

CITY OF GOSNELLS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

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CITY OF GOSNELLS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

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 2013 are in my opinion properly drawn up to present fairly the financial position of the City of Gosnells at 30 June 2013 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 as authorisation for issue on the 21st day of October 2013



Ian Cowie
Chief Executive Officer

CITY OF GOSNELLS
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Rates	24	51,889,238	51,839,545	49,769,922
Operating Grants, Subsidies and Contributions	30	5,922,460	5,228,356	6,688,374
Fees and Charges	29	18,353,788	17,251,805	16,743,250
Interest Earnings	2(a)	5,903,071	2,887,356	6,294,295
Other Revenue		<u>2,309,909</u>	<u>106,950</u>	<u>434,052</u>
		84,378,466	77,314,012	79,929,893
Expenses				
Employee Costs		(32,521,636)	(32,452,701)	(29,785,133)
Materials and Contracts		(20,138,568)	(23,172,832)	(18,171,191)
Utility Charges		(4,734,492)	(4,739,029)	(4,200,858)
Amortisation	2(a)	(268,543)	(287,820)	(182,728)
Depreciation on Non-Current Assets	2(a)	(14,441,982)	(12,912,433)	(15,772,430)
Interest Expenses	2(a)	(436,576)	(598,482)	(852,197)
Insurance Expenses		(1,807,544)	(1,856,085)	(1,683,552)
Other Expenditure		<u>(1,134,210)</u>	<u>(696,682)</u>	<u>(3,991,654)</u>
		(75,483,551)	(76,716,064)	(74,639,743)
		8,894,915	597,948	5,290,150
 Non-Operating Grants, Subsidies and Contributions	 30	 12,197,967	 10,937,417	 14,007,132
Fair value adjustments to financial assets at fair value through profit or loss	4	293,092	0	(171,917)
Gain on Sale of Investment	4	0	0	114,172
Profit on Asset Disposals	22	241,263	6,146,373	930,670
Loss on Asset Disposals	22	<u>(785,191)</u>	<u>(609,199)</u>	<u>(503,094)</u>
Net Result		20,842,046	17,072,539	19,667,113
Other Comprehensive Income				
Changes on revaluation of non-current assets	14	1,068,815	0	334,681,559
Total Other Comprehensive Income		<u>1,068,815</u>	<u>0</u>	<u>334,681,559</u>
Total Comprehensive Income		<u><u>21,910,861</u></u>	<u><u>17,072,539</u></u>	<u><u>354,348,672</u></u>

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

CITY OF GOSNELLS
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Governance		20,038	3,000	22,949
General Purpose Funding		64,465,048	59,114,384	61,407,874
Law, Order, Public Safety		400,782	407,390	448,689
Health		251,327	186,870	210,134
Education and Welfare		960,863	1,053,922	1,008,672
Community Amenities		12,107,395	11,435,314	10,975,861
Recreation and Culture		3,216,933	2,755,394	2,961,426
Transport		233,893	102,500	155,341
Economic Services		1,817,999	1,681,432	1,886,320
Other Property and Services		904,188	573,806	794,882
	2(a)	84,378,466	77,314,012	79,872,148
Expenses				
Governance		(3,957,158)	(4,085,611)	(3,786,893)
General Purpose Funding		(1,214,067)	(1,276,344)	(1,011,731)
Law, Order, Public Safety		(2,406,003)	(2,465,123)	(2,214,923)
Health		(1,456,372)	(1,443,305)	(1,269,543)
Education and Welfare		(3,629,694)	(3,995,518)	(3,513,397)
Community Amenities		(15,233,817)	(16,193,404)	(17,097,774)
Recreation and Culture		(25,659,241)	(26,491,196)	(23,678,674)
Transport		(17,875,625)	(16,097,957)	(17,867,510)
Economic Services		(2,705,642)	(3,271,137)	(2,504,207)
Other Property and Services		(909,356)	(797,988)	(670,977)
	2(a)	(75,046,975)	(76,117,583)	(73,615,629)
Finance Costs				
Law, Order, Public Safety		0	(75,000)	0
Recreation and Culture		(63,860)	(100,000)	(99,907)
Economic Services		(24,625)	(51,805)	(65,432)
Other Property and Services		(348,091)	(371,677)	(686,858)
	2(a)	(436,576)	(598,482)	(852,197)
Fair Value Adjustments to Financial Assets at Fair Value through Profit or Loss				
General Purpose Funding	4	293,092	0	(171,917)
Non-Operating Grants, Subsidies and Contributions				
Law, Order, Public Safety		0	1,350,000	0
Education and Welfare		0	0	18,498
Community Amenities		3,988,809	2,890,000	6,418,875
Recreation and Culture		73,945	329,336	516,628
Transport		8,048,943	6,368,081	6,533,341
Other Property and Services		86,270	0	519,790
	30	12,197,967	10,937,417	14,007,132
Profit/(Loss) on Disposal of Assets				
Recreation and Culture		(159,986)	0	(50,440)
Transport		(624,960)	(572,280)	(154,589)
Other Property and Services		241,018	6,109,455	632,605
	22	(543,928)	5,537,175	427,576
Net Result		20,842,046	17,072,539	19,667,113
Other Comprehensive Income				
Changes on revaluation of non-current assets	14	1,068,815	0	334,681,559
Total Other Comprehensive Income		1,068,815	0	334,681,559
Total Comprehensive Income		21,910,861	17,072,539	354,348,672

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

CITY OF GOSNELLS
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	NOTE	2013 \$	2012 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	90,593,111	82,646,235
Trade and Other Receivables	5	3,458,370	4,187,730
Inventories	6	3,654,395	3,927,045
TOTAL CURRENT ASSETS		<u>97,705,876</u>	<u>90,761,010</u>
NON-CURRENT ASSETS			
Investments	4	3,775,294	3,482,202
Other Receivables	5	999,411	1,438,741
Property, Plant and Equipment	7	204,033,857	201,477,929
Infrastructure	8	573,036,471	564,299,337
Intangible Assets	9	1,010,001	664,699
TOTAL NON-CURRENT ASSETS		<u>782,855,034</u>	<u>771,362,908</u>
TOTAL ASSETS		<u>880,560,910</u>	<u>862,123,918</u>
CURRENT LIABILITIES			
Trade and Other Payables	10	10,388,004	9,715,252
Short Term Borrowings	11	1,608,385	3,583,529
Provisions	12	6,530,477	5,398,619
TOTAL CURRENT LIABILITIES		<u>18,526,866</u>	<u>18,697,400</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	11	5,677,687	9,028,371
Provisions	12	707,069	659,720
TOTAL NON-CURRENT LIABILITIES		<u>6,384,756</u>	<u>9,688,091</u>
TOTAL LIABILITIES		<u>24,911,622</u>	<u>28,385,491</u>
NET ASSETS		<u>855,649,288</u>	<u>833,738,427</u>
EQUITY			
Retained Surplus		335,179,031	320,084,513
Reserves - Cash/Investments Backed	13	51,945,567	46,198,039
Revaluation Surplus	14	468,524,690	467,455,875
TOTAL EQUITY		<u>855,649,288</u>	<u>833,738,427</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 30 JUNE 2013

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2011		303,192,668	42,567,807	133,629,280	479,389,755
Net Result		19,667,113	0	0	19,667,113
Total Other Comprehensive Income	14	0	0	334,681,559	334,681,559
Transfer to retained Surplus	14	854,964	0	(854,964)	0
Reserve Transfers	13	(3,630,232)	3,630,232	0	0
Balance as at 30 June 2012		320,084,513	46,198,039	467,455,875	833,738,427
Net Result		20,842,046	0	0	20,842,046
Total Other Comprehensive Income	14	0	0	1,068,815	1,068,815
Reserve Transfers	13	(5,747,528)	5,747,528	0	0
Balance as at 30 June 2013		335,179,031	51,945,567	468,524,690	855,649,288

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

**CITY OF GOSNELLS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
Cash Flows From Operating Activities				
Receipts				
Rates		52,415,395	52,238,333	49,867,965
Operating Grants, Subsidies and Contributions		5,916,706	5,528,356	6,688,374
Fees and Charges		18,234,742	16,763,623	16,810,375
Interest Earnings		6,867,269	2,937,356	6,423,311
Goods and Services Tax		4,235,486	4,550,000	4,511,472
Other Revenue		2,309,909	106,950	434,052
		<u>89,979,507</u>	<u>82,124,618</u>	<u>84,735,549</u>
Payments				
Employee Costs		(31,237,158)	(32,490,602)	(29,149,228)
Materials and Contracts		(19,584,506)	(22,411,602)	(20,521,651)
Utility Charges		(4,734,492)	(4,739,029)	(4,200,858)
Insurance Expenses		(1,807,544)	(1,856,085)	(1,683,552)
Interest Expenses		(411,260)	(677,906)	(729,160)
Goods and Services Tax		(4,482,445)	(4,525,000)	(4,411,926)
Other Expenditure		(1,134,210)	(696,682)	(3,991,654)
		<u>(63,391,615)</u>	<u>(67,396,906)</u>	<u>(64,688,029)</u>
Net Cash Provided By (Used In) Operating Activities	15(b)	<u>26,587,892</u>	<u>14,727,712</u>	<u>20,047,520</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		(194,685)	(4,737,662)	(428,648)
Payments for Purchase of Property, Plant & Equipment & Intangibles		(7,925,615)	(19,675,324)	(9,340,160)
Payments for Construction of Infrastructure		(18,953,640)	(24,288,424)	(17,358,308)
Payments for Purchase of Investments		0	0	(1,961,289)
Non-Operating Grants, Subsidies and Contributions		12,197,967	10,937,417	14,007,132
Proceeds from Sale of Property, Plant & Equipment		814,009	1,176,000	3,563,918
Proceeds from Sale of Land Held for Resale		746,776	10,909,455	2,010,557
Proceeds from Sale of Investments		0	0	4,128,700
Net Cash Provided By (Used In) Investing Activities		<u>(13,315,188)</u>	<u>(25,678,538)</u>	<u>(5,378,098)</u>
Cash Flows from Financing Activities				
Repayment of Loans		(5,325,828)	(6,952,409)	(7,171,841)
Proceeds from New Loans		0	2,850,000	5,300,000
Net Cash Provided By (Used In) Financing Activities		<u>(5,325,828)</u>	<u>(4,102,409)</u>	<u>(1,871,841)</u>
Net Increase (Decrease) in Cash Held		7,946,876	(15,053,235)	12,797,581
Cash at Beginning of Year		82,646,235	71,157,996	69,848,654
Cash and Cash Equivalents at the End of the Year	15(a)	<u>90,593,111</u>	<u>56,104,761</u>	<u>82,646,235</u>

