



CITY OF GOSNELLS
FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006

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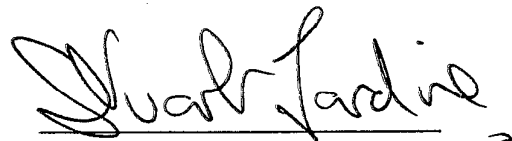
CITY OF GOSNELLS
FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006

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 supporting notes and other information for the financial year ended 30th June 2006 are in my opinion properly drawn up to present fairly the financial position of the City of Gosnells at 30th June 2006 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and regulations under that Act.

Signed on the 7th day of November 2006.


Stuart Jardine
Chief Executive Officer

CITY OF GOSNELLS

**INCOME STATEMENT
BY NATURE OR TYPE
FOR THE YEAR ENDED 30th JUNE 2006**

	Note	2006 \$	2006 Budget \$	2005 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	22	28,756,283	28,657,240	26,093,042
Grants and Subsidies - operating	28	3,344,606	3,098,735	3,250,575
Contributions Reimbursements and Donations		947,649	632,430	438,651
Service Charges	24	1,458,516	243,750	349,074
Fees and Charges	27	10,668,163	10,222,706	9,929,148
Interest Earnings	2(a)	3,145,305	2,715,669	2,870,592
Other Revenue		70,553	142,900	402,558
		<u>48,391,075</u>	<u>45,713,430</u>	<u>43,333,640</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(19,850,754)	(19,556,013)	(18,075,354)
Materials and Contracts		(13,160,540)	(13,988,334)	(12,144,774)
Utilities		(2,199,900)	(2,056,451)	(2,066,779)
Amortisation	2(a)	(144,699)	(140,000)	(120,000)
Depreciation	2(a)	(13,221,923)	(13,152,445)	(10,946,854)
Insurance		(1,085,506)	(1,052,805)	(963,662)
Other Expenditure		(353,200)	(229,752)	(581,895)
		<u>(50,016,522)</u>	<u>(50,175,800)</u>	<u>(44,899,318)</u>
		(1,625,447)	(4,462,370)	(1,565,678)
Grants and Subsidies - non-operating	28	4,678,715	3,815,703	4,930,409
Contributions Reimbursements and Donations - non-operating		3,038,948	2,219,931	4,171,764
Profit on Asset Disposals	20	1,392,977	300,000	1,548,727
Loss on Asset Disposals	20	(373,636)	(312,285)	(637,237)
NET RESULT		<u><u>7,111,557</u></u>	<u><u>1,560,979</u></u>	<u><u>8,447,985</u></u>

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

CITY OF GOSNELLS
INCOME STATEMENT
BY PROGRAMME
FOR THE YEAR ENDED 30th JUNE 2006

	2006	2006	2005
Note	\$	Budget	\$
	\$	\$	\$
REVENUES FROM ORDINARY ACTIVITIES			
Governance	66,734	47,200	38,917
General Purpose Funding	34,665,488	33,938,529	31,658,351
Law, Order, Public Safety	521,521	424,229	492,874
Health	97,460	97,059	102,914
Education and Welfare	594,410	603,595	765,607
Community Amenities	8,699,990	7,521,903	11,485,788
Recreation and Culture	3,671,623	3,227,558	3,052,746
Transport	5,080,623	4,036,726	2,589,260
Economic Services	2,918,125	1,441,164	3,016,108
Other Property and Services	1,185,741	711,101	781,975
	<u>57,501,715</u>	<u>52,049,064</u>	<u>53,984,540</u>
EXPENSES FROM ORDINARY ACTIVITIES			
EXCLUDING BORROWING COSTS EXPENSE			
Governance	(2,985,588)	(3,211,809)	(2,838,178)
General Purpose Funding	(795,801)	(957,856)	(790,709)
Law, Order, Public Safety	(1,377,715)	(1,508,703)	(1,457,810)
Health	(780,095)	(823,370)	(824,069)
Education and Welfare	(1,223,336)	(1,252,122)	(1,597,059)
Community Amenities	(7,401,354)	(7,849,905)	(6,841,378)
Recreation & Culture	(17,577,085)	(17,772,909)	(16,244,196)
Transport	(13,425,232)	(13,360,701)	(11,897,103)
Economic Services	(3,681,686)	(3,069,847)	(1,864,077)
Other Property and Services	(1,142,266)	(680,863)	(1,181,976)
	<u>(50,390,158)</u>	<u>(50,488,085)</u>	<u>(45,536,555)</u>
NET RESULT	<u><u>7,111,557</u></u>	<u><u>1,560,979</u></u>	<u><u>8,447,985</u></u>

