a local government has no control over the performance bonds they hold and consequently these are to be placed in the Trust Fund. However the City has determined that there is no fiduciary relationship as it is not acting in the interest of, or on behalf of, the developer but in the discharge of its statutory role as a municipal authority. Therefore the funds can legitimately be held in the municipal fund.

**(c) Tax**

All taxes are made in accordance with relevant legislation, however the City is exempt from income tax, CGT and payroll tax.

***Goods and Services Tax (GST)***

Revenues, expenses and assets capitalised are stated net of any GST recoverable. Except where the amount of GST cannot be recovered from the Australian Taxation Office (ATO), the amount forms part of the asset/expense.

Receivables and payables in the statement of financial position are stated inclusive of applicable GST. The net amount of GST recoverable from, or payable to the ATO, is included with receivables or payables in the statement of financial position.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

***Goods and Services Tax (GST) (Continued)***

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

**(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 (12 months or less) highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

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

**(e) Trade and Other Receivables**

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. Any bad debts are approved in accordance with Council's policies and delegated authority.

**(f) Inventories**

***General***

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

***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, borrowing costs and holding costs until Finance costs and holding charges incurred after development is completed are expensed. Land held for resale is classified as current.

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

**(g) Infrastructure, Property, Plant and Equipment**

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 in accordance with the relevant accounting standards. 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 overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(g) Infrastructure, Property, Plant and Equipment (Continued)**

Assets with a cost below the capitalisation threshold are recognised as an expense in the Statement of Comprehensive Income in the period in which they are incurred.

***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 costs to reflect the already consumed or expired future economic benefits of the asset.

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 recognised against revaluation surplus directly in equity. All other decreases are recognised in the Statement of Comprehensive Income.

***Land and Buildings***

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.

***Roads and Footpaths***

Any accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset.

Those assets carried at a revalued amount, 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 limited useful life (excluding freehold land) 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.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(g) Infrastructure, Property, Plant and Equipment (Continued)**

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

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

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
IT Equipment	3 to 5 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
Clearing and earthworks	not depreciated
Construction/road base	70 to 90 years
Original surfacing and major re surfacing	
- bituminous seals	30 years
- asphalt surfaces	20 to 30 years
Footpaths	40 to 80 years
Bridges	50 years
Drains	50 years
Park Development	5 to 25 years
Play Equipment	5 to 25 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 any non-current assets in the Statement of Financial Position:

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

**(h) Financial Instruments**

***Initial Recognition and Measurement***

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(h) Financial Instruments (Continued)**

***Classification and Subsequent Measurement***

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or at cost.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and
- (d) less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

***(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 and are subsequently measured at amortised cost.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

***(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. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(h) Financial Instruments (Continued)**

***Classification and Subsequent Measurement (Continued)***

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

Available-for-sale financial assets, are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable.

They are subsequently measured at fair value with changes in such fair value (gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to the asset previously recognised in other comprehensive income, is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as non-current.

***(v) Financial liabilities***

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

***Impairment***

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

***Derecognition***

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continued involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**(i) Impairment**

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

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (eg AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

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.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(j) Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council 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.

**(k) Employee Benefits**

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for the benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

**(l) 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.

**(m) 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; and
- c) that outflow can be reliably measured.

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

**(n) Leases**

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.

The City has no finance leases.

**(o) Joint Venture**

The City has no joint ventures.

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

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

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

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(q) Superannuation**

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

**(r) 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.

**(s) Rounding Off Figures**

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

**(t) Comparative Figures**

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

**(u) 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 2012**

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

**(v) 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 2012.

Council's assessment of these new and amended 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 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.
(iii)	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).
(iv)	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.
(v)	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, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	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).
(vi)	AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]	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 2012**

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

**(v) 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>
(vii)	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	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 2011 - 2 Amendments to Australian Accounting Standards - Arising from the Trans-Tasman Consequence Project - Reduced Disclosure Requirements. [AASB 101 & 1054]	May 2011	01 July 2013	
	AASB 2011 - 3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049]	May 2011	01 July 2012	
	AASB 2011 - 6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127,128 & 131]	July 2011	01 July 2013	
(viii)	AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards. [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supersede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(v) 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>
(ix)	AASB 13 - Fair Value Measurement, AASB 2011 - 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	September 2011	01 January 2013	<p>AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 requires inputs to all fair value measurements to be categorised in accordance with fair value hierarchy. AASB 13 also requires enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value. AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012.</p> <p>Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards. The amendments to the legislation requires the phasing in of fair value in relation to fixed assets over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.</p>
(x)	AASB 2011 - 9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(xi)	AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

(v)

	<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(xii)	AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	September 2011	01 July 2013	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 2011 – 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]	November 2011	01 January 2013	
	AASB 2011 – 13 Amendments to Australian Accounting Standards – Improvements to AASB 1049	December 2011	01 July 2012	
	AASB 2012-1 Amendments to Australian Accounting Standards - Fair Value Measurements - Reduced Disclosure Requirements	March 2012	01 July 2013	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 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities	June 2012	01 January 2013	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 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	June 2012	01 January 2014	
	AASB 2012-4 Amendments to Australian Accounting Standards - Government Loans	June 2012	01 January 2013	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 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	June 2012	01 January 2013	Nil - Changes contained in these standards are not expected to significantly impact the Council. Changes to AASB 101 expand on the original requirements for comparative figures and restatements. AASB 116 amends the recognition criteria of some items.

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 2012**

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

**(w) 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 124
- AASB 1054
- AASB 2009 - 12
- AASB 2009 - 14
- AASB 2010 - 4
- AASB 2010 - 5
- AASB 2010 - 6
- AASB 2010 - 8
- AASB 2010 - 9
- AASB 2011 - 1
- AASB 2011 - 5

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.

**(x) Events after the Reporting Period**

The Australian Government passed the Clean Energy Act 2011 on 8 November 2011 introducing a carbon pricing mechanism from 1 July 2012.

The Council does not have a direct carbon price liability as it does not fall within the group of major polluters identified by the Australian Federal Government. It will be impacted by the indirect flow-through of the carbon price via increased costs on its operations largely from cost increases in electricity, materials and waste disposal in landfills.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

<b>2. REVENUE AND EXPENSES</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Net Result</b>		
The Net Result includes:		
(i) Charging as an Expense:		
<b>Auditors Remuneration</b>		
- Audit of Financial Report	29,000	31,500
- Other Services	5,220	3,400
	<u>34,220</u>	<u>34,900</u>
<b>Amortisation</b>		
Intangible Assets	182,728	152,681
<b>Depreciation</b>		
<b>Depreciation Expense</b>		
Buildings	1,751,734	2,036,395
Furniture and Equipment	431,406	433,815
Plant and Equipment	1,671,513	1,698,668
Roads and Footpaths	5,726,699	8,017,530
Bridges	218,917	218,241
Drainage	927,850	920,478
Park Development	2,212,557	1,971,345
Other Infrastructure	2,831,754	0
<b>Total Depreciation Expense</b>	<u>15,772,430</u>	<u>15,296,472</u>
<b>Depreciation Capitalised</b>		
Plant and Equipment	136,578	126,489
<b>Total Depreciation Capitalised</b>	<u>136,578</u>	<u>126,489</u>
<b>Total Depreciation/Amortisation</b>	<u>16,091,736</u>	<u>15,575,642</u>
<b>Interest Expenses (Finance Costs)</b>		
Borrowings ( <i>refer Note 22(a)</i> )	852,197	1,479,874
	<u>852,197</u>	<u>1,479,874</u>
<b>Rental Charges</b>		
- Operating Leases	67,894	62,989
	<u>67,894</u>	<u>62,989</u>
(ii) Crediting as Revenue:	<b>2012</b>	<b>2012</b>
	<b>\$</b>	<b>Budget</b>
		<b>\$</b>
<b>Interest Earnings</b>		
Investments		
- Reserve Funds	2,783,565	887,481
- Other Funds	2,843,761	1,338,829
Other Interest Revenue ( <i>refer note 27</i> )	666,969	618,179
	<u>6,294,295</u>	<u>2,861,851</u>
	<u>6,294,295</u>	<u>5,554,608</u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**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.

**Our Vision for 2021**

We will be a vibrant City with a strong community identity; a great place to live, work, raise children, visit and invest; a place that encourages a range of lifestyles and opportunities; and where the natural environment, cultural diversity and heritage of the City is respected and protected for the enjoyment of current and future generations.