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

**CITY OF GOSNELLS
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013**

	NOTE	2013 Actual \$	2013 Budget \$	2012 Actual \$
Revenue				
Governance		20,038	3,000	22,949
General Purpose Funding		12,868,905	6,976,051	11,637,952
Law, Order, Public Safety		400,782	407,390	448,689
Health		251,327	186,870	210,134
Education and Welfare		960,863	1,053,922	1,008,672
Community Amenities		12,107,395	11,435,314	10,975,861
Recreation and Culture		3,216,933	2,755,394	2,961,426
Transport		316,316	139,418	344,180
Economic Services		1,817,999	1,681,432	1,886,320
Other Property and Services		1,145,451	6,683,261	1,536,712
		<u>33,106,009</u>	<u>31,322,052</u>	<u>31,032,895</u>
Expenses				
Governance		(3,957,158)	(4,085,611)	(3,786,893)
General Purpose Funding		(1,214,067)	(1,276,344)	(1,183,648)
Law, Order, Public Safety		(2,406,003)	(2,540,123)	(2,214,923)
Health		(1,456,372)	(1,443,305)	(1,269,543)
Education and Welfare		(3,629,694)	(3,995,518)	(3,513,397)
Community Amenities		(15,233,818)	(16,193,404)	(17,097,774)
Recreation and Culture		(25,883,086)	(26,591,196)	(23,829,021)
Transport		(18,583,008)	(16,707,156)	(18,210,938)
Economic Services		(2,730,267)	(3,322,942)	(2,569,638)
Other Property and Services		(1,257,692)	(1,169,665)	(1,467,062)
		<u>(76,351,165)</u>	<u>(77,325,264)</u>	<u>(75,142,837)</u>
Net Result Excluding Rates		(43,245,156)	(46,003,212)	(44,109,942)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	22	543,928	(5,537,174)	(427,576)
(Gain)/Loss on Sale of Investment	4	0	0	(114,172)
Amortisation On Investments	4	0	0	129,016
Fair Value Adjustment to Financial Assets		(293,092)	0	171,917
Movement in Deferred Rates and Other Debtors		439,331	406,579	428,391
Movement in Non Current Liabilities		707,069	0	0
Depreciation and Amortisation on Assets	2(a)	14,845,159	13,298,889	16,091,736
Capital Expenditure and Revenue				
Purchase Land Held for Resale		(194,685)	(4,737,662)	(428,648)
Purchase Land and Buildings	7a	(4,086,787)	(12,952,154)	(5,069,286)
Purchase Infrastructure Assets	8a	(19,088,276)	(24,288,424)	(17,494,886)
Purchase Plant and Equipment	7a	(3,281,966)	(5,479,640)	(3,817,449)
Purchase Furniture, Equipment and Intangible Assets		(556,861)	(1,243,530)	(453,425)
Contribution/Grants for the construction of Assets	30	12,197,967	10,937,417	14,007,132
Purchase of Investments	4	0	0	(1,961,289)
Proceeds from Disposal of Investments	4	0	0	4,128,700
Proceeds from Disposal of Assets	22	1,560,785	12,085,455	5,574,475
Repayment of Loans	23a	(5,325,828)	(6,952,409)	(7,171,841)
Proceeds from New Loans	23a	0	2,850,000	5,300,000
Transfers to Reserves (Restricted Assets)	13	(11,593,033)	(7,829,412)	(13,952,869)
Transfers from Reserves (Restricted Assets)	13	5,845,505	7,827,859	10,322,637
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	24(b)	25,094,428	15,879,085	14,171,885
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	24(b)	25,457,726	400,000	25,094,428
Total Amount Raised from General Rates	24(a)	<u>(51,889,238)</u>	<u>(52,138,333)</u>	<u>(49,769,922)</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 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), 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 at fair value of the selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at **Note 21** to these 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) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

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

(d) Cash and Cash Equivalents

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

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Trade and Other Receivables

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

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

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

(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 completion of development. Finance costs and holding charges incurred after development is completed are expensed.

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

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

(g) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at fair value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

(a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and

(b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -

(i) that are plant and equipment; and

(ii) that are -

(a) land and buildings; or

(b) infrastructure;

and

(c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

**CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

Council has commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16 (a), the Council is required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or regional significance.

The Council has determined that the City does not have any land to be recognised under this requirement.

Initial Recognition

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

Revaluation

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following as a guide:

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date (Level 1 inputs in the fair value hierarchy).

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

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 as profit or loss.

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

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

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

Transitional Arrangement

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** methodology section as detailed above.

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to fair value, AASB 13 - Fair Value Measurement does not become applicable until the end of the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt ASAB 13 (as allowed for in the standard).

As a consequence, the principles embodied in AASB 13 - *Fair Value Measurement* have been applied to this reporting period (year ended 30 June 2013).

Due to the nature and timing of the adoption (driven by legislation), the adoption of this standard has had no effect on previous reporting periods.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Land under Roads

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

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

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

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

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

Depreciation of Non-Current Assets

All non-current assets having a limited useful life (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.

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	
formation	not depreciated
pavement	70 to 110 years
seal	20 - 30 years
Gravel roads	
formation	not depreciated
pavement	50 years
gravel sheet	12 years
Formed roads (unsealed)	
formation	not depreciated
pavement	20 to 80 years
Footpaths	40 to 80 years
Bridges	50 to 100 years
Drains	50 to 100 years
Park Development	5 to 25 years
Play Equipment	5 to 25 years

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

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 surplus.

Capitalisation Threshold

Details below are the minimum threshold amounts for the recognition of any non current asset in the statement of financial position:

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

(h) Intangible Assets

Easements

Due to legislative changes, Easements are required to be recognised as assets.

The Council has determined that under AASB 138 Intangible Assets, easements are valued on an historical cost basis, because it is unlikely that an active market in easements exists to allow for fair value measurement. Due to acquisition of easements at NIL values and the inability to reliably measure the fair value of easements, no easements have been included in the financial report.

(i) 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 (ie 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.

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.

**CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

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. They are subsequently measured at fair value with changes to carrying amount being included in profit or loss.

(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. Gains or losses are recognised in profit or loss.

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. Gains or losses are recognised in profit or loss.

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.

(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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

They are subsequently measured at fair value with changes in such fair value (ie 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 available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired.

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial instruments, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. 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.

(j) 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 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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, are recognised as a current liability and are normally paid within 30 days of recognition.

(l) 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 those 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.

(m) Borrowing Costs

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

(n) Provisions

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; 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.

(o) Leases

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

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

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

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

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Investments in Associates

Associates are entities in which the Council has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Council. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Council's share of net assets of the associate entity. In addition, Council's share of the profit or loss of the associate entity is included in the Council's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition, whereby the Council's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Council and the associate are eliminated to the extent of the Council's interest in the associate.

(q) Joint Venture

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 18.

The Council's interest in joint venture entities are recorded using the equity method of accounting (refer to Note 1(p) for details) in the financial report.

When the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of gain or loss not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

(r) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

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

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) 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.

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

(v) Comparative Figures

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

(w) Budget Comparative Figures

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

(x) Events After The Reporting Period

Subsequent to year-end, the State Government has announced the proposed amalgamation of some Metropolitan Councils in Western Australia effective from 1 July 2015. The impact on the City of Gosnells has not yet been quantified.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Council.

Management's assessment of the new and amended pronouncement that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows.

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB 9 – Financial Instruments AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures	December 2009 September 2012	1 January 2013 Deferred AASB 9 until 1 January 2015	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 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).
(iii)	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).
(iv)	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 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title and Topic	Issued	Applicable (*)	Impact
(v)	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.
(vi)	AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2012-8 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.
(vii)	AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 32]	June 2012	01 January 2013	Principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This Standard is not expected to significantly impact on the Council's financial statements.
(viii)	AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities. [AASB 132]	June 2012	01 January 2014	This Standard adds application guidance to AASB 132: <i>Financial Instruments: Presentation</i> to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. This Standard is not expected to significantly impact on the Council's financial statements.
(ix)	AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle. [AASB 1, 101, 116, 132, 134 and Interpretation 2]	June 2012	01 January 2013	Outlines changes to the various standards and interpretations as listed. These topics are not currently relevant to Council, nor are they expected to be in the future. As a consequence, this Standard is not expected to significantly impact on the Council's financial statements.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title and Topic	Issued	Applicable (*)	Impact
(ix)	AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]	December 2012	01 January 2013	Mainly consequential changes relating to transition guidance. It is not expected to have a significant impact on Council.