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

CITY OF GOSNELLS

**BALANCE SHEET
AS AT 30th JUNE 2006**

	Note	2006 \$	2005 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	35,870,455	37,855,275
Trade and Other Receivables	4	3,337,983	2,297,707
Inventories	5	261,892	236,042
TOTAL CURRENT ASSETS		<u>39,470,330</u>	<u>40,389,024</u>
NON-CURRENT ASSETS			
Other Receivables	4	1,071,272	678,721
Property, Plant and Equipment	6	128,935,901	129,272,768
Intangible Assets	6	872,644	272,636
Infrastructure	7	200,189,898	196,604,947
TOTAL NON-CURRENT ASSETS		<u>331,069,715</u>	<u>326,829,072</u>
TOTAL ASSETS		<u>370,540,045</u>	<u>367,218,096</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	6,909,977	11,180,472
Provisions	10	1,932,156	1,753,390
TOTAL CURRENT LIABILITIES		<u>8,842,133</u>	<u>12,933,862</u>
NON-CURRENT LIABILITIES			
Other Payables	8	996,340	994,165
Provisions	10	2,190,043	1,843,380
TOTAL NON-CURRENT LIABILITIES		<u>3,186,383</u>	<u>2,837,545</u>
TOTAL LIABILITIES		<u>12,028,516</u>	<u>15,771,407</u>
NET ASSETS		<u>358,511,529</u>	<u>351,446,689</u>
EQUITY			
Accumulated Surplus		249,540,420	244,306,983
Reserves - Cash Backed	11	22,548,865	20,717,462
Reserves - Asset Revaluation	12	86,422,244	86,422,244
TOTAL EQUITY		<u>358,511,529</u>	<u>351,446,689</u>

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

CITY OF GOSNELLS

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30th JUNE 2006**

	Note	2006 \$	2005 \$
ACCUMULATED SURPLUS			
Balance as at 1 July 2005		244,306,983	235,447,037
Provision for Annual Leave AIFRSs Adjustment		(46,717)	12,244
Net Result		7,111,557	8,447,985
Transfer from/(to) Reserves		(1,831,403)	399,717
Balance as at 30 June 2006		<u>249,540,420</u>	<u>244,306,983</u>
 RESERVES - CASH BACKED			
Balance as at 1 July 2005		20,717,462	21,117,179
Amount Transferred (to)/from Accumulated Surplus		1,831,403	(399,717)
Balance as at 30 June 2006	11	<u>22,548,865</u>	<u>20,717,462</u>
		-	
 RESERVES - ASSET REVALUATION			
Balance as at 1 July 2005		86,422,244	86,422,244
Revaluation Increment		-	-
Revaluation Decrement		-	-
Balance as at 30 June 2006	12	<u>86,422,244</u>	<u>86,422,244</u>
TOTAL EQUITY		<u><u>358,511,529</u></u>	<u><u>351,446,689</u></u>

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

CITY OF GOSNELLS

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30th JUNE 2006**

	2006	2006 Budget	2005
Note	\$	\$	\$
Cash Flows From Operating Activities			
Receipts			
Rates	28,945,843	28,849,452	26,495,000
Grants and Subsidies - operating	3,344,606	3,122,347	3,250,575
Contributions, Reimbursements & Donations	947,649	632,430	438,651
Service Charges	680,452	243,750	349,074
Fees and Charges	11,198,513	11,007,830	10,566,347
Interest Earnings	3,144,587	2,545,669	2,854,005
Goods and Services Tax	4,642,331	5,000,000	4,635,887
Other	70,553	142,900	402,558
	<u>52,974,534</u>	<u>51,544,378</u>	<u>48,992,097</u>
Payments			
Employee Costs	(19,372,043)	(18,808,212)	(17,222,506)
Materials and Contracts	(17,317,408)	(14,386,831)	(9,564,574)
Utilities (gas, electricity, water, etc)	(2,241,454)	(1,482,515)	(2,066,779)
Insurance	(1,085,506)	(1,052,805)	(963,662)
Goods and Services Tax	(4,414,639)	(5,000,000)	(4,588,662)
Other	(404,885)	(229,752)	(581,895)
	<u>(44,835,935)</u>	<u>(40,960,115)</u>	<u>(34,988,078)</u>
Net Cash Provided By (Used In)			
Operating Activities	13(b) <u>8,138,599</u>	<u>10,584,263</u>	<u>14,004,019</u>
	-	-	-
Cash Flows from Investing Activities			
Payments for Purchase of			
Property, Plant & Equipment	(6,258,538)	(7,838,346)	(11,198,253)
Payments for Construction of			
Infrastructure	(13,025,500)	(19,953,717)	(12,254,899)
Grants/Contributions for			
the Development of Assets	7,513,923	6,035,634	9,102,173
Proceeds from Sale of			
Plant & Equipment	1,646,696	3,619,900	3,472,381
Proceeds from Advances			
Net Cash Provided By (Used In)			
Investing Activities	<u>(10,123,419)</u>	<u>(18,136,529)</u>	<u>(10,878,598)</u>
Cash Flows from Financing Activities			
Net Cash Provided By (Used In)			
Financing Activities	-	-	-
Net Increase (Decrease) in Cash Held	(1,984,820)	(7,552,266)	3,125,421
Cash at Beginning of Year	37,855,275	30,831,790	34,729,854
Cash at End of Year	13(a) <u><u>35,870,455</u></u>	<u><u>23,279,524</u></u>	<u><u>37,855,275</u></u>