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

**GOVERNANCE**

**Objective:**

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

**Activities:**

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

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to finance Council activities.

**Activities:**

Rates, government grants, interest revenue collection and administration.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

To provide services to ensure a safer community.

**Activities:**

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

**HEALTH**

**Objective:**

To provide an operational framework for good community health.

**Activities:**

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

**EDUCATION AND WELFARE**

**Objective:**

To assist in meeting the needs of the community.

**Activities:**

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

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**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 2012**

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

<b>(c) Conditions Over Grants/Subsidies/Contributions</b>		<b>Opening Balance (1) 1-Jul-10 \$</b>	<b>Received (2) 2010/11 \$</b>	<b>Expended (3) 2010/11 \$</b>	<b>Closing Balance (1) 30-Jun-11 \$</b>	<b>Received (2) 2011/12 \$</b>	<b>Expended (3) 2011/12 \$</b>	<b>Closing Balance 30-Jun-12 \$</b>
<b>Grant/Contribution</b>								
<b><u>Non Operating</u></b>								
<b>Bridge Rehabilitation</b>								
Bridge 925 - Nicholson Rd Langford		22,909	0	0	22,909	18,000	0	40,909
		22,909	0	0	22,909	18,000	0	40,909
<b>Footpath Construction</b>								
Pioneer Park - Duel Use Paths		43,000	0	0	43,000	0	0	43,000
		43,000	0	0	43,000	0	0	43,000
<b>Information Technology</b>								
Graffiti - Proclaim Upgrade		0	18,000	0	18,000	0	(18,000)	0
		0	18,000	0	18,000	0	(18,000)	0
<b>National Black Spot</b>								
Austin Ave - Install roundabout		0	0	0	0	360,000	(8,827)	351,173
		0	0	0	0	360,000	(8,827)	351,173
<b>Park Development Construction</b>								
Walter Padbury - Landscape works		0	11,044	0	11,044	0	(11,044)	0
Cromarty Gardens Reserve - Playground Installation		0	49,950	(32,044)	17,906	0	(17,906)	0
Aldinga St Reserve - Playground Construction		0	69,050	(28,771)	40,279	0	(40,279)	0
Acott Rd Reserve - Landscaping		0	0	0	0	82,716	(14,824)	67,892
Lahey St Road - Verge Landscaping		0	13,636	(7,216)	6,420	0	(966)	5,454
		0	143,680	(68,031)	75,649	82,716	(85,019)	73,346
<b>Road Improvements</b>								
Warton Rd - Garden St to Ranford Rd		0	0	0	0	431,621	(183,728)	247,893
Garden St - Nicholson Rd to Warton Rd		1,014,465	1,333,334	(1,518,806)	828,993	920,000	(1,748,993)	0
Stage 3 - Warton Rd - Garden St to Ranford Rd		0	0	0	0	755,046	(742,176)	12,870
Corfield St at Verna St - Intersection		0	481,053	(264,052)	217,001	1,583,874	(1,800,875)	0
		1,014,465	1,814,387	(1,782,858)	1,045,994	3,690,541	(4,475,772)	260,763
<b>Road Rehabilitation</b>								
Eudoria St - Bicycle Lanes Remarking		0	13,067	0	13,067	0	(13,067)	0
Crandon St - Bicycle Lanes Remarking		0	3,084	0	3,084	0	(3,084)	0
George St - Bicycle Lanes Remarking		0	1,989	0	1,989	0	(1,989)	0

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

<b>Grant/Contribution</b>	<b>Opening Balance (1) 1-Jul-10 \$</b>	<b>Received (2) 2010/11 \$</b>	<b>Expended (3) 2010/11 \$</b>	<b>Closing Balance (1) 30-Jun-11 \$</b>	<b>Received (2) 2011/12 \$</b>	<b>Expended (3) 2011/12 \$</b>	<b>Closing Balance 30-Jun-12 \$</b>
Eileen St - Bicycle Lanes Remarking	0	8,250	0	8,250	0	(8,250)	0
Corfield St - Verna St to Eileen St	0	0	0	0	40,233	0	40,233
	0	26,390	0	26,390	40,233	(26,390)	40,233
<b>State Black Spot</b>							
Dorothy St Wheatley St - Traffic Signals	248,786	160,000	(5,374)	403,412	0	(25,097)	378,315
Ovens Rd/Discovery Dr - Upgrade Street Lighting	0	9,600	(2,849)	6,751	2,400	(9,151)	0
Albany Hwy - Gosnells Rd - Traffic Signal	7,282	160,000	0	167,282	136,000	(23,551)	279,731
Ranford Rd - Upgrade St Light	38,626	0	(26,852)	11,774	0	(11,774)	0
Southern River Rd - Upgrade St Lighting	143,288	0	(3,990)	139,298	52,000	(191,298)	0
Huntingdale Rd/Harpenden St - Upgrade St Lighting	6,400	6,400	(2,694)	10,106	0	(10,106)	0
Ovens Rd/Forest Lakes Dr - Upgrade St Lighting	6,400	6,400	(2,538)	10,262	2,200	(12,462)	0
Corfield St/Verna St - Upgrade St Lighting	8,000	8,000	0	16,000	0	(16,000)	0
Kenwick Rd/Belmont Rd - Upgrade St Lighting	8,000	8,000	(6,086)	9,914	0	(9,914)	0
Connell Ave - Install median islands and Upgrade St lights	0	48,000	(7,021)	40,979	46,000	(86,979)	0
Stage 1 Yale Rd & Murdoch Rd - Install Roundabout	0	104,000	(42,679)	61,321	104,000	(24,192)	141,129
Amherst Rd - Install median island	0	32,000	(2,264)	29,736	48,000	(77,736)	0
Ovens Rd - Install median islands, bus embayment	0	112,000	0	112,000	112,000	(224,000)	0
William St and Tooting St - Install Roundabout	0	42,400	(3,800)	38,600	42,400	(81,000)	0
Yale Rd to Murdoch Rd - Upgrade Streetlighting	0	11,200	0	11,200	11,200	(5,630)	16,770
Forest Lakes Dr - Install Median Islands	0	26,400	0	26,400	26,400	(52,800)	0
Corfield St and Stalker Rd - Reinforce/Improve Signage	0	52,000	(2,264)	49,736	18,000	(67,736)	0
Dorothy St - Install Median Islands	0	14,400	(5,503)	8,897	21,600	(30,497)	0
	466,782	800,800	(113,914)	1,153,668	622,200	(959,923)	815,945
<b>Total Non Operating</b>	<b>1,547,156</b>	<b>2,803,257</b>	<b>(1,964,803)</b>	<b>2,385,610</b>	<b>4,813,690</b>	<b>(5,573,931)</b>	<b>1,625,369</b>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

<b>(c) Conditions Over Grants/Subsidies/Contributions</b>		<b>Opening Balance (1) 1-Jul-10 \$</b>	<b>Received (2) 2010/11 \$</b>	<b>Expended (3) 2010/11 \$</b>	<b>Closing Balance (1) 30-Jun-11 \$</b>	<b>Received (2) 2011/12 \$</b>	<b>Expended (3) 2011/12 \$</b>	<b>Closing Balance 30-Jun-12 \$</b>
<b>Grant/Contribution</b>								
<b><u>Operating</u></b>								
<b>Community Engagement</b>								
Club Development	0	28,000	(11,492)		16,508	25,000	(41,508)	0
Kidsport Sponsorship	0	0	0	0	0	145,000	(127,278)	17,722
Home Security Interactive DVD	0	13,000	0	0	13,000	0	(13,000)	0
Graffiti Awareness Campaign	0	0	0	0	0	14,435	0	14,435
Meals on Wheels	0	0	0	0	0	115,643	(92,586)	23,057
Senior Cuisine	4,131	16,611	(4,131)		16,611	0	(2,486)	14,125
Inclusive Recreation	48,931	81,326	(109,240)		21,017	107,903	(100,646)	28,274
STR8 Talking Project	0	160,000	0	0	160,000	212,000	(240,326)	131,674
	53,062	298,937	(124,863)		227,136	619,981	(617,830)	229,287
<b>Planning</b>								
Marnbu Way Drainage Reserve - Land Subdivision	0	2,727	0	0	2,727	0	0	2,727
	0	2,727	0	0	2,727	0	0	2,727
<b>State Emergency Service</b>								
State Emergency Service	0	0	0	0	0	45,344	(44,308)	1,036
	0	0	0	0	0	45,344	(44,308)	1,036
<b>Total Operating</b>	<b>53,062</b>	<b>301,664</b>	<b>(124,863)</b>		<b>229,863</b>	<b>665,325</b>	<b>(662,138)</b>	<b>233,050</b>
<b>Total</b>	<b>1,600,218</b>	<b>3,104,921</b>	<b>(2,089,666)</b>		<b>2,615,473</b>	<b>5,479,015</b>	<b>(6,236,069)</b>	<b>1,858,419</b>