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

(z) 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 2010 – 8
AASB 2011 - 3
AASB 2011 - 13

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.

The Council also chose to early adopt *AASB 13 – Fair Value Measurement* as allowed for in the standard. For further details with respect to this early adoption, refer to Note 1(g).

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

2. REVENUE AND EXPENSES	2013	2012
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit of the financial report	29,000	29,000
- Audit of Grants	922	5,220
	<u>29,922</u>	<u>34,220</u>
 Amortisation		
Intangible Assets	268,543	182,728
Total Amortisation	<u>268,543</u>	<u>182,728</u>
 Depreciation		
Depreciation Expense		
Buildings	1,871,877	1,751,734
Furniture and Equipment	322,998	431,406
Plant and Equipment	1,790,119	1,671,513
Roads & Footpaths	6,551,097	5,726,699
Bridges	220,361	218,917
Drainage	945,170	927,850
Park Development	2,365,646	2,212,557
Other Infrastructure	374,714	2,831,754
	<u>14,441,982</u>	<u>15,772,430</u>
 Depreciation Capitalised		
Plant & Equipment	134,634	136,578
	<u>134,634</u>	<u>136,578</u>
 Total Depreciation	<u>14,576,616</u>	<u>15,909,008</u>
 Interest Expenses (Finance Costs)		
Debentures (<i>refer Note 23(a)</i>)	436,576	852,197
	<u>436,576</u>	<u>852,197</u>
 Rental Charges		
- Operating Leases	69,536	67,894
	<u>69,536</u>	<u>67,894</u>
 (ii) Crediting as Revenue:		
	2013	2013
	\$	Budget
		\$
 Interest Earnings		
Investments		
- Reserve Funds	2,649,623	896,356
- Other Funds	2,619,266	1,367,579
Other Interest Revenue (<i>refer note 28</i>)	634,182	623,421
	<u>5,903,071</u>	<u>2,887,356</u>
		<u>2,887,356</u>
		<u>6,294,295</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

2. REVENUE AND EXPENSES (Continued)

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.

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 30 JUNE 2013

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance (*) 1-Jul-11 \$	Received (+) 2011/12 \$	Expended (#) 2011/12 \$	Closing Balance (*) 30-Jun-12 \$	Received (+) 2012/13 \$	Expended (#) 2012/13 \$	Closing Balance 30-Jun-13 \$
Grant/Contribution								
<u>Non Operating</u>								
Bridge Rehabilitation								
Bridge 925 - Nicholson Rd Langford		22,909	18,000	0	40,909	16,000	0	56,909
		22,909	18,000	0	40,909	16,000	0	56,909
Footpath Construction								
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
Information technology								
Graffiti - P&R Upgrade		18,000	0	(18,000)	0	0	0	0
		18,000	0	(18,000)	0	0	0	0
National Black Spot								
Austin Ave - Install roundabout		0	360,000	(8,827)	351,173	0	(294,567)	56,606
		0	360,000	(8,827)	351,173	0	(294,567)	56,606
Park Development Construction								
Walter Parbury - Landscape Works		11,044	0	(11,044)	0	0	0	0
Cromarty Gardens Reserve - Playground Installation		17,906	0	(17,906)	0	0	0	0
Aldinga St Reserve - Playground Construction		40,279	0	(40,279)	0	0	0	0
Acott Rd Reserve - Landscaping		0	82,716	(14,824)	67,892	0	(67,892)	0
Lakey St Road - Verge Landscaping		6,420	0	(966)	5,454	0	0	5,454
Walking and Cycle Path Link		0	0	0	0	32,000	0	32,000
		75,649	82,716	(85,019)	73,346	32,000	(67,892)	37,454
Road Improvements								
Warton Rd - Garden St to Ranford Rd		0	431,621	(183,728)	247,893	0	0	247,893
Garden Street - Nicholson Rd to Warton Rd		828,993	920,000	(1,748,993)	0	0	0	0
Stage 3 - Warton Rd - Garden St to Ranford Rd		0	755,046	(742,176)	12,870	200,000	(212,870)	0
Corfield St at Verna St - Intersection		217,001	1,583,874	(1,800,875)	0	0	0	0
Nicholson Rd Duplication - Ranford to Clontarf		0	0	0	0	666,667	(7,153)	659,514
		1,045,994	3,690,541	(4,475,772)	260,763	866,667	(220,023)	907,407

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)	Grant/Contribution	Opening Balance (*) 1-Jul-11 \$	Received (+) 2011/12 \$	Expended (#) 2011/12 \$	Closing Balance (*) 30-Jun-12 \$	Received (+) 2012/13 \$	Expended (#) 2012/13 \$	Closing Balance 30-Jun-13 \$
Road Rehabilitation								
	Eudoria St - Bicycle Lanes Remarking	13,067	0	(13,067)	0	0	0	0
	Crandon St - Bicycle Lanes Remarking	3,084	0	(3,084)	0	0	0	0
	George St - Bicycle Lanes Remarking	1,989	0	(1,989)	0	0	0	0
	Eileen St - Bicycle Lanes Remarking	8,250	0	(8,250)	0	0	0	0
	Corfield St - Verna St to Eileen St	0	40,233	0	40,233	60,350	(100,583)	0
	Yale Rd Roundabout at Nicholson Rd	0	0	0	0	7,584	0	7,584
		26,390	40,233	(26,390)	40,233	67,934	(100,583)	7,584
State Black Spot								
	Dorothy St/Wheatley St -Traffic Signals	403,412	0	(25,097)	378,315	0	(373,019)	5,296
	Ovens Rd/Discovery Dr - Upgrade Street Lighting	6,751	2,400	(9,151)	0	0	0	0
	Albany Hwy - Gosnells Rd - Traffic Signal	167,282	136,000	(23,551)	279,731	335,834	(615,565)	0
	Ranford Rd - Upgrade St Light	11,774	0	(11,774)	0	0	0	0
	Southern River Rd - Upgrade St Lighting	139,298	52,000	(191,298)	0	0	0	0
	Huntingdale Rd/Harpenden St - Upgrade St Lighting	10,106	0	(10,106)	0	0	0	0
	Ovens Rd/Forest Lakes Dr - Upgrade St Lighting	10,262	2,200	(12,462)	0	0	0	0
	Corfield St/Verna St - Upgrade St Lighting	16,000	0	(16,000)	0	0	0	0
	Kenwick Rd/Belmont Rd - Upgrade St Lighting	9,914	0	(9,914)	0	0	0	0
	Connell Ave - Install median islands and Upgrade St lights	40,979	46,000	(86,979)	0	0	0	0
	Stage 1 Yale Rd & Murdoch Rd - Install Roundabout	61,321	104,000	(24,192)	141,129	0	(141,129)	0
	Amherst Rd - Install median island	29,736	48,000	(77,736)	0	0	0	0
	Ovens Rd - Install median islands, bus embayment	112,000	112,000	(224,000)	0	0	0	0
	William St and Tooting St - Install Roundabout	38,600	42,400	(81,000)	0	0	0	0
	Yale Rd to Murdoch Rd - Upgrade Streetlighting	11,200	11,200	(5,630)	16,770	32,000	(54)	48,716
	Forest Lakes Dr - Install Median Islands	26,400	26,400	(52,800)	0	0	0	0
	Corfield St and Stalker Rd - Reinforce/Improve Signage	49,736	18,000	(67,736)	0	0	0	0
	Dorothy St - Install Median Islands	8,897	21,600	(30,497)	0	0	0	0
	Roundabout - Stage 2 - Yale & Murdoch Rds	0	0	0	0	272,000	(55,002)	216,998
	Spring Rd & Thornlie Av - Lighting	0	0	0	0	15,600	(5,398)	10,202
	William St Roundabout - Lighting	0	0	0	0	12,000	(5,574)	6,426
		1,153,668	622,200	(959,923)	815,945	667,434	(1,195,741)	287,638
Bridge Construction								
	Burslem Dr Bridge Phase 1	0	0	0	0	1,440,000	(318,411)	1,121,589
		0	0	0	0	1,440,000	(318,411)	1,121,589
Total Non Operating		2,385,610	4,813,690	(5,573,931)	1,625,369	3,090,035	(2,197,217)	2,518,187

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)	Grant/Contribution	Opening Balance (*) 1-Jul-11 \$	Received (+) 2011/12 \$	Expended (#) 2011/12 \$	Closing Balance (*) 30-Jun-12 \$	Received (+) 2012/13 \$	Expended (#) 2012/13 \$	Closing Balance 30-Jun-13 \$
<u>Operating</u>								
Community Engagement								
Club Development		16,508	25,000	(41,508)	0	0	0	0
Kidsport Sponsorship		0	145,000	(127,278)	17,722	165,000	(126,872)	55,850
Home Security Interactive DVD		13,000	0	(13,000)	0	0	0	0
Graffiti Awareness Campaign		0	14,435	0	14,435	0	(14,435)	0
Meals on Wheels		0	115,643	(92,586)	23,057	48,144	(40,136)	31,065
Senior Cuisine		16,611	0	(2,486)	14,125	0	(14,125)	0
Inclusive Recreation		21,017	107,903	(100,646)	28,274	113,366	(118,919)	22,721
STR8 Talking Project		160,000	212,000	(240,326)	131,674	78,000	(162,883)	46,791
CRE8 Leadership Program		0	0	0	0	25,000	0	25,000
		227,136	619,981	(617,830)	229,287	429,510	(477,370)	181,427
Planning								
Mambu Way Drainage Reserve - Land Subdivision		2,727	0	0	2,727	0	(2,727)	0
		2,727	0	0	2,727	0	(2,727)	0
State Emergency Service								
State Emergency Service		0	45,344	(44,308)	1,036	41,500	(37,283)	5,253
		0	45,344	(44,308)	1,036	41,500	(37,283)	5,253
Total Operating		229,863	665,325	(662,138)	233,050	471,010	(517,380)	186,680
Total								
		2,615,473	5,479,015	(6,236,069)	1,858,419	3,561,045	(2,714,597)	2,704,867