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

CITY OF GOSNELLS

**RATE SETTING STATEMENT
FOR THE YEAR ENDED 30th JUNE 2006**

Note	2006 \$	2006 Budget \$
REVENUES		
Governance	66,734	47,200
General Purpose Funding	5,909,205	5,281,289
Law, Order, Public Safety	442,356	424,229
Health	97,460	97,059
Education and Welfare	594,410	603,595
Housing		
Community Amenities	6,048,510	5,955,016
Recreation and Culture	3,394,261	2,604,537
Transport	568,262	356,000
Economic Services	2,918,125	1,441,164
Other Property and Services	988,447	546,101
	<u>21,027,770</u>	<u>17,356,190</u>
EXPENSES		
Governance	(2,985,588)	(3,211,809)
General Purpose Funding	(795,801)	(957,856)
Law, Order, Public Safety	(1,377,715)	(1,508,703)
Health	(780,095)	(823,370)
Education and Welfare	(1,223,336)	(1,252,122)
Community Amenities	(7,401,354)	(7,849,905)
Recreation & Culture	(17,577,085)	(17,772,909)
Transport	(13,425,232)	(13,360,701)
Economic Services	(3,681,686)	(3,069,847)
Other Property and Services	(1,142,265)	(680,863)
	<u>(50,390,157)</u>	<u>(50,488,085)</u>
Adjustments for Cash Budget Requirements:		
Non-Cash Expenditure and Revenue		
(Profit)/Loss on Asset Disposals	(1,019,342)	12,285
Movement in Employee Provisions	289,877	-
Movement from AIFRS	12,244	-
Increase in Non Current Rates & Debtors	(392,551)	-
Amortisation on Intangibles	144,699	140,000
Depreciation on Assets	13,221,923	13,152,445
Capital Expenditure and Revenue		
Purchase Land and Buildings	(1,242,495)	(2,431,632)
Purchase Infrastructure Assets - Roads & Paths	(9,721,165)	(11,829,544)
Purchase Infrastructure Assets - Drains	(362,751)	(427,530)
Purchase Infrastructure Assets - Parks	(3,105,796)	(6,844,244)
Purchase Infrastructure Assets - Other	-	(310,289)
Purchase Plant and Equipment	(3,370,955)	(4,053,434)
Purchase Furniture and Equipment	(1,480,876)	(1,895,390)
Contributions/Grants for Asset Construction	7,717,663	6,035,634
Proceeds from Disposal of Assets	3,088,664	3,619,900
Transfers to Reserves (Restricted Assets)	(10,959,211)	(9,779,954)
Transfers from Reserves (Restricted Assets)	9,127,808	13,789,279
ADD Estimated (Surplus)/Deficit July 1 B/Fwd	(6,737,703)	(5,754,891)
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	8,079,335	457,762
Amount Required to be Raised from Rates 22	<u><u>(28,756,283)</u></u>	<u><u>(28,657,240)</u></u>

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

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30th JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards, the Local Government Act 1995 (as amended) and accompanying regulations (as amended). The report has also been prepared on the accrual basis under the convention of historical cost accounting.

First AIFRSs Financial Report

This is the City's first Australian equivalents to International Financial Reporting Standards ("AIFRSs") annual financial report covered by AIFRSs and AASB1 "First Time Adoption of Australian equivalents to International Financial Reporting Standards".

The preparation of the annual financial report in accordance with AIFRSs resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under previous Generally Accepted Accounting Principles ("previous GAAP").

The accounting policies set out below have been consistently applied to all periods presented in this financial report. They have also been applied in preparing an opening AIFRSs balance sheet as at 1st July 2004 for the purposes of the transition to Australian Accounting Standards - AIFRSs as required by AASB 1. The impact of the transition from previous GAAP to AIFRSs is explained in Note 35.

Compliance with IFRSs

International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards adopted by the AASB, being AIFRSs. The financial report of the City complies with IFRSs and interpretations adopted by the International Accounting Standards Board except as follows:

- AIFRSs include specific provisions relating to not-for-profit entities. These are not included in IFRSs.
- Australian Accounting Standard AAS27 "Financial Reporting by Local Governments" also applies and there is no equivalent standard in IFRSs.