**Notes:**

- (1) Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) 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.
- (3) 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 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>3. CASH AND CASH EQUIVALENTS</b>		
Unrestricted	31,329,454	30,501,748
Restricted	51,316,781	39,346,906
	<u>82,646,235</u>	<u>69,848,654</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Reserves (Refer Note 12)	46,198,039	42,567,807
less Investment backed reserves	(1,920,911)	(5,836,374)
Total Cash Backed Reserves	<u>44,277,128</u>	<u>36,731,433</u>
<b>Restricted Cash</b>		
Cash Backed Reserves	44,277,128	36,731,433
Unspent Grants (Refer Note 2(c))	1,858,419	2,615,473
Unspent Loans (Refer Note 22(c))	5,181,234	0
Total Restricted Cash	<u>51,316,781</u>	<u>39,346,906</u>
<b>4. INVESTMENTS</b>		
<b>Current</b>		
<b>Financial assets at fair value through profit or loss</b>		
At beginning of the year	0	4,038,266
Revaluation to Statement of Comprehensive Income	0	232,598
Additions	0	1,000,000
Disposals	0	(3,578,034)
At end of the year	<u>0</u>	<u>1,692,830</u>
<b>Total Current</b>	<u>0</u>	<u>1,692,830</u>
<b>Non Current</b>		
<b>Financial assets at fair value through profit or loss</b>		
At beginning of the year	1,692,830	0
Revaluation to Statement of Comprehensive Income	(171,917)	0
Additions	1,961,289	0
Disposals	0	0
At end of the year	<u>3,482,202</u>	<u>0</u>
<b>Held to Maturity</b>		
At beginning of the year	4,143,544	4,213,924
Gain on Sale	114,172	0
Additions	0	0
Amortisation	(129,016)	(70,380)
Disposals	(4,128,700)	0
At end of the year	<u>0</u>	<u>4,143,544</u>
<b>Total Non Current</b>	<u>3,482,202</u>	<u>4,143,544</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Various Reserve Funds	1,920,911	5,836,374
	<u>1,920,911</u>	<u>5,836,374</u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>5. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates, ESL & Charges Outstanding	926,044	1,026,189
GST Receivable	367,800	467,346
Accrued Revenue	2,240,173	1,065,959
Sundry Debtors	653,713	1,402,020
	<u>4,187,730</u>	<u>3,961,514</u>
<b>Non-Current</b>		
Rates & ESL Outstanding - Pensioners	1,032,720	1,030,618
Underground Power Debtors	406,021	836,514
	<u>1,438,741</u>	<u>1,867,132</u>
<b>6. INVENTORIES</b>		
<b>Current</b>		
Fuel and Materials	232,094	271,385
Land Held for Resale - Cost		
Cost of Acquisition	2,234,020	6,465,919
Development Costs	428,648	1,894,670
Disposals	(1,492,717)	(7,826,569)
Reclassification of Land to		
Land Held for Resale	2,525,000	1,700,000
	<u>3,927,045</u>	<u>2,505,405</u>
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Land - Independent Valuations 2011	101,264,217	103,804,500
Buildings - Independent Valuations 2011	87,826,601	87,826,601
Land and Buildings - Cost	2,911,176	0
Less Accumulated Depreciation	<u>(1,751,734)</u>	<u>0</u>
	190,250,260	191,631,101
Furniture and Equipment - Cost	4,060,664	3,946,385
Less Accumulated Depreciation	<u>(2,973,840)</u>	<u>(2,627,217)</u>
	1,086,824	1,319,168
Plant and Equipment - Cost	16,151,436	15,068,423
Less Accumulated Depreciation	<u>(6,026,055)</u>	<u>(5,546,032)</u>
	10,125,381	9,522,391
Local Government House	15,464	15,464
	<u>15,464</u>	<u>15,464</u>
Intangible Assets - Cost	1,944,328	1,693,217
Less Accumulated Depreciation	<u>(1,279,629)</u>	<u>(1,096,900)</u>
	664,699	596,317
	<u>202,142,628</u>	<u>203,084,441</u>

Council have adopted a policy of re-valuing with sufficient regularity to ensure the carrying amount of each Land and Building asset are fairly stated at reporting date.

This policy also accords with AASB 116.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**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	191,631,101	1,319,168	9,522,391	596,317	15,464	203,084,441
Additions	5,069,286	202,315	3,817,449	251,110	0	9,340,160
(Disposals)	(2,173,393)	(3,253)	(1,406,368)	0	0	(3,583,014)
Depreciation (Expense) *	(1,751,734)	(431,406)	(1,808,091)	(182,728)	0	(4,173,959)
Other Movements to Land Held for Resale	(2,525,000)	0	0	0	0	(2,525,000)
<b>Carrying amount at the end of year</b>	<b>190,250,260</b>	<b>1,086,824</b>	<b>10,125,381</b>	<b>664,699</b>	<b>15,464</b>	<b>202,142,628</b>

\* This amount includes Capitalised and Expensed Depreciation

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>8. INFRASTRUCTURE</b>		
Roads & Footpaths - Management Valuation 2012	603,566,223	0
Roads & Footpaths - Cost	0	210,851,228
Less Accumulated Depreciation	<u>(118,630,295)</u>	<u>(61,137,040)</u>
	484,935,928	149,714,188
 Bridges - Cost	 10,988,152	 10,945,828
Less Accumulated Depreciation	<u>(2,081,541)</u>	<u>(1,862,624)</u>
	8,906,611	9,083,204
 Drainage - Cost	 47,146,867	 46,278,830
Less Accumulated Depreciation	<u>(8,879,179)</u>	<u>(7,951,328)</u>
	38,267,688	38,327,502
 Parks - Cost	 44,301,261	 40,338,558
Less Accumulated Depreciation	<u>(15,261,440)</u>	<u>(13,351,615)</u>
	29,039,821	26,986,943
 Other Infrastructure - Cost	 5,981,043	 0
Less Accumulated Depreciation	<u>(2,831,754)</u>	<u>0</u>
	3,149,289	0
	<u><u>564,299,337</u></u>	<u><u>224,111,837</u></u>

Roads and Footpaths Infrastructure have been valued at 30 June 2012 using engineering estimates of the current replacement value having regard to the age and remaining useful lives of the assets. This valuation is performed by Council Officers using approved valuation techniques. Roads and Footpaths Infrastructure was previously carried at cost in the financial report. All other classes of infrastructure assts are currently carried at cost.

This policy also accords with AASB 116.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**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>Other Infrastructure \$</b>	<b>Total \$</b>
Balance at the beginning of the year	149,714,188	9,083,204	38,327,502	26,986,943	0	224,111,837
Additions *	11,398,403	42,324	868,036	4,304,131	881,992	17,494,886
(Disposals)	(20,728)	0	0	(50,440)	0	(71,168)
Revaluation - Increments	334,681,559	0	0	0	0	334,681,559
Depreciation (Expense)	(5,726,699)	(218,917)	(927,850)	(2,212,557)	(2,831,754)	(11,917,777)
Other Movements	(5,110,795)	0	0	11,744	5,099,051	0
<b>Carrying amount at the end of year</b>	<b>484,935,928</b>	<b>8,906,611</b>	<b>38,267,688</b>	<b>29,039,821</b>	<b>3,149,289</b>	<b>564,299,337</b>

\* This amount includes Capitalised Depreciation



**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

	2012 \$	2011 \$
<b>9. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	2,971,124	3,630,540
Bonds & Deposits	5,209,231	6,150,008
Accruals	1,094,168	1,626,505
Income Received in Advance	340,547	278,008
Deferred Salaries	100,182	49,177
	<u>9,715,252</u>	<u>11,734,238</u>

**10. BORROWINGS**

<b>Current</b>		
Loans	<u>3,583,529</u>	<u>2,782,733</u>
	<u>3,583,529</u>	<u>2,782,733</u>
<b>Non-Current</b>		
Loans	<u>9,028,371</u>	<u>11,701,008</u>
	<u>9,028,371</u>	<u>11,701,008</u>

Additional detail on borrowings is provided in Note 22.