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	33,585,326	31,329,454
Restricted	<u>57,007,785</u>	<u>51,316,781</u>
	<u><u>90,593,111</u></u>	<u><u>82,646,235</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Reserves (Refer Note 13)	51,945,567	46,198,039
less Investment backed reserves	<u>(2,313,289)</u>	<u>(1,920,911)</u>
Total Cash Backed Reserves	<u><u>49,632,278</u></u>	<u><u>44,277,128</u></u>
Restricted Cash		
Cash Backed Reserves	49,632,278	44,277,128
Unspent Grants (Refer Note 2(c))	2,704,867	1,858,419
Unspent Loans (Refer Note 23(c))	<u>4,670,640</u>	<u>5,181,234</u>
Total Restricted Cash	<u><u>57,007,785</u></u>	<u><u>51,316,781</u></u>
4. INVESTMENTS		
Non Current		
Financial assets at fair value through profit or loss		
At beginning of the year	3,482,202	1,692,830
Revaluation to Statement of Comprehensive Income	293,092	(171,917)
Additions	0	1,961,289
Disposals	<u>0</u>	<u>0</u>
At end of the year	<u><u>3,775,294</u></u>	<u><u>3,482,202</u></u>
Held to Maturity		
At beginning of the year	0	4,143,544
Gain on Sale	0	114,172
Additions	0	0
Amortisation	0	(129,016)
Disposals	<u>0</u>	<u>(4,128,700)</u>
At end of the year	<u><u>0</u></u>	<u><u>0</u></u>
Total Non Current	<u><u>3,775,294</u></u>	<u><u>3,482,202</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Various Reserve Funds	<u>2,313,289</u>	<u>1,920,911</u>
	<u><u>2,313,289</u></u>	<u><u>1,920,911</u></u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
5. TRADE AND OTHER RECEIVABLES		
Current		
Rates, ESL and Charges outstanding	839,220	926,044
GST Receivable	614,756	367,800
Accrued Revenue	1,281,728	2,240,173
Sundry Debtors	722,666	653,713
	<u>3,458,370</u>	<u>4,187,730</u>
Non-Current		
Rates Outstanding - Pensioners	999,411	1,032,720
Underground Power Debtors	0	406,021
	<u>999,411</u>	<u>1,438,741</u>
6. INVENTORIES		
Current		
Fuel and Materials	270,290	232,094
Land Held for Resale - Cost		
Cost of Acquisition	3,694,951	2,234,020
Development Costs	194,685	428,648
Disposals	(505,531)	(1,492,717)
Reclassification of Land to		
Land Held for Resale	0	2,525,000
	<u>3,654,395</u>	<u>3,927,045</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
7. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Management Valuation	104,598,960	102,255,514
Buildings at:		
- Management Valuation	88,009,173	87,994,746
Total Land and Buildings	<u>192,608,133</u>	<u>190,250,260</u>
Furniture and Equipment - at cost	4,300,126	4,060,664
Less Accumulated Depreciation	<u>(3,196,641)</u>	<u>(2,973,840)</u>
	1,103,485	1,086,824
Plant and Equipment		
- Management Valuation	10,306,775	0
- At cost	0	16,151,436
- Less Accumulated Depreciation	<u>0</u>	<u>(6,026,055)</u>
	10,306,775	10,125,381
Local Government House - at cost	15,464	15,464
	<u><u>204,033,857</u></u>	<u><u>201,477,929</u></u>

Land and Buildings:

Land and Buildings were independently valued as at 30 June 2011.

In accordance with FM Reg17(a), they will be independently valued in the 2013/14 financial year.

Plant and Equipment:

The City performed an in-house revaluation of Plant and Equipment at 29 June 2013.

Valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy).

The revaluation resulted in an overall increase of \$156,614 in the net value of the City's plant and equipment. All of this increase was credited to the revaluation surplus in the City's equity (refer Note 14(d) for further details) and was recognised as changes on revaluation of non-current assets in the Statement of Comprehensive Income.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

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 \$	Local Government House \$	Total \$
Balance as at the beginning of the year	190,250,260	1,086,824	10,125,381	15,464	201,477,929
Additions	4,086,787	336,776	3,281,966	0	7,705,529
(Disposals)	(134,236)	0	(1,052,351)	0	(1,186,587)
Revaluation - Increments / (Decrements)	0	0	156,614	0	156,614
Other Movements	277,199	2,883	(280,082)	0	0
Depreciation (Expense)	(1,871,877)	(322,998)	(1,924,753)	0	(4,119,628)
Carrying amount at the end of year	<u>192,608,133</u>	<u>1,103,485</u>	<u>10,306,775</u>	<u>15,464</u>	<u>204,033,857</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
8. INFRASTRUCTURE		
Roads & Footpaths - Management Valuation	488,874,911	484,935,928
Bridges - Cost	11,566,917	10,988,152
Less Accumulated Depreciation	<u>(2,301,901)</u>	<u>(2,081,541)</u>
	9,265,016	8,906,611
Drainage - Cost	48,975,950	47,146,867
Less Accumulated Depreciation	<u>(9,824,349)</u>	<u>(8,879,179)</u>
	39,151,601	38,267,688
Park Development - Cost	47,679,983	44,301,261
Less Accumulated Depreciation	<u>(17,627,086)</u>	<u>(15,261,440)</u>
	30,052,897	29,039,821
Other Infrastructure - Management Valuation	5,692,046	0
Other Infrastructure - Cost	0	5,981,043
Less Accumulated Depreciation	<u>0</u>	<u>(2,831,754)</u>
	5,692,046	3,149,289
	<u><u>573,036,471</u></u>	<u><u>564,299,337</u></u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

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.

	Roads & Footpaths \$	Bridges \$	Drainage \$	Park Development \$	Other Infrastructure \$	Total \$
Balance at the beginning of the year	484,935,928	8,906,611	38,267,688	29,039,821	3,149,289	564,299,337
Additions	10,415,580	578,765	1,829,083	3,378,722	2,886,125	19,088,275
(Disposals)	0	0	0	0	(412,594)	(412,594)
Revaluation - Increments / (Decrements)	0	0	0	0	518,441	518,441
Impairment - (Losses) / Reversals	0	0	0	0	0	0
Depreciation (Expense)	(6,551,097)	(220,360)	(945,170)	(2,365,646)	(374,715)	(10,456,988)
Other Movements	74,500	0	0	0	(74,500)	0
Carrying amount at the end of year	488,874,911	9,265,016	39,151,601	30,052,897	5,692,046	573,036,471

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
9. INTANGIBLE ASSETS		
Computer Software at:		
- Management Valuation	1,010,001	0
- At Cost	0	1,944,328
- Less Accumulated Amortisation	0	(1,279,629)
	<u>1,010,001</u>	<u>664,699</u>

Movements in Carrying Amounts

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

	Computer Software \$
Balance at the beginning of the year	664,699
Additions	220,085
Revaluation - Increments / (Decrements)	393,760
Amortisation (Expense)	(268,543)
Carrying amount at the end of year	<u>1,010,001</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
10. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	4,019,834	2,971,124
Bonds & Deposits	4,731,318	5,209,231
Accruals	1,189,995	1,094,168
Income in Advance	290,457	340,547
Deferred Salaries	156,400	100,182
	<u>10,388,004</u>	<u>9,715,252</u>

11. BORROWINGS

Current		
Loans	1,608,385	3,583,529
	<u>1,608,385</u>	<u>3,583,529</u>
Non-Current		
Loans	5,677,687	9,028,371
	<u>5,677,687</u>	<u>9,028,371</u>

Additional detail on borrowings is provided in Note 23.