The principal areas of non-compliance with IFRSs include:

- the recognition of non-reciprocal revenue;
- the definition of value in use for the purposes of estimating the recoverable amount of impaired assets; and
- the offsetting of asset revaluation increments and decrements on a class of asset basis rather than individual asset basis.

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30th JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of Preparation (Continued)

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 19 to this financial report.

(c) Goods and Services Tax

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

(d) Fixed Assets

Property, plant and equipment and infrastructure assets are brought to account at cost or independent or management valuation less, where applicable, any accumulated depreciation, amortisation or impairment losses.

The value of all infrastructure assets (other than land under roads) has been recorded in the Balance Sheet. Land under roads is excluded from infrastructure in accordance with legislative requirements.

As of 1st July 2001, Council elected to revert to the cost basis for measuring land and buildings and all infrastructure assets (other than roads) that were being carried at a revalued amount at the immediately preceding reporting date being 30th June, 2001.

This was achieved by deeming the carrying amount of the non-current assets comprising the particular class to be their cost and complied with the requirements on application of AASB 1 "First Time Adoption of Australian Equivalents to International Financial Reporting Standards".

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

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30th JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Inventories

General

Inventories are valued at the lower of cost and net realisable value.

Land Held for Resale

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

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

(f) Depreciation of Non-Current Assets

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

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

Buildings	30 to 50 years
Furniture and Equipment	3 to 15 years
Plant and Equipment	5 to 15 years
Sealed roads and streets clearing and earthworks construction/road base original surfacing and major re-surfacing	not depreciated 20 to 30 years
- bituminous seals	30 years
- asphalt seals	30 years
Gravel roads clearing and earthworks construction/road base gravel sheet	not depreciated 50 years 12 years
Formed roads (unsealed) clearing and earthworks construction/road base	not depreciated 50 years
Footpaths - slab	40 years
Sewerage piping	100 years
Water supply & drainage piping	50 years

(g) Leases

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

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

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30th JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investments

All investments are valued at cost and interest on those investments is recognised when accrued.

(i) Impairment

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

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

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

(j) Joint Venture

Not Applicable

(k) Employee Benefits

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

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

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

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

The provision for employees' benefits for annual leave and long service leave expected to be settled more than 12 months from the reporting date represents the present value of the estimated future cash outflows to be made by the employer resulting from the employees' service to balance date.

(l) Rates, Grants, Donations and Other Contributions

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

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

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30th JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Superannuation

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

(n) Interest Rate Risk

The City's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, is considered negligible for all financial instruments other than borrowings. Information on interest rate risk as it applies to borrowings is disclosed in Note 21.

(o) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to and forming part of the financial report. The City does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the City.

(p) Fair Value

The fair value of assets and liabilities approximate their carrying values. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds fair value have not been written down as the Council intends to hold these assets to maturity.

The aggregate fair value and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the financial report.

(q) Rounding Off Figures

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

(r) Comparative Figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year. The cost of street lighting has been classified as utilities and vehicle operating costs for sedans, previously an employee cost, has been classified as materials and contracts.

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

2. REVENUES AND EXPENSES	2006	2005
	\$	\$
(a) Result from Ordinary Activities		
The Result from Ordinary Activities includes:		
(i) Charging as an Expense:		
Amortisation		
Intangible Assets	144,699	120,000
Auditors Remuneration		
- Audit	16,850	8,740
- Other Services	-	2,200
Depreciation		
Buildings	1,611,166	1,657,227
Furniture and Equipment	1,117,731	470,386
Plant and Equipment	1,568,608	1,213,680
Roads & Footpaths	6,680,715	5,564,636
Bridges	172,366	172,037
Drainage	866,391	845,190
Car Parks	161,771	154,278
Park Development	645,841	477,258
Play Equipment	196,672	193,607
Street Furniture	46,395	46,395
Other Infrastructure	154,267	152,160
	<u>13,221,923</u>	<u>10,946,854</u>
Rental Charges		
Operating Leases	<u>81,233</u>	<u>131,364</u>
(ii) Crediting as Revenue:		
	2006	2006
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	1,516,292	1,090,180
- Other Funds	1,166,411	1,085,350
Other Interest Revenue (<i>refer note 26</i>)	462,602	540,139
	<u>3,145,305</u>	<u>2,715,669</u>
		<u>2,870,592</u>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30th JUNE 2006

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

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

GENERAL PURPOSE FUNDING

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

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

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

EDUCATION AND WELFARE

Operation of senior citizen and day care centres, pre-school, playgroup assistance and other voluntary services.

COMMUNITY AMENITIES

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

RECREATION AND CULTURE

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

TRANSPORT

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

ECONOMIC SERVICES

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

OTHER PROPERTY & SERVICES

Private works operation, plant repairs and general operations costs.