**11. PROVISIONS**

<b>Current</b>		
Provision for Annual Leave	2,636,805	2,597,657
Provision for Long Service Leave	<u>2,761,814</u>	<u>2,341,253</u>
	<u>5,398,619</u>	<u>4,938,910</u>
<b>Non-Current</b>		
Provision for Long Service Leave	<u>659,720</u>	<u>668,713</u>
	<u>659,720</u>	<u>668,713</u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

	2012 \$	2012 Budget \$	2011 \$
<b>12. RESERVES - CASH BACKED</b>			
<b>(a) Administration Building Construction</b>			
Opening Balance	181,977	5,706	978,628
Amount Set Aside / Transfer to Reserve	2,295	132	37,417
Amount Used / Transfer from Reserve	(184,272)	0	(834,068)
	<u>0</u>	<u>5,838</u>	<u>181,977</u>
<b>(b) Building Construction</b>			
Opening Balance	472,367	455,218	692,963
Amount Set Aside / Transfer to Reserve	372,878	340,806	29,404
Amount Used / Transfer from Reserve	(167,065)	0	(250,000)
	<u>678,180</u>	<u>796,024</u>	<u>472,367</u>
<b>(c) Developer Contributions for Future Infrastructure</b>			
Opening Balance	296,465	320,159	301,715
Amount Set Aside / Transfer to Reserve	18,339	8,424	19,009
Amount Used / Transfer from Reserve	(2,234)	(25,000)	(24,259)
	<u>312,570</u>	<u>303,583</u>	<u>296,465</u>
<b>(d) Emergency Services</b>			
Opening Balance	28,368	19,524	28,730
Amount Set Aside / Transfer to Reserve	30,620	453	16,738
Amount Used / Transfer from Reserve	0	0	(17,100)
	<u>58,988</u>	<u>19,977</u>	<u>28,368</u>
<b>(e) Floodlighting Levy</b>			
Opening Balance	33,498	25,984	27,863
Amount Set Aside / Transfer to Reserve	19,105	10,603	17,885
Amount Used / Transfer from Reserve	0	0	(12,250)
	<u>52,603</u>	<u>36,587</u>	<u>33,498</u>
<b>(f) Gosnells Oval Redevelopment</b>			
Opening Balance	167,652	177,010	293,383
Amount Set Aside / Transfer to Reserve	117,464	78,904	73,339
Amount Used / Transfer from Reserve	(15,000)	0	(199,070)
	<u>270,116</u>	<u>255,914</u>	<u>167,652</u>
<b>(g) Gosnells Town Centre Revitalisation</b>			
Opening Balance	380,563	367,002	296,130
Amount Set Aside / Transfer to Reserve	115,764	96,667	104,831
Amount Used / Transfer from Reserve	(31,280)	(54,477)	(20,398)
	<u>465,047</u>	<u>409,192</u>	<u>380,563</u>
<b>(h) Harmony Fields</b>			
Opening Balance	92,025	86,636	65,736
Amount Set Aside / Transfer to Reserve	29,112	21,617	26,289
Amount Used / Transfer from Reserve	0	0	0
	<u>121,137</u>	<u>108,253</u>	<u>92,025</u>
<b>(i) Heritage Condition Reward Scheme</b>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	16,735	16,400	0
Amount Used / Transfer from Reserve	(4,460)	0	0
	<u>12,275</u>	<u>16,400</u>	<u>0</u>

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	2012 \$	2012 Budget \$	2011 \$
<b>12. RESERVES - CASH/INVESTMENT BACKED (Continued)</b>			
<b>(j) Insurance</b>			
Opening Balance	451,944	436,737	424,392
Amount Set Aside / Transfer to Reserve	28,212	10,128	27,552
Amount Used / Transfer from Reserve	0	0	0
	<u>480,156</u>	<u>446,865</u>	<u>451,944</u>
<b>(k) Langford Oval Redevelopment</b>			
Opening Balance	139,732	133,749	112,067
Amount Set Aside / Transfer to Reserve	30,240	22,091	27,665
Amount Used / Transfer from Reserve	0	0	0
	<u>169,972</u>	<u>155,840</u>	<u>139,732</u>
<b>(l) Leisure World - Plant &amp; Buildings</b>			
Opening Balance	87,922	84,964	82,562
Amount Set Aside / Transfer to Reserve	190,737	177,070	5,360
Amount Used / Transfer from Reserve	(3,096)	0	0
	<u>275,563</u>	<u>262,034</u>	<u>87,922</u>
<b>(m) Local Government Elections</b>			
Opening Balance	233,960	226,088	219,697
Amount Set Aside / Transfer to Reserve	71,578	65,243	14,263
Amount Used / Transfer from Reserve	(147,294)	(160,000)	0
	<u>158,244</u>	<u>131,331</u>	<u>233,960</u>
<b>(n) Local Open Space Strategy</b>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	652,292	0	0
Amount Used / Transfer from Reserve	(66,773)	0	0
	<u>585,519</u>	<u>0</u>	<u>0</u>
<b>(o) Maddington/Kenwick Revitalisation</b>			
Opening Balance	2,657,565	2,558,817	3,017,199
Amount Set Aside / Transfer to Reserve	123,435	58,937	1,148,161
Amount Used / Transfer from Reserve	(736,629)	(1,169,429)	(1,507,795)
	<u>2,044,371</u>	<u>1,448,325</u>	<u>2,657,565</u>
<b>(p) MGB Plant &amp; Equipment</b>			
Opening Balance	3,477,665	3,321,389	2,607,737
Amount Set Aside / Transfer to Reserve	1,101,002	511,945	1,209,474
Amount Used / Transfer from Reserve	(719,617)	(855,000)	(339,546)
# Equity Transfer to / (from) Reserve	(1,000,000)	(1,000,000)	0
	<u>2,859,050</u>	<u>1,978,334</u>	<u>3,477,665</u>
<b>(q) Mills Park</b>			
Opening Balance	182,510	165,666	118,356
Amount Set Aside / Transfer to Reserve	70,990	48,471	64,154
Amount Used / Transfer from Reserve	0	0	0
	<u>253,500</u>	<u>214,137</u>	<u>182,510</u>
<b>(r) Netball Courts - Resurfacing</b>			
Opening Balance	8,401	8,119	7,889
Amount Set Aside / Transfer to Reserve	524	188	512
Amount Used / Transfer from Reserve	0	0	0
	<u>8,925</u>	<u>8,307</u>	<u>8,401</u>

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	2012 \$	2012 Budget \$	2011 \$
<b>12. RESERVES - CASH/INVESTMENT BACKED (Continued)</b>			
<b>(s) Operations Centre</b>			
Opening Balance	384,831	371,882	361,370
Amount Set Aside / Transfer to Reserve	23,584	8,624	23,461
Amount Used / Transfer from Reserve	(8,424)	(328,000)	0
	<u>399,991</u>	<u>52,506</u>	<u>384,831</u>
<b>(t) Performing Arts Centre</b>			
Opening Balance	158,270	151,345	129,212
Amount Set Aside / Transfer to Reserve	31,857	22,464	29,058
Amount Used / Transfer from Reserve	0	0	0
	<u>190,127</u>	<u>173,809</u>	<u>158,270</u>
<b>(u) Plant &amp; Equipment</b>			
Opening Balance	725,486	149,871	852,460
Amount Set Aside / Transfer to Reserve	1,842,398	1,545,457	1,420,665
Amount Used / Transfer from Reserve	(1,601,240)	(2,621,950)	(1,547,639)
# Equity Transfer to / (from) Reserve	1,000,000	1,000,000	0
	<u>1,966,644</u>	<u>73,378</u>	<u>725,486</u>
<b>(v) Public Open Space</b>			
Opening Balance	13,624,916	12,359,690	11,449,274
Amount Set Aside / Transfer to Reserve	4,572,481	2,133,472	3,133,494
Amount Used / Transfer from Reserve	(2,994,152)	(126,247)	(1,206,251)
# Equity Transfer to / (from) Reserve	0	0	248,399
	<u>15,203,245</u>	<u>14,366,915</u>	<u>13,624,916</u>
<b>(w) Rate Revaluation</b>			
Opening Balance	84,759	101,956	256,572
Amount Set Aside / Transfer to Reserve	133,876	123,822	133,615
Amount Used / Transfer from Reserve	0	0	(305,428)
	<u>218,635</u>	<u>225,778</u>	<u>84,759</u>
<b>(x) Recreation and Culture Infrastructure</b>			
Opening Balance	989,792	1,431,572	1,658,448
Amount Set Aside / Transfer to Reserve	165,935	145,635	465,253
Amount Used / Transfer from Reserve	(264,445)	(808,748)	(1,133,909)
	<u>891,282</u>	<u>768,459</u>	<u>989,792</u>
<b>(y) Refuse Disposal Site Rehabilitation</b>			
Opening Balance	412,932	396,459	367,713
Amount Set Aside / Transfer to Reserve	48,263	28,603	45,219
Amount Used / Transfer from Reserve	0	0	0
	<u>461,195</u>	<u>425,062</u>	<u>412,932</u>
<b>(z) Southern River Contaminated Site Rehabilitation</b>			
Opening Balance	657,522	553,573	634,817
Amount Set Aside / Transfer to Reserve	35,143	12,837	40,393
Amount Used / Transfer from Reserve	(120,132)	(100,000)	(17,688)
	<u>572,533</u>	<u>466,410</u>	<u>657,522</u>