12. PROVISIONS

Analysis of Total Provisions

Current		
Provision for Annual Leave	3,274,420	2,636,805
Provision for Long Service Leave	3,256,057	2,761,814
	<u>6,530,477</u>	<u>5,398,619</u>
Non-Current		
Provision for Long Service Leave	707,069	659,720
	<u>707,069</u>	<u>659,720</u>
Total Provisions	<u>7,237,546</u>	<u>6,058,339</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance as at 1 July 2012	2,636,805	3,421,534	6,058,339
Additional provisions	3,060,964	798,537	3,859,501
Amounts used	(2,423,349)	(481,885)	(2,905,234)
Used amounts reversed	0	0	0
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	224,940	224,940
Balance at 30 June 2013	<u>3,274,420</u>	<u>3,963,126</u>	<u>7,237,546</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2013 Budget \$	2012 \$
13. RESERVES - CASH/INVESTMENT BACKED			
(a) Administration Building Construction			
Opening Balance	0	0	181,977
Amount Set Aside / Transfer to Reserve	0	0	2,295
Amount Used / Transfer from Reserve	0	0	(184,272)
	<u>0</u>	<u>0</u>	<u>0</u>
(b) Asset Management (previously Building Construction)			
Opening Balance	678,180	650,518	472,367
Amount Set Aside / Transfer to Reserve	758,633	712,809	372,878
Amount Used / Transfer from Reserve	0	0	(167,065)
	<u>1,436,813</u>	<u>1,363,327</u>	<u>678,180</u>
(c) Developer Contributions for Future Infrastructure			
Opening Balance	312,570	301,659	296,465
Amount Set Aside / Transfer to Reserve	17,964	6,130	18,339
Amount Used / Transfer from Reserve	0	0	(2,234)
	<u>330,534</u>	<u>307,789</u>	<u>312,570</u>
(d) Emergency Services			
Opening Balance	58,988	28,943	28,368
Amount Set Aside / Transfer to Reserve	3,390	588	30,620
Amount Used / Transfer from Reserve	0	0	0
	<u>62,378</u>	<u>29,531</u>	<u>58,988</u>
(e) Floodlighting Levy			
Opening Balance	52,603	44,275	33,498
Amount Set Aside / Transfer to Reserve	24,111	10,575	19,105
Amount Used / Transfer from Reserve	(22,279)	(26,000)	0
	<u>54,435</u>	<u>28,850</u>	<u>52,603</u>
(f) Gosnells Oval Redevelopment			
Opening Balance	270,116	259,502	167,652
Amount Set Aside / Transfer to Reserve	105,042	83,838	117,464
Amount Used / Transfer from Reserve	0	0	(15,000)
	<u>375,158</u>	<u>343,340</u>	<u>270,116</u>
(g) Gosnells Town Centre Revitalisation			
Opening Balance	465,046	459,105	380,562
Amount Set Aside / Transfer to Reserve	103,841	84,325	115,764
Amount Used / Transfer from Reserve	(14,712)	(24,984)	(31,280)
	<u>554,175</u>	<u>518,446</u>	<u>465,046</u>
(h) Harmony Fields			
Opening Balance	121,137	113,500	92,025
Amount Set Aside / Transfer to Reserve	31,115	22,815	29,112
Amount Used / Transfer from Reserve	0	0	0
	<u>152,252</u>	<u>136,315</u>	<u>121,137</u>
(i) Heritage Condition Reward Scheme			
Opening Balance	12,275	16,234	0
Amount Set Aside / Transfer to Reserve	13,681	12,881	16,735
Amount Used / Transfer from Reserve	(5,860)	(10,000)	(4,460)
	<u>20,096</u>	<u>19,115</u>	<u>12,275</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2013 Budget \$	2012 \$
13. RESERVES - CASH/INVESTMENT BACKED (Continued)			
(j) Insurance			
Opening Balance	480,156	461,120	451,944
Amount Set Aside / Transfer to Reserve	355,295	9,370	28,212
Amount Used / Transfer from Reserve	0	0	0
	<u>835,451</u>	<u>470,490</u>	<u>480,156</u>
(k) Langford Oval Redevelopment			
Opening Balance	169,972	161,777	139,732
Amount Set Aside / Transfer to Reserve	43,717	23,184	30,240
Amount Used / Transfer from Reserve	0	0	0
	<u>213,689</u>	<u>184,961</u>	<u>169,972</u>
(l) Leisure World - Asset Management			
Opening Balance	275,563	267,658	87,922
Amount Set Aside / Transfer to Reserve	72,970	60,979	190,737
Amount Used / Transfer from Reserve	0	0	(3,096)
	<u>348,533</u>	<u>328,637</u>	<u>275,563</u>
(m) Local Government Elections			
Opening Balance	158,244	152,252	233,960
Amount Set Aside / Transfer to Reserve	73,959	66,149	71,578
Amount Used / Transfer from Reserve	0	0	(147,294)
	<u>232,203</u>	<u>218,401</u>	<u>158,244</u>
(n) Local Open Space Strategy			
Opening Balance	585,519	641,427	0
Amount Set Aside / Transfer to Reserve	26,327	500	652,292
Amount Used / Transfer from Reserve	(342,154)	(641,927)	(66,773)
	<u>269,692</u>	<u>0</u>	<u>585,519</u>
(o) Maddington/Kenwick Revitalisation			
Opening Balance	2,044,371	1,962,549	2,657,565
Amount Set Aside / Transfer to Reserve	115,763	27,954	123,435
Amount Used / Transfer from Reserve	(56,931)	(586,838)	(736,629)
	<u>2,103,203</u>	<u>1,403,665</u>	<u>2,044,371</u>
(p) MGB Plant & Equipment			
Opening Balance	2,859,050	2,775,817	3,477,665
Amount Set Aside / Transfer to Reserve	1,231,556	150,232	1,101,002
Amount Used / Transfer from Reserve	(1,050,401)	(1,175,000)	(719,617)
# Equity Transfer to / (from) Reserve	0	0	(1,000,000)
	<u>3,040,205</u>	<u>1,751,049</u>	<u>2,859,050</u>
(q) Mills Park			
Opening Balance	253,500	239,914	182,510
Amount Set Aside / Transfer to Reserve	62,391	51,810	70,990
Amount Used / Transfer from Reserve	0	0	0
	<u>315,891</u>	<u>291,724</u>	<u>253,500</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2013 Budget \$	2012 \$
13. RESERVES - CASH/INVESTMENT BACKED (Continued)			
(r) Netball Courts - Resurfacing			
Opening Balance	8,925	8,572	8,401
Amount Set Aside / Transfer to Reserve	513	174	524
Amount Used / Transfer from Reserve	0	0	0
	<u>9,438</u>	<u>8,746</u>	<u>8,925</u>
(s) Operations Centre			
Opening Balance	399,991	384,628	384,831
Amount Set Aside / Transfer to Reserve	22,514	1,312	23,584
Amount Used / Transfer from Reserve	(13,308)	(320,062)	(8,424)
	<u>409,197</u>	<u>65,878</u>	<u>399,991</u>
(t) Performing Arts Centre			
Opening Balance	190,127	182,616	158,270
Amount Set Aside / Transfer to Reserve	33,554	23,607	31,857
Amount Used / Transfer from Reserve	0	0	0
	<u>223,681</u>	<u>206,223</u>	<u>190,127</u>
(u) Plant & Equipment			
Opening Balance	1,966,644	1,626,763	725,486
Amount Set Aside / Transfer to Reserve	1,784,034	1,600,462	1,842,398
Amount Used / Transfer from Reserve	(967,632)	(2,608,040)	(1,601,240)
# Equity Transfer to / (from) Reserve	0	0	1,000,000
	<u>2,783,046</u>	<u>619,185</u>	<u>1,966,644</u>
(v) Public Open Space			
Opening Balance	15,203,245	14,942,148	13,624,916
Amount Set Aside / Transfer to Reserve	3,237,188	2,172,124	4,572,481
Amount Used / Transfer from Reserve	(1,355,680)	(756,571)	(2,994,152)
	<u>17,084,753</u>	<u>16,357,701</u>	<u>15,203,245</u>
(w) Rate Revaluation			
Opening Balance	218,635	209,916	84,759
Amount Set Aside / Transfer to Reserve	143,871	131,910	133,876
Amount Used / Transfer from Reserve	0	0	0
	<u>362,506</u>	<u>341,826</u>	<u>218,635</u>
(x) Recreation and Culture Infrastructure			
Opening Balance	891,282	871,090	989,792
Amount Set Aside / Transfer to Reserve	172,778	135,866	165,935
Amount Used / Transfer from Reserve	0	0	(264,445)
	<u>1,064,060</u>	<u>1,006,956</u>	<u>891,282</u>
(y) Refuse Disposal Site Rehabilitation			
Opening Balance	461,195	442,627	412,932
Amount Set Aside / Transfer to Reserve	102,666	29,400	48,263
Amount Used / Transfer from Reserve	0	0	0
	<u>563,861</u>	<u>472,027</u>	<u>461,195</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2013 Budget \$	2012 \$
13. RESERVES - CASH/INVESTMENT BACKED (Continued)			
(z) Southern River Contaminated Site Rehabilitation			
Opening Balance	572,533	599,955	657,522
Amount Set Aside / Transfer to Reserve	28,998	10,159	35,143
Amount Used / Transfer from Reserve	(150,952)	(100,000)	(120,132)
	<u>450,579</u>	<u>510,114</u>	<u>572,533</u>
(aa) Staff Retention			
Opening Balance	26,987	25,949	15,152
Amount Set Aside / Transfer to Reserve	31,965	30,324	31,835
Amount Used / Transfer from Reserve	(40,000)	(40,000)	(20,000)
	<u>18,952</u>	<u>16,273</u>	<u>26,987</u>
(ab) Sutherlands Park			
Opening Balance	283,397	253,736	243,265
Amount Set Aside / Transfer to Reserve	78,065	78,619	89,720
Amount Used / Transfer from Reserve	0	0	(49,588)
	<u>361,462</u>	<u>332,355</u>	<u>283,397</u>
(ac) Walter Padbury Park			
Opening Balance	104,858	141,024	296,480
Amount Set Aside / Transfer to Reserve	67,224	52,939	62,838
Amount Used / Transfer from Reserve	0	(11,228)	(254,460)
	<u>172,082</u>	<u>182,735</u>	<u>104,858</u>
(ad) TPS 7			
Opening Balance	8,145	7,832	65,238
Amount Set Aside / Transfer to Reserve	82	159	550
Amount Used / Transfer from Reserve	(8,227)	0	(57,643)
	<u>0</u>	<u>7,991</u>	<u>8,145</u>
(ae) TPS 9A			
Opening Balance	1,202,532	1,154,859	1,136,859
Amount Set Aside / Transfer to Reserve	68,863	43,771	70,673
Amount Used / Transfer from Reserve	(5,000)	(5,000)	(5,000)
	<u>1,266,395</u>	<u>1,193,630</u>	<u>1,202,532</u>
(af) TPS 10			
Opening Balance	10,099	9,699	9,506
Amount Set Aside / Transfer to Reserve	132	197	593
Amount Used / Transfer from Reserve	(10,231)	0	0
	<u>0</u>	<u>9,896</u>	<u>10,099</u>
(ag) TPS 15			
Opening Balance	389,005	373,586	371,131
Amount Set Aside / Transfer to Reserve	22,109	27,896	22,874
Amount Used / Transfer from Reserve	(5,000)	(5,000)	(5,000)
	<u>406,114</u>	<u>396,482</u>	<u>389,005</u>
(ah) TPS 17			
Opening Balance	288,254	277,960	236,381
Amount Set Aside / Transfer to Reserve	16,318	25,953	70,227
Amount Used / Transfer from Reserve	(5,000)	(5,000)	(18,354)
	<u>299,572</u>	<u>298,913</u>	<u>288,254</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2013 Budget \$	2012 \$
13. RESERVES - CASH/INVESTMENT BACKED (Continued)			
(ai) TPS 20			
Opening Balance	1,457,493	1,389,531	1,287,563
Amount Set Aside / Transfer to Reserve	215,914	228,906	180,042
Amount Used / Transfer from Reserve	(5,000)	(166,959)	(10,112)
	<u>1,668,407</u>	<u>1,451,478</u>	<u>1,457,493</u>
(aj) ODP Canning Vale			
Opening Balance	373,030	360,910	328,846
Amount Set Aside / Transfer to Reserve	441,910	24,106	63,225
Amount Used / Transfer from Reserve	(15,000)	(178,846)	(19,041)
	<u>799,940</u>	<u>206,170</u>	<u>373,030</u>
(ak) ODP West Canning Vale (Campbell Estate)			
Opening Balance	5,756,375	6,209,878	7,599,864
Amount Set Aside / Transfer to Reserve	463,263	308,172	938,837
Amount Used / Transfer from Reserve	(1,689,387)	(1,086,404)	(2,782,326)
	<u>4,530,251</u>	<u>5,431,646</u>	<u>5,756,375</u>
(al) ODP Southern River Precinct 1			
Opening Balance	923,733	887,113	874,441
Amount Set Aside / Transfer to Reserve	539,613	119,753	54,292
Amount Used / Transfer from Reserve	(15,000)	(15,000)	(5,000)
	<u>1,448,346</u>	<u>991,866</u>	<u>923,733</u>
(am) ODP Southern River Precinct 2			
Opening Balance	5,253,145	4,984,289	3,521,267
Amount Set Aside / Transfer to Reserve	412,851	866,012	1,761,878
Amount Used / Transfer from Reserve	(25,000)	(25,000)	(30,000)
	<u>5,640,996</u>	<u>5,825,301</u>	<u>5,253,145</u>
(an) ODP Southern River Precinct 3			
Opening Balance	1,303,187	1,031,272	577,483
Amount Set Aside / Transfer to Reserve	72,912	530,302	725,704
Amount Used / Transfer from Reserve	(40,000)	(40,000)	0
	<u>1,336,099</u>	<u>1,521,574</u>	<u>1,303,187</u>
(ao) ODP Southern River Precinct 3A			
Opening Balance	56,088	45,216	24,412
Amount Set Aside / Transfer to Reserve	3,223	51,935	31,676
Amount Used / Transfer from Reserve	0	0	0
	<u>59,311</u>	<u>97,151</u>	<u>56,088</u>
(ap) ODP Southern River Precinct 3E			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	10,203	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>10,203</u>	<u>0</u>
(aq) ODP Southern River Precinct 5			
Opening Balance	51,844	49,789	48,798
Amount Set Aside / Transfer to Reserve	2,980	1,012	3,046
Amount Used / Transfer from Reserve	0	0	0
	<u>54,824</u>	<u>50,801</u>	<u>51,844</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2013 \$	2013 Budget \$	2012 \$
13. RESERVES - CASH/INVESTMENT BACKED (Continued)			
(ar) Homestead Road ODP			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	589,738	0	0
Amount Used / Transfer from Reserve	(2,750)	0	0
	<u>586,988</u>	<u>0</u>	<u>0</u>
 TOTAL CASH BACKED RESERVES	 <u>51,945,567</u>	 <u>45,008,761</u>	 <u>46,198,039</u>