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

2. REVENUES AND EXPENSES (Continued)	2006	2005
	\$	\$
(c) Conditions Over Contributions		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).		
Westfield Skate Park	37,416	37,416
Westfield Reserve - Wheeled Sports Facility	40,000	40,000
Resurface Langford Oval Netball Courts - Stage 1	52,750	52,750
Yale Rd Bicycle Lane - Spencer Rd to Garden St	1,500	1,500
Campbell Rd/Shreeve Rd - Construct roundabout	57,456	57,456
Fremantle Rd to Lissiman St - Anti skid treatment & signage	4,600	4,600
Fremantle Rd to King St Traffic Islands	24,000	24,000
Westfield St to Pitchford Ave	52,800	52,800
Thornlie Ave - opp Thornlie Business Centre	64,000	64,000
Upgrade of on-Street parking facilities around existing schools	1,100	1,100
Nicholson Rd - Garden St to Hughes St	920,140	920,140
Burslem Dr - Pedestrian Underpass	23,273	23,273
East Kenwick Primary School	22,120	22,120
Bridge Rd Developer Funded	7,852	7,852
Garden St/Forest Lakes Dr Traffic Signals	120,000	120,000
Ranford Rd/Campbell Rd Traffic Lights	96,000	96,000
Dorothy St/Hicks St Roundabout & Medians	24,000	24,000
Dorothy St Median Island Channelisation	8,000	8,000
Thornlie Ave/Culross Ave Median Island	3,200	3,200
Matilda St Pedestrian Island Modification	26,667	26,667
Burslem Dr South of Olga Rd	20,000	20,000
Spencer Rd/Warton Rd to Regal Dr	32,000	32,000
Dorothy St/Digby St Intersection Lights	12,000	12,000
William St/Streatham St Roundabout	32,000	32,000
Spencer Rd - Warton Rd to Denham Wy	9,600	9,600
Brixton St Pedestrian Island	24,000	24,000
Kenwick Rd/Bickley Rd	17,270	17,270
William St - Road Rehabilitation	270,396	270,396
Crime Prevention through Environmental Design (CPTED)	15,809	15,809
Community Consultation	10,782	10,782
Smoke Detectors	615	615
Sensor light	3,534	3,534
Smoke Detectors	615	615
Sensor light	4,771	4,771
Holiday Programme	5,171	5,171
Early Years Development	15,499	15,499
Youth Development Holiday Programme	1,000	1,000
Safe Places - Indigenous Youth Service	3,050	3,050
Work for the Dole	45,000	45,000
Switch Your Thinking Project	38,516	38,516
Fire Management Plan	4,500	4,500
Dialogue with the City Initiative	24,598	24,598
	2,177,600	2,177,600

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

2. REVENUES AND EXPENSES (Continued)	2006	2005
	\$	\$
(c) Conditions Over Contributions (Continued)		
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Addie Mills Centre Gazebo Construction	32,063	
Nicholson Rd/Amherst Rd - Install Traffic Control Signal	7,000	
Yale Rd/Hargrave Dr - Construct Median Islands	8,000	
Warton Rd/Garden St - Improve Street Lighting	96,000	
Attfield St/Herbert St - Construct Roundabout	24,000	
Olga Rd/Attfield St - Construct Traffic Control Signals	32,000	
Nicholson Rd/Wilfred Rd - Install Left Turn Lane	12,800	
Southern River Rd - Holmes St to Ranford Rd Upgrade Street Li	32,000	
Harry St/James St - Construct Roundabout	24,000	
Williams St/Luyer St - Construct Roundabout	32,000	
Packer St Area - Beckenham	18,443	
Footpath on Brixton St Bridge	50,000	
Safe City - PDA for Graffiti Technicians	10,000	
Switch Your Thinking - Rebate	3,100	
Switch Your Thinking - Rebate	600	
Leisure Services - Walking groups	3,200	
Leisure Services - Mix It	1,500	
Leisure Services - Club Development	2,000	
Bushfire - Fire Management Plan	5,500	
Technical Services - Travelsmart	20,833	
	415,039	-
Less:		
Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.		
Westfield Skate Park	(37,416)	
Westfield Reserve - Wheeled Sports Facility	(40,000)	
Resurface Langford Oval Netball Courts - Stage 1	(52,750)	
Yale Rd Bicycle Lane - Spencer Rd to Garden St	(1,500)	
Campbell Rd/Shreeve Road - Construct roundabout	(57,456)	
Fremantle Rd to Lissiman St - Anti skid treatment & signage	(4,600)	
Fremantle Rd to King St Traffic Islands	(24,000)	
Westfield St to Pitchford Ave	(52,800)	
Thornlie Ave - opp Thornlie Business Centre	(64,000)	
Upgrade of on-Street parking facilities around existing schools	(1,100)	
Nicholson Rd - Garden St to Hughes St	(920,140)	
Burslem Dr - Pedestrian Underpass	(23,273)	
East Kenwick Primary School	(22,120)	
Bridge Rd Developer Funded	(7,852)	
Garden St/Forest Lakes Dr Traffic Signals	(120,000)	
Ranford Rd/Campbell Rd Traffic Lights	(96,000)	