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	2012 \$	2012 Budget \$	2011 \$
<b>12. RESERVES - CASH/INVESTMENT BACKED (Continued)</b>			
<b>(aa) Staff Retention</b>			
Opening Balance	15,152	15,545	63,702
Amount Set Aside / Transfer to Reserve	31,835	30,360	31,450
Amount Used / Transfer from Reserve	<u>(20,000)</u>	<u>(20,000)</u>	<u>(80,000)</u>
	<u>26,987</u>	<u>25,905</u>	<u>15,152</u>
<b>(ab) Sutherlands Park</b>			
Opening Balance	243,265	223,543	206,120
Amount Set Aside / Transfer to Reserve	89,720	75,175	85,629
Amount Used / Transfer from Reserve	<u>(49,588)</u>	<u>(21,838)</u>	<u>(48,484)</u>
	<u>283,397</u>	<u>276,880</u>	<u>243,265</u>
<b>(ac) Walter Padbury Park</b>			
Opening Balance	296,480	181,479	242,059
Amount Set Aside / Transfer to Reserve	62,838	52,097	69,839
Amount Used / Transfer from Reserve	<u>(254,460)</u>	<u>(140,809)</u>	<u>(15,418)</u>
	<u>104,858</u>	<u>92,767</u>	<u>296,480</u>
<b>(ad) TPS 7</b>			
Opening Balance	65,238	48,744	61,366
Amount Set Aside / Transfer to Reserve	550	1,130	3,872
Amount Used / Transfer from Reserve	<u>(57,643)</u>	<u>(43,237)</u>	<u>0</u>
	<u>8,145</u>	<u>6,637</u>	<u>65,238</u>
<b>(ae) TPS 9A</b>			
Opening Balance	1,136,859	1,149,755	1,072,499
Amount Set Aside / Transfer to Reserve	70,673	46,662	69,360
Amount Used / Transfer from Reserve	<u>(5,000)</u>	<u>(231,751)</u>	<u>(5,000)</u>
	<u>1,202,532</u>	<u>964,666</u>	<u>1,136,859</u>
<b>(af) TPS 10</b>			
Opening Balance	9,506	9,186	8,927
Amount Set Aside / Transfer to Reserve	593	213	579
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>10,099</u>	<u>9,399</u>	<u>9,506</u>
<b>(ag) TPS 15</b>			
Opening Balance	371,131	374,643	344,619
Amount Set Aside / Transfer to Reserve	22,874	28,688	31,512
Amount Used / Transfer from Reserve	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>
	<u>389,005</u>	<u>398,331</u>	<u>371,131</u>
<b>(ah) TPS 17</b>			
Opening Balance	236,381	251,787	240,767
Amount Set Aside / Transfer to Reserve	70,227	25,839	16,597
Amount Used / Transfer from Reserve	<u>(18,354)</u>	<u>(5,000)</u>	<u>(20,983)</u>
	<u>288,254</u>	<u>272,626</u>	<u>236,381</u>
<b>(ai) TPS 20</b>			
Opening Balance	1,287,563	1,144,333	1,020,651
Amount Set Aside / Transfer to Reserve	180,042	226,536	271,912
Amount Used / Transfer from Reserve	<u>(10,112)</u>	<u>(172,071)</u>	<u>(5,000)</u>
	<u>1,457,493</u>	<u>1,198,798</u>	<u>1,287,563</u>

**CITY OF GOSNELLS**  
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	2012 \$	2012 Budget \$	2011 \$
<b>12. RESERVES - CASH/INVESTMENT BACKED (Continued)</b>			
<b>(aj) ODP Canning Vale</b>			
Opening Balance	328,846	501,970	309,267
Amount Set Aside / Transfer to Reserve	63,225	31,640	35,161
Amount Used / Transfer from Reserve	(19,041)	(178,846)	(15,582)
	<u>373,030</u>	<u>354,764</u>	<u>328,846</u>
<b>(ak) ODP West Canning Vale (Campbell Estate)</b>			
Opening Balance	7,599,864	6,433,300	5,801,998
Amount Set Aside / Transfer to Reserve	938,837	349,184	1,929,057
Amount Used / Transfer from Reserve	(2,782,326)	(581,729)	(157,839)
# Equity Transfer to / (from) Reserve	0	0	26,648
	<u>5,756,375</u>	<u>6,200,755</u>	<u>7,599,864</u>
<b>(al) ODP Southern River Precinct 1</b>			
Opening Balance	874,441	935,190	816,440
Amount Set Aside / Transfer to Reserve	54,292	121,686	338,048
Amount Used / Transfer from Reserve	(5,000)	(5,000)	(5,000)
# Equity Transfer to / (from) Reserve	0	0	(275,047)
	<u>923,733</u>	<u>1,051,876</u>	<u>874,441</u>
<b>(am) ODP Southern River Precinct 2</b>			
Opening Balance	3,521,267	2,911,358	2,367,440
Amount Set Aside / Transfer to Reserve	1,761,878	767,512	1,178,827
Amount Used / Transfer from Reserve	(30,000)	(25,000)	(25,000)
	<u>5,253,145</u>	<u>3,653,870</u>	<u>3,521,267</u>
<b>(an) ODP Southern River Precinct 3</b>			
Opening Balance	577,483	18,235	71,593
Amount Set Aside / Transfer to Reserve	725,704	200,423	561,330
Amount Used / Transfer from Reserve	0	0	(55,440)
	<u>1,303,187</u>	<u>218,658</u>	<u>577,483</u>
<b>(ao) ODP Southern River Precinct 3A</b>			
Opening Balance	24,412	0	0
Amount Set Aside / Transfer to Reserve	31,676	0	24,412
Amount Used / Transfer from Reserve	0	0	0
	<u>56,088</u>	<u>0</u>	<u>24,412</u>
<b>(ap) ODP Southern River Precinct 5</b>			
Opening Balance	48,797	162,898	158,297
Amount Set Aside / Transfer to Reserve	3,046	3,777	7,486
Amount Used / Transfer from Reserve	0	(116,986)	(116,986)
	<u>51,843</u>	<u>49,689</u>	<u>48,797</u>
<b>TOTAL CASH BACKED RESERVES</b>	<u>46,198,039</u>	<u>37,924,879</u>	<u>42,567,807</u>
<b>Summary of Cash / Investment Backed Reserves</b>			
Opening Balance	42,567,807	38,271,082	37,770,658
Amount Set Aside / Transfer to Reserve	13,952,869	7,449,915	12,768,282
# Equity Transfer to / (from) Reserve	0	0	0
Amount Used / Transfer from Reserve	(10,322,637)	(7,796,118)	(7,971,133)
<b>Total Summary of Cash / Investment Backed Reserves</b>	<u>46,198,039</u>	<u>37,924,879</u>	<u>42,567,807</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 2011/2012 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 and additional operational expenses of Gosnells Town Centre.

**Harmony Fields (formerly known as Maddington Golf Course)**

- to provide future expenditure at Harmony Fields funded from Telco Tower leases.

**Heritage Condition Reward Scheme**

- to fund the preservation or restoration of the City's significant historic items and to fund payments to owners of properties and trees listed in the City of Gosnells Heritage Inventory through the Condition Rewards Scheme

**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.

**Local Open Space Strategy**

- for expenditure associated with the implementation of the Local Open Space Strategy.