Summary of Cash / Investment Backed Reserves

Opening Balance	46,198,039	45,007,208	42,567,807
Amount Set Aside / Transfer to Reserve	11,593,033	7,829,412	13,952,869
# Equity Transfer to / (from) Reserve	0	0	0
Amount Used / Transfer from Reserve	(5,845,505)	(7,827,859)	(10,322,637)
Total Summary of Cash / Investment Backed Reserves	<u>51,945,567</u>	<u>45,008,761</u>	<u>46,198,039</u>

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 2012/2013 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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

13. RESERVES - CASH/INVESTMENT BACKED (Continued)

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 .

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.

**CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

13. RESERVES - CASH/INVESTMENT BACKED (Continued)

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.

ODP Canning Vale

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

ODP West Canning Vale (Campbell Estate)

- 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 3E

- 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.

Homestead Road ODP

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

14. REVALUATION SURPLUS	2013	2012
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land and Buildings		
Opening balance	132,774,316	133,629,280
Revaluation Increment	0	0
Revaluation Decrement	0	0
Revaluation Write Back on Disposals	0	(854,964)
	<u>132,774,316</u>	<u>132,774,316</u>
(b) Roads & Footpaths		
Opening Balance	334,681,559	0
Revaluation Increment	0	334,681,559
Revaluation Decrement	0	0
	<u>334,681,559</u>	<u>334,681,559</u>
(c) Other Infrastructure Assets		
Opening Balance	0	0
Revaluation Increment	518,441	0
Revaluation Decrement	0	0
	<u>518,441</u>	<u>0</u>
(d) Plant & Equipment		
Opening Balance	0	0
Revaluation Increment	156,614	0
Revaluation Decrement	0	0
	<u>156,614</u>	<u>0</u>
(e) Intangible Assets		
Opening Balance	0	0
Revaluation Increment	393,760	0
Revaluation Decrement	0	0
	<u>393,760</u>	<u>0</u>
TOTAL REVALUATION SURPLUS	<u><u>468,524,690</u></u>	<u><u>467,455,875</u></u>
Summary of Revaluation Surplus		
Opening Balance	467,455,875	133,629,280
Revaluation Increment	1,068,815	334,681,559
Revaluation Decrement	0	0
Revaluation Write Back on Disposals	0	(854,964)
Total Summary of Revaluation Surplus	<u><u>468,524,690</u></u>	<u><u>467,455,875</u></u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

15. 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:

	2013 \$	2013 Budget \$	2012 \$
Cash and Cash Equivalents	<u>90,593,111</u>	<u>56,104,761</u>	<u>82,646,235</u>

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

Net Result	20,842,046	17,072,539	19,667,113
Amortisation - Intangible Assets	268,543	287,820	182,728
Amortisation - Held to Maturity Bonds	0	0	129,016
Depreciation	14,441,982	12,912,433	15,772,430
(Profit)/Loss on Sale of Asset	543,928	(5,537,174)	(427,576)
(Profit)/Loss on Sale of Investment	0	0	(114,172)
Movement in Fair Value of Investments	(293,092)	0	171,917
(Increase)/Decrease in Receivables	1,168,689	310,606	202,175
(Increase)/Decrease in Inventories	(38,196)	39,954	39,291
Increase/(Decrease) in Payables	672,755	740,972	(2,018,986)
Increase/(Decrease) in Employee Provisions	1,179,204	(162,020)	450,716
Grants/Contributions for the Development of Assets	(12,197,967)	(10,937,417)	(14,007,132)
Non-Current Assets recognised due to changes in legislative requirements	0	0	0
Net Cash from Operating Activities	<u>26,587,892</u>	<u>14,727,713</u>	<u>20,047,520</u>

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

Credit Card limit	105,000	60,000
Credit Card Balance at Balance Date	<u>(18,280)</u>	<u>(16,213)</u>
Total Amount of Credit Unused	<u>86,720</u>	<u>43,787</u>

Loan Facilities

Loan Facilities - Current	1,608,385	3,583,529
Loan Facilities - Non-Current	<u>5,677,687</u>	<u>9,028,371</u>
Total Facilities in Use at Balance Date	<u>7,286,072</u>	<u>12,611,900</u>

Unused Loan Facilities at Balance Date

Restricted*	<u>20,788,928</u>	<u>10,093,900</u>
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* funds only available for the purpose detailed in Note 23(a)

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

16. CONTINGENT LIABILITIES

The City has a claim against it for compensation for incorrect information on a zoning certificate. The City's solicitors are handling this claim, it is understood that no legal action has yet been taken.

The amount sought in full and final settlement is \$250,000. The event is has been covered by the City's insurance/insurer.