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

2. REVENUES AND EXPENSES (Continued)	2006	2005
	\$	\$
(c) Conditions Over Contributions (Continued)		
Dorothy St/Hicks St Roundabout & Medians	(24,000)	
Dorothy St Median Island Channelisation	(8,000)	
Thornlie Ave/Culross Ave Median Island	(3,200)	
Matilda St Pedestrian Island Modification	(26,667)	
Burslem Dr South of Olga Rd	(20,000)	
Spencer Rd/Warton Rd to Regal Dr	(32,000)	
Dorothy St/Digby St Intersection Lights	(12,000)	
William St/Streatham St Roundabout	(32,000)	
Spencer Rd - Warton Rd to Denham Wy	(9,600)	
Brixton St Pedestrian Island	(24,000)	
Kenwick Rd / Bickley Rd	(17,270)	
William St - Road Rehabilitation	(270,396)	
Crime Prevention through Environmental Design (CPTED)	(15,809)	
Community Consultation	(10,782)	
Smoke Detectors	(615)	
Sensor light	(3,534)	
Smoke Detectors	(615)	
Sensor light	(4,771)	
Holiday Programme	(5,171)	
Early Years Development	(15,499)	
Youth Development Holiday Programme	(1,000)	
Safe Places - Indigenous Youth Service	(3,050)	
Work for the Dole	(45,000)	
Switch Your Thinking Project	(38,516)	
Fire Management Plan	(4,500)	
Dialogue with the City Initiative	(24,598)	
	(2,177,600)	-
Closing balances of unexpended grants	415,039	2,177,600

Comprises:

Addie Mills Centre Gazebo Construction	32,063
Nicholson Rd/Amherst Rd - Install Traffic Control Signal	7,000
Yale Rd/Hargrave Dr - Construct Median Islands	8,000
Warton Rd/Garden St - Improve Street Lighting	96,000
Attfield St/Herbert St - Construct Roundabout	24,000
Olga Rd/Attfield St - Construct Traffic Control Signals	32,000
Nicholson Rd/Wilfred Rd - Install Left Turn Lane	12,800
Southern River Rd - Holmes St to Ranford Rd Upgrade Street Li	32,000
Harry St/James St - Construct Roundabout	24,000
Williams St/Luyer St - Construct Roundabout	32,000
Packer St Area - Beckenham	18,443
Footpath on Brixton St Bridge	50,000
Safe City - PDA for Graffiti Technicians	10,000
Switch Your Thinking - Rebate	3,100

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

2. REVENUES AND EXPENSES (Continued)	2006	2005
	\$	\$
(c) Conditions Over Contributions (Continued)		
Switch Your Thinking - Rebate	600	
Leisure Services - Walking groups	3,200	
Leisure Services - Mix It	1,500	
Leisure Services - Club Development	2,000	
Bushfire - Fire Management Plan	5,500	
Technical Services - Travelsmart	20,833	
	415,039	-
 3. CASH AND CASH EQUIVALENTS		
Unrestricted	12,906,551	14,960,215
Restricted	22,963,904	22,895,060
	35,870,455	37,855,275
 The following restrictions have been imposed by regulations or other externally imposed requirements:		
Reserves	22,548,865	20,717,460
Unspent Grants	415,039	2,177,600
	22,963,904	22,895,060
 4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	351,174	556,846
GST Receivable	384,103	611,795
Prepaid Expenditure	-	47,419
Accrued Interest	21,485	20,767
Accrued Income	203,109	43,433
CLASS Debtors	25,069	66,575
Sundry Debtors	2,053,627	1,060,206
Less - Provision for Doubtful Debts	(102,208)	(109,334)
Underground Power Debtor	401,624	-
	3,337,983	2,297,707
 Non-Current		
Rates & ESL Outstanding - Pensioners	694,832	678,721
Underground Power Debtor	376,440	-
	1,071,272	678,721