**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 .

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

**Performing Arts Centre**

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

**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.

**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**  
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**13. RESERVES - ASSET REVALUATION**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
<b>(a) Land and Buildings</b>		
Opening balance	133,629,280	223,626,185
Revaluation Decrement	0	(90,553,630)
Revaluation Write Back on disposals	(854,964)	556,725
	<u>132,774,316</u>	<u>133,629,280</u>
<b>(b) Roads &amp; Footpaths</b>		
Opening Balance	0	0
Revaluation Increment	334,681,559	0
	<u>334,681,559</u>	<u>0</u>
<b>TOTAL ASSET REVALUATION RESERVES</b>	<u><u>467,455,875</u></u>	<u><u>133,629,280</u></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>2012</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Cash and Cash Equivalents	<u>82,646,235</u>	<u>47,611,199</u>	<u>69,848,654</u>

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

Net Result	19,667,113	8,192,383	25,873,627
Amortisation - Held to Maturity Bond	129,016	0	70,380
Amortisation - Intangible Assets	182,728	185,208	152,681
Depreciation	15,772,430	16,228,704	15,296,472
Fair Value adjustment to financial assets at fair value through profit or loss	171,917	0	(232,598)
Gain on Sale of Investment	(114,172)	0	0
(Profit)/Loss on Sale of Asset	(427,576)	(1,186,795)	(10,025,174)
(Increase)/Decrease in Receivables	202,175	510,606	(104,733)
(Increase)/Decrease in Inventories	39,291	(31,617)	34,126
Increase/(Decrease) in Payables	(2,018,986)	1,395,892	(1,385,264)
Increase/(Decrease) in Employee Provisions	450,716	191,045	734,341
Grants/Contributions for the Development of Assets	(14,007,132)	(11,033,388)	(12,187,006)
<b>Net Cash from Operating Activities</b>	<u><u>20,047,520</u></u>	<u><u>14,452,038</u></u>	<u><u>18,226,852</u></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)**

	<b>2012</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
<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>(16,213)</u>		<u>(19,942)</u>
<b>Total Amount of Credit Unused</b>	<u><u>43,787</u></u>		<u><u>40,058</u></u>
 <b>Loan Facilities</b>			
Loan Facilities - Current	3,583,529		2,782,733
Loan Facilities - Non-Current	<u>9,028,371</u>		<u>11,701,008</u>
<b>Total Facilities in Use at Balance Date</b>	<u><u>12,611,900</u></u>		<u><u>14,483,741</u></u>
 <b>Unused Loan Facilities at Balance Date</b>			
Restricted *	<u><u>10,093,900</u></u>		<u><u>2,921,259</u></u>

\* Only available for the purpose detailed in Note 22(a)

**15. CONTINGENT LIABILITIES**

NIL

**16. LEASING COMMITMENTS**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	70,475	58,408
- later than one year but not later than five years	<u>101,771</u>	<u>108,567</u>
	<u><u>172,246</u></u>	<u><u>166,975</u></u>

**17. JOINT VENTURE**

NIL

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

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Governance	20,364,302	20,776,000
General Purpose Funding	2,051,293	2,155,504
Law, Order, Public Safety	1,229,895	1,231,884
Health	1,969,314	1,976,811
Education and Welfare	4,539,904	3,972,324
Community Amenities	47,006,786	47,490,884
Recreation and Culture	122,908,256	121,677,874
Transport	533,090,063	194,419,861
Economic Services	933,485	1,605,139
Other Property and Services	39,053,347	38,470,080
Unallocated	<u>88,977,273</u>	<u>77,438,996</u>
	<u><u>862,123,918</u></u>	<u><u>511,215,357</u></u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

<b>19. FINANCIAL RATIOS</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Current Ratio	2.11	1.90	0.79
Untied Cash to Unpaid Trade Creditors Ratio	10.55	8.40	8.06
Debt Ratio	0.03	0.06	0.08
Debt Service Ratio	0.10	0.24	0.08
Gross Debt to Revenue Ratio	0.16	0.17	0.44
Gross Debt to Economically Realisable Assets Ratio	0.04	0.05	0.09
Rate Coverage Ratio	0.53	0.48	0.54
Outstanding Rates Ratio	0.02	0.02	0.02

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 2012**

**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-11</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>Balance 30-Jun-12</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Unclaimed Monies	4,892	35,293	(560)	39,625
Construction Training Fund	0	314,069	(314,069)	0
Building Commission	18,816	100,064	(87,590)	31,290
Dataworks User Group	10,704	0	0	10,704
	<u>34,412</u>			<u>81,619</u>

**21. DISPOSALS OF ASSETS - 2011/12 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>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Land held for resale	1,492,717	620,000	2,010,557	2,597,955	517,840	1,977,955
Land	2,173,393	0	2,308,110	0	134,717	0
Parks	50,440	0	0	0	(50,440)	0
Roads and Footpaths	20,728	0	0	0	(20,728)	0
Furniture and Equipment	3,253	0	4,029	0	776	0
Plant and Equipment	1,406,368	2,057,160	1,251,779	1,266,000	(154,589)	(791,160)
	<u>5,146,899</u>	<u>2,677,160</u>	<u>5,574,475</u>	<u>3,863,955</u>	<u>427,576</u>	<u>1,186,795</u>

	<b>2012</b>	<b>2012 Budget</b>
	<b>\$</b>	<b>\$</b>
<b>Summary</b>		
Profit on Asset Disposals	930,670	1,965,507
Loss on Asset Disposals	(503,094)	(778,712)
	<u>427,576</u>	<u>1,186,795</u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**22. INFORMATION ON BORROWINGS**

(a) Loan Facilities Repayments

Particulars	Principal 1-Jul-11 \$	New Loans \$	Principal Repayments		Principal 30-Jun-12		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	1,905,012	99,907	100,000
Pioneer Park	710,389	0	225,342	225,342	485,047	485,047	37,214	35,519
<b>Other Property &amp; Services</b>								
Civic Centre*	10,592,203	0	6,483,520	2,117,768	4,108,683	8,333,537	522,527	660,000
<b>Economic Services</b>								
Maddington Underground Power Project	1,276,137	0	462,979	439,623	813,158	836,514	65,432	75,720
<b>Unclassified</b>								
Streatham Street Subdivision *	0	5,300,000	0	0	5,300,000	5,300,000	127,117	300,000
	14,483,741	5,300,000	7,171,841	2,782,733	12,611,900	16,860,110	852,197	1,171,239

\*Repayment funded by proceeds from Sale of Land

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

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

(b) New Loan Facilities

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Streatham Street	5,300,000	5,300,000	WATC	Short Term Facility	2	0	4.11%	118,766	5,300,000	5,181,234

(c) Unspent Loan Facilities

Particulars	Date Borrowed	Balance 1-Jul-11 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-12 \$
Streatham Street	1/12/2011	0	5,300,000	118,766	5,181,234
		0	5,300,000	118,766	5,181,234

(d) Overdraft

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

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**23. RATING INFORMATION - 2011/12 FINANCIAL YEAR**