17. CAPITAL AND LEASING COMMITMENTS	2013	2012
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	69,536	70,475
- later than one year but not later than five years	34,952	101,771
	<u>104,488</u>	<u>172,246</u>

18. JOINT VENTURE

NIL

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	19,947,805	20,364,302
General Purpose Funding	3,584,745	2,051,293
Law, Order, Public Safety	1,235,496	1,229,895
Health	1,926,926	1,969,314
Education and Welfare	4,618,365	4,539,904
Community Amenities	46,361,533	47,006,786
Recreation and Culture	126,734,874	122,908,256
Transport	539,648,620	533,090,063
Economic Services	628,028	933,485
Other Property and Services	40,615,903	39,053,347
Unallocated	95,258,615	88,977,273
	<u>880,560,910</u>	<u>862,123,918</u>

CITY OF GOSNELLS
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	2013	2012	2011
20. FINANCIAL RATIOS			
Current Ratio	2.20	2.11	1.90
Asset Sustainability Ratio	0.42	0.27	0.59
Debt Service Cover Ratio	4.13	2.79	1.49
Operating Surplus Ratio	0.17	0.08	0.17
Own Source Revenue Coverage Ratio	1.04	0.99	1.10

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

The following information relates to these ratios which only require attention they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

	2013	2012	2011
Asset Consumption Ratio	0.79	N/A	N/A
Asset Renewal Funding Ratio	0.74	N/A	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

N/A: - In keeping with amendments to Local Government (Financial Management) Regulation 50, comparatives for the two preceeding years (being 2012 and 2011) have not been reported as financial information is not available.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

21. TRUST FUNDS

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

	Balance 1-Jul-12 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-13 \$
Unclaimed Monies	39,625	10,974	0	50,599
Construction Training Fund	0	424,342	(390,643)	33,699
Building Commission	31,290	256,038	(223,433)	63,895
ECM User Group	10,704	9,091	(15,025)	4,770
	<u>81,619</u>			<u>152,963</u>

22. DISPOSALS OF ASSETS - 2012/13 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant & Equipment	1,052,350	1,748,281	813,991	1,176,000	(238,359)	(572,281)
Land Held for Resale	505,531	4,800,000	746,776	10,909,455	241,245	6,109,455
Buildings	134,238	0	0	0	(134,238)	0
Furniture & Equipment	0	0	18	0	18	0
Other Infrastructure	412,594	0	0	0	(412,594)	0
	<u>2,104,713</u>	<u>6,548,281</u>	<u>1,560,785</u>	<u>12,085,455</u>	<u>(543,928)</u>	<u>5,537,174</u>

Summary

	2013 \$	2013 Budget \$
Profit on Asset Disposals	241,263	6,146,373
Loss on Asset Disposals	(785,191)	(609,199)
	<u>(543,928)</u>	<u>5,537,174</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

23. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-12 \$	New Loans \$	Principal Repayments		Principal 30-Jun-13		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Law, Order & Public Safety								
FESA Building	0	0	0	0	0	2,850,000	0	75,000
Recreation & Culture								
Harmony Fields	1,905,012	0	1,905,012	0	0	1,905,012	63,860	100,000
Pioneer Park	485,047		236,032	236,032	249,015	249,015	16,321	26,677
Other Property & Services								
Civic Centre	4,108,683	0	2,750,604	1,009,798	1,358,079	3,098,885	138,064	175,000
Economic Services								
Underground Power Project	813,158	0	434,180	406,579	378,978	406,577	24,625	51,805
Unclassified								
Streatham Street Subdivision*	5,300,000	0	0	5,300,000	5,300,000	5,300,000	193,706	170,000
	12,611,900	0	5,325,828	6,952,409	7,286,072	13,809,489	436,576	598,482

(*) Repayment funded by sale of land proceeds

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 30 JUNE 2013

23. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2012/13

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
FESA Building	0	2,850,000	WA Treasury Corporation	Short Term Loan Facility	5	0	0	0	2,850,000	0

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-12 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-13 \$
Unclassified					
Streatham Street	01-Dec-11	5,181,234	0	(510,594)	4,670,640
		5,181,234	0	(510,594)	4,670,640

All other loan funds were fully expended.

(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 30 JUNE 2013

24. RATING INFORMATION - 2012/13 FINANCIAL YEAR

(a)

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
Gross Rental Value (GRV)											
Commercial Improved	6.3420	355	65,379,103	4,146,343	16,691	0	4,163,034	4,146,343	0	0	4,146,343
Commercial Vacant	8.2450	34	1,461,850	120,530	(7,400)	0	113,130	120,530	0	0	120,530
Extractive Industry	12.0500	3	405,500	48,863	0	0	48,863	48,863	0	0	48,863
Industrial Improved	6.3420	798	63,130,311	4,003,724	17,139	0	4,020,863	4,003,724	150,000	0	4,153,724
Industrial Vacant	8.2450	57	2,615,470	215,646	6,300	0	221,946	215,646	20,000	0	235,646
Kennel Area Improved	6.3420	123	2,063,212	130,849	2,284	0	133,133	130,849	0	0	130,849
Residential Development GRV	7.6100	28	1,283,806	97,698	(646)	0	97,052	97,698	0	0	97,698
Residential Improved	6.3420	29,437	485,684,120	30,802,087	740,199	0	31,542,286	30,802,087	568,622	0	31,370,709
Residential Vacant	8.2450	183	5,561,680	458,561	8,113	0	466,674	458,561	0	0	458,561
Rural GRV	7.6100	864	19,485,112	1,482,817	(6,938)	0	1,475,879	1,482,817	0	0	1,482,817
Tenancy Agreements	6.8420	52	2,258,017	154,494	(2,285)	0	152,209	154,494	0	0	154,494
Gosnells Town Centre	7.2930	76	7,763,390	566,184	9,806	0	575,990	566,184	0	0	566,184
Unimproved Value (UV)											
Residential Development UV	0.1350	6	13,160,000	17,766	(867)	0	16,899	17,766	0	0	17,766
Rural UV	0.2250	57	72,195,000	162,439	5,919	0	168,358	162,439	0	0	162,439
Rural UV Agricultural Concession	0.1800	10	73,380,000	132,084	0	0	132,084	132,084	0	0	132,084
Sub-Totals		32,083	815,826,571	42,540,085	788,315	0	43,328,400	42,540,085	738,622	0	43,278,707

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

24. RATING INFORMATION - 2012/13 FINANCIAL YEAR

(a)

	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Minimum Rates	Minimum \$									
Gross Rental Value (GRV)										
Commercial Improved	46	359,192	37,444	0	0	37,444	37,444	0	0	37,444
Commercial Vacant	4	24,215	3,256	0	0	3,256	3,256	0	0	3,256
Extractive Industry	0	0	0	0	0	0	0	0	0	0
Industrial Improved	125	1,233,960	101,750	0	0	101,750	101,750	0	0	101,750
Industrial Vacant	0	0	0	0	0	0	0	0	0	0
Kennel Area Improved	25	298,480	20,350	0	0	20,350	20,350	0	0	20,350
Residential Development GRV	5	44,774	4,070	0	0	4,070	4,070	0	0	4,070
Residential Improved	9,059	107,159,694	7,374,026	0	0	7,374,026	7,374,026	0	0	7,374,026
Residential Vacant	1,181	7,227,340	961,334	0	0	961,334	961,334	0	0	961,334
Rural GRV	58	536,043	47,212	0	0	47,212	47,212	0	0	47,212
Tenancy Agreements	4	19,490	3,256	0	0	3,256	3,256	0	0	3,256
Gosnells Town Centre	7	56,833	5,698	0	0	5,698	5,698	0	0	5,698
Unimproved Value (UV)										
Rural UV	0	0	0	0	0	0	2,442	0	0	2,442
Rural UV Agriculture Concession	3	605,000	2,442	0	0	2,442	0	0	0	0
Residential Development UV	0	0	0	0	0	0	0	0	0	0
Sub-Totals	10,517	117,565,021	8,560,838	0	0	8,560,838	8,560,838	0	0	8,560,838
Total Amount Raised from General Rate						51,889,238				51,839,545
Specified Area Rate (refer note 25)						51,889,238				51,839,545
Total Rates						306,391				298,788
						52,195,629				52,138,333

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

24. RATING INFORMATION - 2012/13 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward	2013 (30 June 2013 Carried Forward) \$	2013 (1 July 2012 Brought Forward) \$	2012 (30 June 2012 Carried Forward) \$
Surplus/(Deficit) - Rate Setting Statement	<u>25,457,726</u>	<u>25,094,428</u>	<u>25,094,428</u>
<u>Comprises:</u>			
Cash - Unrestricted	33,585,326	31,329,454	31,329,454
Cash - Restricted	57,007,785	51,316,781	51,316,781
Rates outstanding	839,220	926,044	926,044
GST Receivable	614,756	367,800	367,800
Accrued Interest	1,269,280	2,233,479	2,233,479
Accrued Income	12,448	6,694	6,694
CLASS Debtors	66,098	21,038	21,038
Sundry Debtors	278,773	258,085	258,085
Less - Provision for Doubtful Debts	(102,208)	(102,208)	(102,208)
Underground Power Debtors	390,472	422,058	422,058
Health Debtors	39,030	54,741	54,741
Regulatory Debtors	50,501	0	0
Inventories			
- Fuel and Materials	270,290	232,094	232,094
<u>Less:</u>			
Reserves - Restricted Cash	(51,945,567)	(46,198,040)	(46,198,040)
Sundry Creditors	(4,019,831)	(2,971,124)	(2,971,124)
Bonds & Deposits	(4,731,318)	(5,209,231)	(5,209,231)
Accruals	(1,189,995)	(1,094,168)	(1,094,168)
Income Received in Advance	(290,457)	(340,547)	(340,547)
Deferred Salaries	(156,400)	(100,182)	(100,182)
Employee Benefits Provision	(6,530,477)	(6,058,340)	(6,058,340)
Surplus/(Deficit)	<u><u>25,457,726</u></u>	<u><u>25,094,428</u></u>	<u><u>25,094,428</u></u>

Difference:

There was no difference between the Surplus/(Deficit) 1 July 2012 Brought Forward position used in the 2013 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2012 audited financial report.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

25. SPECIFIED AREA RATE - 2012/13 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Interim Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
The Avenues	0.005229	GRV	9,842,400	51,466	62	51,466	51,528	51,466
Sanctuary Waters	0.004482	GRV	15,027,620	67,354	0	67,354	67,353	67,354
The Reserve	0.003065	GRV	7,512,636	23,026	780	23,026	23,806	23,026
Brookland Greens	0.004159	GRV	13,238,643	55,060	756	55,060	55,816	55,060
The Boardwalk	0.003672	GRV	15,280,536	56,110	577	56,110	56,687	56,110
Bletchley Park	0.003316	GRV	13,803,490	45,772	5,428	45,772	51,201	45,772
				298,788	7,603	298,788	306,391	298,788