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

	2006	2005
	\$	\$
5. INVENTORIES		
Current		
Fuel and Materials	261,892	236,042
	<u>261,892</u>	<u>236,042</u>
6. PROPERTY, PLANT AND EQUIPMENT		
Land - Cost	3,612,203	3,571,892
Land - Valuation	<u>31,714,172</u>	<u>32,494,171</u>
	35,326,375	36,066,063
Buildings - Cost	15,671,321	14,838,927
Buildings - Valuation	72,328,000	72,328,000
Less Accumulated Depreciation	<u>(4,705,114)</u>	<u>(2,983,472)</u>
	83,294,207	84,183,455
Furniture and Equipment - Cost	2,614,589	3,380,502
Less Accumulated Depreciation	<u>(1,347,553)</u>	<u>(1,744,779)</u>
	1,267,036	1,635,723
Plant and Equipment - Cost	15,808,541	12,785,996
Less Accumulated Depreciation	<u>(6,833,779)</u>	<u>(5,471,990)</u>
	8,974,762	7,314,006
Miscellaneous Tools	<u>58,057</u>	<u>58,057</u>
	58,057	58,057
Local Government House	15,464	15,464
	<u>15,464</u>	<u>15,464</u>
	<u>128,935,901</u>	<u>129,272,768</u>
INTANGIBLE ASSETS		
Intangible Assets - Cost	1,400,898	656,191
Less Accumulated Amortisation	<u>(528,254)</u>	<u>(383,555)</u>
	872,644	272,636
	<u>129,808,545</u>	<u>129,545,404</u>

Effective from 1 July 2001, Council deemed the carrying amount of land and buildings previously carried at a revalued amount to be their cost.

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

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land \$	Buildings \$	Furniture & Equipment \$	Intangible Assets \$	Plant & Equipment \$	Miscellaneous Tools \$	Local Government House \$	Total \$
Balance as at 1 July 2005	36,066,063	84,183,455	1,635,723	272,636	7,314,006	58,057	15,464	129,545,404
Additions	40,312	1,202,183	736,169	744,707	3,370,954	-	-	6,094,325
(Disposals)	(780,000)	(345,592)	-	-	(943,731)	-	-	(2,069,323)
Revaluation - Increments - (Decrements)	-	-	-	-	-	-	-	-
Impairment - (losses) - reversals	-	-	-	-	-	-	-	-
Depreciation (Expense)	-	(1,743,282)	(560,761)	(144,699)	(1,466,845)	-	-	(3,915,587)
Other Movements	-	(2,557)	(544,095)	-	700,378	-	-	153,726
Balance as at 30 June 2006	<u>35,326,375</u>	<u>83,294,207</u>	<u>1,267,036</u>	<u>872,644</u>	<u>8,974,762</u>	<u>58,057</u>	<u>15,464</u>	<u>129,808,545</u>

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

7. INFRASTRUCTURE	2006	2005
	\$	\$
Roads & Footpaths - Cost	153,437,041	143,692,129
Less Accumulated Depreciation	<u>(23,251,874)</u>	<u>(16,045,118)</u>
	130,185,167	127,647,011
Bridges - Cost	8,618,331	8,618,331
Less Accumulated Depreciation	<u>(950,829)</u>	<u>(778,463)</u>
	7,667,502	7,839,868
Drainage - Cost	43,814,527	43,451,775
Less Accumulated Depreciation	<u>(3,443,832)</u>	<u>(2,574,796)</u>
	40,370,695	40,876,979
Car Park Development - Cost	3,261,584	3,045,876
Less Accumulated Depreciation	<u>(604,331)</u>	<u>(425,073)</u>
	2,657,253	2,620,803
Parks Development - Cost	19,526,562	17,130,561
Less Accumulated Depreciation	<u>(2,811,378)</u>	<u>(2,200,551)</u>
	16,715,184	14,930,010
Play Equipment - Cost	2,073,099	1,795,572
Less Accumulated Depreciation	<u>(1,003,164)</u>	<u>(801,519)</u>
	1,069,935	994,053
Street Furniture - Cost	492,568	463,967
Less Accumulated Depreciation	<u>(156,127)</u>	<u>(109,732)</u>
	336,441	354,235
Other Infrastructure - Cost	1,542,667	1,542,667
Less Accumulated Depreciation	<u>(354,946)</u>	<u>(200,679)</u>
	1,187,721	1,341,988
	<u>200,189,898</u>	<u>196,604,947</u>

The valuations of the municipality's infrastructure were originally based on the written down replacement cost performed in accordance with Statement of Accounting Practice SAP 1 'Current Cost Accounting'.

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

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

Council has adopted a policy of re-valuing roads with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date. This policy accords with the requirements of AASB 116 "Property, Plant and Equipment".