(a) Rates

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>Differential General Rate</b>									
<b>GRV</b>									
Commercial Improved	6.1100	367	64,191,877	3,922,124	(10,924)	3,911,200	3,922,124	0	3,922,124
Commercial Vacant	7.9430	35	1,388,250	110,269	(7,866)	102,403	110,269	9,432	119,701
Extractive Industry	11.6090	3	405,500	47,074	(854)	46,220	47,074	0	47,074
Industrial Improved	6.1100	753	59,247,273	3,620,008	235,929	3,855,937	3,620,008	30,000	3,650,008
Industrial Vacant	7.9430	51	2,587,720	205,543	11,628	217,171	205,543	0	205,543
Kennel Area Improved	6.1100	123	2,051,980	125,376	1,315	126,691	125,376	0	125,376
Residential Development GRV	7.3320	104	5,163,681	378,601	(73,997)	304,604	378,601	0	378,601
Residential Improved	6.1100	28,541	468,945,503	28,652,570	1,154,623	29,807,193	28,652,570	650,000	29,302,570
Residential Vacant	7.9430	158	3,817,860	303,253	(96,120)	207,133	303,253	0	303,253
Rural GRV	7.3320	800	18,899,242	1,385,692	(9,104)	1,376,588	1,385,692	0	1,385,692
Tenancy Agreements	6.6100	50	2,208,467	145,980	2,842	148,822	145,980	0	145,980
Gosnells Town Centre	7.0260	76	7,840,237	550,855	(6,862)	543,993	550,855	0	550,855
<b>UV</b>									
Residential Development UV	0.1302	7	14,470,000	18,840	(2,247)	16,593	18,840	0	18,840
Rural UV	0.2170	122	120,145,000	260,715	1,575	262,290	260,715	0	260,715
Rural UV Agricultural Concession	0.1736	12	70,570,000	122,510	(3,416)	119,094	122,510	0	122,510
<b>Sub-Totals</b>	<b>Minimum \$</b>	31,202	841,932,590	39,849,410	1,196,522	41,045,932	39,849,410	689,432	40,538,842
<b>Minimum Rates</b>									
<b>GRV</b>									
Commercial Improved	784	66	541,042	51,744	0	51,744	51,744	0	51,744
Commercial Vacant	784	2	8,915	1,568	0	1,568	1,568	0	1,568
Industrial Improved	784	125	1,233,960	98,000	0	98,000	98,000	0	98,000
Industrial Vacant	784	2	765	1,568	0	1,568	1,568	0	1,568
Kennel Area Improved	784	25	298,480	19,600	0	19,600	19,600	0	19,600
Residential Development GRV	784	7	56,362	5,488	0	5,488	5,488	0	5,488
Residential Improved	784	9,052	107,166,864	7,096,768	0	7,096,768	7,096,768	0	7,096,768
Residential Vacant	784	1,360	8,217,284	1,066,240	0	1,066,240	1,066,240	0	1,066,240
Rural GRV	784	59	546,027	46,256	0	46,256	46,256	0	46,256
Tenancy Agreements	784	3	14,030	2,352	0	2,352	2,352	0	2,352
Gosnells Town Centre	784	7	56,833	5,488	0	5,488	5,488	0	5,488
<b>UV</b>									
Rural UV	784	4	1,310,000	3,136		3,136	3,136	0	3,136
<b>Sub-Totals</b>		10,712	119,450,562	8,398,208	0	8,398,208	8,398,208	0	8,398,208
Specified Area Rate (refer note 24)						49,444,140			48,937,050
<b>Totals</b>						325,782			314,618
						49,769,922			49,251,668

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**23. RATING INFORMATION - 2011/12 FINANCIAL YEAR**

	<b>2012</b> <b>(1 July 2011</b> <b>Brought</b> <b>Forward)</b> <b>\$</b>	<b>2011</b> <b>(30 June 2011</b> <b>Carried</b> <b>Forward)</b> <b>\$</b>
(b) Information on Surplus/(Deficit) Brought Forward		
<b>Surplus/(Deficit) 1 July 2011 Brought Forward</b>	<u><u>14,171,885</u></u>	<u><u>14,171,885</u></u>
<b><u>Comprises:</u></b>		
Cash - Unrestricted	30,501,748	30,501,748
Cash - Restricted	39,346,906	39,346,906
Rates Outstanding	1,026,189	1,026,189
GST Receivable	467,346	467,346
Accrued Interest	999,773	999,773
Accrued Income	66,186	66,186
CLASS Debtors	38,552	38,552
Sundry Debtors	964,624	964,624
Less - Provisions for Doubtful Debts	(102,208)	(102,208)
Underground Power Debtors	455,814	455,814
Health Debtors	45,238	45,238
Inventories		
- Fuel and Materials	271,385	271,385
<b>Less:</b>		
Reserves - Restricted Cash	(42,567,807)	(42,567,807)
Sundry Creditors	(3,630,540)	(3,630,540)
Bonds & Deposits	(6,150,008)	(6,150,008)
Accruals	(1,626,505)	(1,626,505)
Income Received in Advance	(278,008)	(278,008)
Deferred Salaries	(49,177)	(49,177)
Employee Benefits Provision	(5,607,623)	(5,607,623)
<b>Surplus/(Deficit)</b>	<u><u>14,171,885</u></u>	<u><u>14,171,885</u></u>
<b>Difference:</b>		

There was no difference between the Surplus/(Deficit) 1 July 2011 Brought Forward position used in the 2012 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2011 audited financial report.



**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**24. SPECIFIED AREA RATE - 2011/12 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	0.004975	GRV	498	9,839,800	48,953	5	48,953	48,958	48,953
Sanctuary Waters	0.004291	GRV	688	14,994,740	64,342	118	64,342	64,460	64,342
The Reserve	0.003882	GRV	308	7,098,830	27,558	1,537	27,558	29,095	27,558
Brookland Greens	0.003972	GRV	546	13,213,183	52,483	238	52,483	52,721	52,483
Brookland Park	0.003995	GRV	308	5,910,610	23,613	1,739	23,613	25,352	23,613
The Boardwalk	0.003911	GRV	622	15,103,056	59,068	678	59,068	59,746	59,068
Bletchley Park	0.003418	GRV	636	11,293,551	38,601	6,849	38,601	45,450	38,601
					314,618	11,164	314,618	325,782	314,618

**Purpose for the rate and proposed applicant of proceeds:**

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

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

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

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**25. SERVICE CHARGES - 2011/12 FINANCIAL YEAR**

NIL

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2011/12 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Rates Incentive A	Incentive	N/A	5,000	5,000
Leisure World	Discount	Various	39,832	47,500
Leisure Programs	Discount	Various	0	2,000
Don Russell Performing Arts Centre	Discount	Various	3,030	2,800
Ranger Services	Discount	Various	17,118	16,210
Library & Heritage Services	Discount	10	28	39
Health Services	Discount	50	15,091	4,930
Rates Concessions	Concession	N/A	33,667	35,034
Sundry Debtors Write-off	Write-Off	N/A	393	0

**Rates Incentive A**

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

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

Westpac 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 \$550 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.**

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2011/12 FINANCIAL YEAR (Continued)**

**Leisure World**

Leisure World offered 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)

Group Bookings - (3 free tickets with every 20 purchased)

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

**Leisure Programs**

Leisure programs offered 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)

Group Bookings (1 free ticket with every 10 purchased)

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

**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 offered 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.

Charitable organisations received 100% concession on stallholder permit fees.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2011/12 FINANCIAL YEAR (Continued)**

**Rate Concessions**

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

	\$
Starick Services Inc	6,376
Liddlelow Homestead Arts & Crafts	1,033
Police & Citizens Youth Club	7,701
Bailey's Coffee & Cream	1,571
Gosnells Junior Football Club Inc	2,413
Small Business Centre South East Metro	9,961
Real Life Church	3,272
Addie Mills Social Club	588
Langford & Districts Senior Citizen & Retired Persons Club	752
	<u>33,667</u>

**Sundry Debt Write-off**

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

**27. INTEREST CHARGES AND INSTALMENTS - 2011/12 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	N/A	189,462	185,000
Interest on Deferred Rates		N/A	55,240	44,821
Interest on Instalments Plan	5.50%	N/A	353,911	330,000
Interest on MUP Instalments	3.08%	N/A	68,356	75,720
			666,969	635,541
Charges on Instalment Plan & Special Arrangements	N/A	\$15/\$25	300,386	275,000
			967,355	910,541

Ratepayers had the option of paying rates in four equal instalments, due on 26 August 2011, 21 October 2011, 6 January 2012 and 2 March 2012. Administration charges and interest applied for the final three instalments.

<b>28. FEES &amp; CHARGES</b>	<b>2012 \$</b>	<b>2011 \$</b>
Governance	73	399
General Purpose Funding	384,773	367,652
Law, Order, Public Safety	230,828	203,386
Health	199,583	216,058
Education and Welfare	324,023	402,287
Community Amenities	10,788,545	10,131,784
Recreation and Culture	2,647,330	2,212,166
Transport	69,608	41,247
Economic Services	1,797,077	2,199,514
Other Property and Services	301,410	487,828
	<u>16,743,250</u>	<u>16,262,321</u>

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

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**29. GRANT REVENUE**

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

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature and Type:</b>		
Operating Grants, Subsidies and Contributions	6,688,374	6,490,522
Non-Operating Grants, Subsidies and Contributions	14,007,132	12,187,006
	<u>20,695,506</u>	<u>18,677,528</u>
<b>By Program:</b>		
Governance	22,156	7,041
General Purpose Funding	4,806,951	3,671,924
Law, Order, Public Safety	217,860	217,713
Health	10,550	13,754
Education and Welfare	699,627	633,135
Community Amenities	6,606,154	5,629,936
Recreation and Culture	829,946	1,902,337
Transport	6,619,074	5,216,014
Economic Services	20,887	780,872
Other Property and Services	862,301	604,802
	<u>20,695,506</u>	<u>18,677,528</u>

**30. ELECTED MEMBERS REMUNERATION**

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

	<b>2012</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Meeting Fees	90,962	91,000	91,000
Mayor's Allowance	60,000	60,000	60,000
Deputy Mayor's Allowance	8,951	9,000	9,000
State Council Allowance*	1,040	0	0
Travelling Expenses*	13,419	18,500	12,701
Telecommunications Allowance	17,992	18,000	18,000
	<u>192,364</u>	<u>196,500</u>	<u>190,701</u>

\* Funds paid to Elected Members appointed to State Council which is reimbursed by the Western Australian Local Government Association.