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"
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 30 JUNE 2013

26. SERVICE CHARGES - 2012/13 FINANCIAL YEAR

NIL

27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2012/13 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Rates Incentive A	Incentive	N/A	5,000	5,000
Leisure World	Discount	Various	53,281	49,800
Leisure Programs	Discount	Various	25	2,200
Don Russell Performing Arts Centre	Discount	Various	50	3,450
Ranger Services	Discount	Various	17,913	18,480
Library & Heritage Services	Discount	10	23	39
Health Services	Discount	Various	14,215	15,930
Rates Concessions	Concession	N/A	34,301	34,301
Sundry Debtors Write-off	Write-Off	N/A	289	4,000

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. The winners suburb was 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 \$600 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 30 JUNE 2013

27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2012/13 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

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 30 JUNE 2013

27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2012/13 FINANCIAL YEAR (Continued)

Rate Concessions

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

	\$
Addie Mills Social Club Inc	407
Real Life Church Inc	3,387
Small Business Centre South East Metro	10,311
Liddelow Homestead Arts & Crafts Club Inc	270
Kalyan & Family Pty Ltd	1,626
Gosnells Junior Football Club Inc	2,497
Starick Services Inc	6,600
The Federation of WA Police & Community Youth Centres Inc	7,971
Darling Range Wildlife Shelter Inc	1,232
	<u>34,301</u>

Sundry Debt Write-off

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

28. INTEREST CHARGES AND INSTALMENTS - 2012/13 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	N/A	176,545	160,000
Interest on Deferred Rates & ESL		N/A	61,054	61,616
Interest on Instalments Plan	5.50%	N/A	371,033	350,000
Interest on MUPP Instalments	3.18%	N/A	25,550	51,805
			634,182	623,421
Charges on Instalment Plan & Special Arrangements	N/A	\$12	228,833	251,000
			863,015	874,421

Ratepayers had the option of paying rates in four equal instalments, due on 24 August 2012, 19 October 2012, 4 January 2013, 1 March 2013. Administration charges and interest applied for the final three instalments.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

29. FEES & CHARGES	2013	2012
	\$	\$
Governance	209	73
General Purpose Funding	642,095	384,773
Law, Order, Public Safety	220,749	230,828
Health	238,900	199,583
Education and Welfare	352,992	324,023
Community Amenities	11,855,799	10,788,545
Recreation and Culture	2,791,250	2,647,330
Transport	104,777	69,608
Economic Services	1,783,073	1,797,077
Other Property and Services	363,944	301,410
	<u>18,353,788</u>	<u>16,743,250</u>

30. GRANT REVENUE

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

	2013	2012
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	5,922,460	6,688,374
Non-Operating Grants, Subsidies and Contributions	12,197,967	14,007,132
	<u>18,120,427</u>	<u>20,695,506</u>
By Program:		
Governance	19,830	22,156
General Purpose Funding	3,873,060	4,806,951
Law, Order, Public Safety	180,033	217,860
Health	12,427	10,550
Education and Welfare	607,465	699,627
Community Amenities	4,240,404	6,606,154
Recreation and Culture	499,475	829,946
Transport	8,178,060	6,619,074
Economic Services	9,375	20,887
Other Property and Services	500,298	862,301
	<u>18,120,427</u>	<u>20,695,506</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

31. ELECTED MEMBERS REMUNERATION	2013	2013	2012
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	86,332	91,000	90,962
Mayor's Allowance	60,082	60,000	60,000
Deputy Mayor's Allowance	9,012	9,000	8,951
State Council Allowance*	1,550	3,000	1,040
Travelling Expenses*	12,676	18,000	13,419
Telecommunications Allowance	16,898	18,000	17,992
	<u>186,550</u>	<u>199,000</u>	<u>192,364</u>

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

32. EMPLOYEE NUMBERS	2013	2012
The number of full-time equivalent employees at balance date	<u>434</u>	<u>412</u>

33. 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) Current year transactions	2013	2013	2012
	\$	Budget	\$
		\$	
Operating Revenue			
- Profit on sale	241,245	0	582,990
Capital Revenue			
- Sale Proceeds	746,776	0	1,030,708
Capital Expenditure			
- Development Costs	0	(21,466)	(260,138)

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 2013.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

33. MAJOR LAND TRANSACTIONS (Continued)

(c) Expected Future Cash Flows

	2014 \$	2015 \$	2016 \$	2017 \$	Total \$
Cash Outflows					
- Development Costs	0	0	0	0	0
- Loan Repayments	0	0	0	0	0
	0	0	0	0	0
Cash Inflows					
- Loan Proceeds	0	0	0	0	0
- Sale Proceeds	0	0	0	0	0
	0	0	0	0	0
Net Cash Flows	0	0	0	0	0

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.

	2013 \$	2013 Budget \$	2012 \$
(b) Current year transactions			
Operating Revenue			
- Profit on sale	0	1,120,000	0
Capital Revenue			
- Sale Proceeds	0	5,300,000	0
Operating Expense			
- Interest Expense	(193,706)	(170,000)	(127,117)
Capital Expenditure			
- Development Costs	(189,771)	(4,716,196)	(118,766)

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 2013 (refer to Note 23(a) in this financial report).

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

33. MAJOR LAND TRANSACTIONS (Continued)

(c) Expected Future Cash Flows

	2014	2015	2016	2017	Total
	\$	\$	\$	\$	\$
Cash Outflows					
- Development Costs	0	0	0	0	0
- Capital Interest Expense	(200,000)	0	0	0	(200,000)
- Loan Repayments	(5,300,000)	0	0	0	(5,300,000)
	(5,500,000)	0	0	0	(5,500,000)
Cash Inflows					
- Loan Proceeds	0	0	0	0	0
- Sale Proceeds	9,797,000	0	0	0	9,797,000
	9,797,000	0	0	0	9,797,000
Net Cash Flows	4,297,000	0	0	0	4,297,000

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2012/13 financial year.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

35. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2013	2012	2013	2012
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	90,593,111	82,646,235	90,593,111	82,646,235
Receivables	4,457,781	5,626,471	4,457,781	5,626,471
Financial Assets at fair value through profit of loss	3,775,294	3,482,202	3,775,294	3,482,202
	<u>98,826,186</u>	<u>91,754,908</u>	<u>98,826,186</u>	<u>91,754,908</u>
Financial Liabilities				
Payables	10,388,001	9,715,252	10,388,001	9,715,252
Borrowings	7,286,072	12,611,900	7,051,636	12,320,380
	<u>17,674,073</u>	<u>22,327,152</u>	<u>17,439,637</u>	<u>22,035,632</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Investments – based on quoted market prices at the reporting date or at independent valuation.
- Borrowings – estimated future cash flows discounted by the current market interest rates

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

35. 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.

	2013	2012
	\$	\$
Impact of a 10% (*) movement in interest rates on cash and investments:		
- Equity	373,254	656,035
- Statement of Comprehensive Income	373,254	656,035

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.

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

- Equity	1,083,173	965,044
- Statement of Comprehensive Income	1,083,173	965,044

CITY OF GOSNELLS
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35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2013	2012
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	96.62%	93.72%
- Overdue	3.38%	6.28%

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35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	<u>2013</u>				
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	10,388,001	0	0	10,388,001	10,388,001
Borrowings	6,162,523	1,398,303	0	7,560,826	7,286,072
	<u>16,550,524</u>	<u>1,398,303</u>	<u>0</u>	<u>17,948,827</u>	<u>17,674,073</u>
	<u>2012</u>				
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>

CITY OF GOSNELLS
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35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (Continued)

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

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

	Year Ended 30 June 2013					Year Ended 30 June 2012					Weighted Average Effective Interest Rate %
	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$				
Payables											
Borrowings											
Fixed Rate											
Debentures	5,927,993	1,358,079	0	0	0	0	7,286,072				3.13%
Weighted Average Effective Interest Rate	3.19%	2.87%	0.00%	0.00%	0.00%	0.00%					
Year Ended 30 June 2012											
Payables											
Borrowings											
Fixed Rate											
Debentures	1,905,012	6,598,205	4,108,683	0	0	0	12,611,900				3.57%
Weighted Average Effective Interest Rate	3.28%	3.84%	3.28%	0.00%	0.00%	0.00%					

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 2013 and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity and 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 information and the Statement by Chief Executive Officer.

Management's Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. 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 Council'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 Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 accounting bodies.



INDEPENDENT AUDITOR'S REPORT (Cont'd)

Auditor's Opinion

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

- (a) gives a true and fair view of the financial position of the City of Gosnells as at 30 June 2013 and of its financial performance for the year ended on that date; and
- (b) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards.

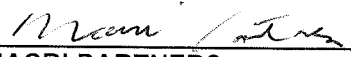
Report on Other Legal and Regulatory Requirements

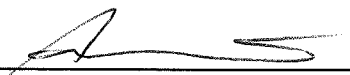
In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- (a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Council.
- (b) There are no matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- (c) The asset consumption ratio and the asset renewal funding ratio included in the annual financial report (Note 20 of the annual financial report) are supported by verifiable information and reasonable assumptions.
- (d) All necessary information and explanations were obtained by us.
- (e) All audit procedures were satisfactorily completed in conducting our audit.

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 2013 included on the City of Gosnells' website. Management 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 21st DAY OF OCTOBER 2013.