**31. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<b>2012</b>	<b>2011</b>
<u>412</u>	<u>409</u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**32. MAJOR LAND TRANSACTIONS**

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

(a) Details

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

	<b>2012</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
<b>(b) Current year transactions</b>			
<b>Operating Revenue</b>			
- Profit on sale	582,990	757,557	10,990,755
<b>Capital Revenue</b>			
- Sale Proceeds	1,030,708	1,470,000	18,197,325
- Grant Proceeds	0	0	300,000
<b>Capital Expenditure</b>			
- Development Costs	206,138	118,363	1,473,437
	<u>206,138</u>	<u>118,363</u>	<u>1,473,437</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 2012.

(c) Expected Future Cash Flows

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cash Outflows</b>				
- Development Costs	0	0	0	0
- Loan Repayments	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Cash Inflows</b>				
- Loan Proceeds	0	0	0	0
- Sale Proceeds	704,545	0	0	704,545
	<u>704,545</u>	<u>0</u>	<u>0</u>	<u>704,545</u>
<b>Net Cash Flows</b>	<u>704,545</u>	<u>0</u>	<u>0</u>	<u>704,545</u>

**Lot 85 Streatham Street and part Lot 900 Railway Parade, Beckenham subdivision**

(a) Details

Council is in the process of developing and subdividing Lot 85 Streatham Street and Lot 900 Railway Parade, Beckenham, known as Sydenham St Reserve. This subdivision will provide approximately 51 residential lots and the development of a new public open space area adjacent to Beckenham Community Centre. Council intends to sell the residential lots.

The development and subdivision costs for this project is funded by a loan from WA Treasury Corporation and to be repaid by residential lots sale proceeds.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**Lot 85 Streatham Street and part Lot 900 Railway Parade, Beckenham subdivision (Continued)**

	2012 \$	2012 Budget \$	2011 \$
(b) Current year transactions			
<b>Operating Revenue</b>			
- Profit on sale	0	0	0
<b>Capital Revenue</b>			
- Sale Proceeds	0	0	0
<b>Operating Expense</b>			
- Interest Expense	0	300,000	0
<b>Capital Expenditure</b>			
- Development Costs	118,766	5,000,000	0
	<u>118,766</u>	<u>5,000,000</u>	<u>0</u>

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

There is a loan liability in relation to this land transaction as at 30 June 2012 (refer to Note 22(a) in this financial report)

(c) Expected Future Cash Flows

	2013 \$	2014 \$	2015 \$	Total \$
<b>Cash Outflows</b>				
- Development Costs	(4,716,916)	0	0	(4,716,916)
- Loan Repayments	(5,300,000)	0	0	(5,300,000)
	<u>(10,016,916)</u>	<u>0</u>	<u>0</u>	<u>(10,016,916)</u>
<b>Cash Inflows</b>				
- Loan Proceeds	0	0	0	0
- Sale Proceeds	9,797,000	0	0	9,797,000
	<u>9,797,000</u>	<u>0</u>	<u>0</u>	<u>9,797,000</u>
<b>Net Cash Flows</b>	<u>(219,916)</u>	<u>0</u>	<u>0</u>	<u>(219,916)</u>

**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 development is undertaken in conjunction with adjoining landowners so that the development potential of the available land can be maximised. The costs include all civil works associated with the subdivision of the lots including road works, drainage, sewerage, water and gas reticulation, electrical and Telstra. The net profit from this development will be transferred to the Public Open Space Reserve for Beckenham.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**Farnaby Lane Subdivision**

	2012 \$	2012 Budget \$	2011 \$
(b) Current year transactions			
<b>Operating Revenue</b>			
- Profit on sale	0	492,445	0
<b>Capital Revenue</b>			
- Sale Proceeds	0	0	0
<b>Capital Expenditure</b>			
- Development Costs	103,744	0	0
- Sales Incentives	0	11,000	0
	<u>103,744</u>	<u>11,000</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 2012.

(c) Expected Future Cash Flows

	2013 \$	2014 \$	2015 \$	Total \$
<b>Cash Outflows</b>				
- Development Costs	0	0	0	0
- Loan Repayments	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Cash Inflows</b>				
- Loan Proceeds	0	0	0	0
- Sale Proceeds	1,112,455	0	0	1,112,455
	<u>1,112,455</u>	<u>0</u>	<u>0</u>	<u>1,112,455</u>
<b>Net Cash Flows</b>	<u>1,112,455</u>	<u>0</u>	<u>0</u>	<u>1,112,455</u>

**33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2011/12 financial year.



**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**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>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>				
Cash and cash equivalents	82,646,235	69,848,654	82,646,235	69,848,654
Receivables	5,626,471	5,828,646	5,626,471	5,828,646
Financial assets at fair value through profit or loss	3,482,202	1,692,830	3,482,202	1,692,830
Held to maturity investment	0	4,143,544	0	4,000,000
	<u>91,754,908</u>	<u>81,513,674</u>	<u>91,754,908</u>	<u>81,370,130</u>
<b>Financial Liabilities</b>				
Payables	9,715,252	11,734,238	9,715,252	11,734,238
Borrowings	12,611,900	14,483,741	12,320,380	12,491,677
	<u>22,327,152</u>	<u>26,217,979</u>	<u>22,035,632</u>	<u>24,225,915</u>

Fair value is determined as follows:

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

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**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>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Impact of a 10% (*) movement in value of investments:		
- Equity	656,035	758,445
- Statement of Comprehensive Income	656,035	758,445
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	965,044	861,885
- Statement of Comprehensive Income	965,044	861,885

**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.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**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.

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>2012</b>	<b>2011</b>
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	93.72%	96.92%
- Overdue	6.28%	3.08%

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**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.

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

	<u>2012</u>				
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	9,715,252	0	0	9,715,252	9,715,252
Borrowings	2,367,686	11,243,841	0	13,611,527	12,611,900
	<u>12,082,938</u>	<u>11,243,841</u>	<u>0</u>	<u>23,326,779</u>	<u>22,327,152</u>
	<u>2011</u>				
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>

### 34. FINANCIAL RISK MANAGEMENT (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:

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## **INDEPENDENT AUDITOR'S REPORT**

### **TO: RATEPAYERS OF CITY OF GOSNELLS**

We have audited the financial report of the City of Gosnells, which comprises the Statement of Financial Position as at 30 June 2012 and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

#### **Council's Responsibility for the Financial Report**

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

#### **Auditor's Responsibility**

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

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

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

#### **Independence**

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

### **Auditor's Opinion**

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

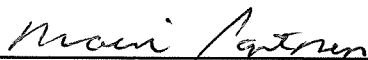
- (i) gives a true and fair view of the financial position of the City of Gosnells as at 30 June 2012 and of its financial performance for the year ended on that date; and
- (ii) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards (including the Australian Accounting Interpretations).

### **Statutory Compliance**

We did not during the course of our audit become aware of any instances where the Council did not comply with the requirements of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

### **Matters Relating to the Electronic Publication of the Audited Financial Report**

This auditor's report relates to the financial report of City of Gosnells for the year ended 30 June 2012 included on the City of Gosnells' website. The Council is responsible for the integrity of the City of Gosnells' website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



**MACRI PARTNERS  
CERTIFIED PRACTISING ACCOUNTANTS  
SUITE 2, 137 BURSWOOD ROAD  
BURSWOOD WA 6100**



**A MACRI  
PARTNER**

**PERTH  
DATED THIS 17<sup>TH</sup> DAY OF OCTOBER 2012.**