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads & Footpaths \$	Bridges \$	Drainage \$	Carparks \$	Parks \$	Play Equipment \$	Street Furniture \$	Other Infrastructure \$	Total \$
Balance as at 1 July 2005	127,647,011	7,839,868	40,876,979	2,620,803	14,930,010	994,053	354,235	1,341,988	196,604,947
Additions	9,692,563	-	362,751	-	2,838,211	267,585	28,601	-	13,189,711
(Disposals)	-	-	-	-	-	-	-	-	-
Revaluation - Increments - (Decrements)	-	-	-	-	-	-	-	-	-
Impairment - (losses) - reversals	-	-	-	-	-	-	-	-	-
Depreciation (Expense)	(7,201,783)	(172,366)	(869,035)	(163,081)	(647,435)	(196,672)	(46,395)	(154,267)	(9,451,034)
Other Movements	47,376	-	-	199,531	(405,602)	4,969	-	-	(153,726)
Balance as at 30 June 2006	<u>130,185,167</u>	<u>7,667,502</u>	<u>40,370,695</u>	<u>2,657,253</u>	<u>16,715,184</u>	<u>1,069,935</u>	<u>336,441</u>	<u>1,187,721</u>	<u>200,189,898</u>

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

8. TRADE AND OTHER PAYABLES	2006	2005
	\$	\$
Current		
Sundry Creditors	2,599,003	6,799,272
Bonds and other Retentions	3,791,083	3,868,738
Accruals	118,105	239,751
Income received in advance	401,786	272,711
	<u>6,909,977</u>	<u>11,180,472</u>
Non-Current		
Bonds and other Retentions	996,340	994,165
	<u>996,340</u>	<u>994,165</u>
9. LONG-TERM BORROWINGS	Not Applicable	
10. PROVISIONS		
Current		
Provision for Annual Leave	1,458,814	1,207,698
Provision for Long Service Leave	473,342	545,692
	<u>1,932,156</u>	<u>1,753,390</u>
Non-Current		
Provision for Annual Leave	614,517	603,147
Provision for Annual Leave AIFRSs Adjustment	(58,961)	(58,961)
Provision for Long Service Leave	1,619,585	1,294,476
Deferred Salaries Provision	14,902	4,718
	<u>2,190,043</u>	<u>1,843,380</u>

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

11. RESERVES - CASH BACKED	2006	2006 Budget	2005
	\$	\$	\$
(a) MGB Plant & Equipment			
Opening Balance	580,010	573,404	76,318
Amount Set Aside / Transfer to Reserve	521,070	4,195	503,692
Amount Used / Transfer from Reserve	<u>(126,500)</u>	<u>(126,500)</u>	-
	<u>974,580</u>	<u>451,099</u>	<u>580,010</u>
(b) Leisure World Mechanical Plant Services			
Opening Balance	246,311	247,491	218,613
Amount Set Aside / Transfer to Reserve	7,506	11,995	37,662
Amount Used / Transfer from Reserve	<u>(151,533)</u>	<u>(200,000)</u>	<u>(9,964)</u>
	<u>102,284</u>	<u>59,486</u>	<u>246,311</u>
(c) Netball Court Resurfacing			
Opening Balance	29,550	28,572	28,089
Amount Set Aside / Transfer to Reserve	1,533	1,545	1,461
Amount Used / Transfer from Reserve	<u>(24,666)</u>	<u>(24,666)</u>	-
	<u>6,417</u>	<u>5,451</u>	<u>29,550</u>
(d) Performing Arts Centre			
Opening Balance	76,733	74,579	58,633
Amount Set Aside / Transfer to Reserve	20,896	18,084	18,100
Amount Used / Transfer from Reserve	-	-	-
	<u>97,629</u>	<u>92,663</u>	<u>76,733</u>
(e) Waste Disposal Site Development			
Opening Balance	5,006,602	4,840,869	4,759,080
Amount Set Aside / Transfer to Reserve	243,950	261,500	247,522
# Equity Transfer to / (from) Reserve	<u>(1,580,000)</u>	<u>(1,580,000)</u>	-
Amount Used / Transfer from Reserve	-	-	-
	<u>3,670,552</u>	<u>3,522,369</u>	<u>5,006,602</u>
(f) Refuse Disposal Site Rehabilitation			
Opening Balance	183,889	183,774	462,068
Amount Set Aside / Transfer to Reserve	91,495	73,500	54,554
Amount Used / Transfer from Reserve	<u>(95,027)</u>	-	<u>(332,733)</u>
	<u>180,357</u>	<u>257,274</u>	<u>183,889</u>
(g) Hillside Farm Equipment			
Opening Balance	1,658	1,604	1,576
Amount Set Aside / Transfer to Reserve	112	100	82
Amount Used / Transfer from Reserve	-	-	-
	<u>1,770</u>	<u>1,704</u>	<u>1,658</u>

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

11. RESERVES - CASH BACKED (Continued)	2006	2006 Budget	2005
	\$	\$	\$
(h) Insurance			
Opening Balance	322,203	311,535	306,273
Amount Set Aside / Transfer to Reserve	21,781	16,800	15,930
Amount Used / Transfer from Reserve	-	-	-
	<u>343,984</u>	<u>328,335</u>	<u>322,203</u>
(i) Southern River Contaminated Site			
Opening Balance	488,582	421,984	1,908,716
Amount Set Aside / Transfer to Reserve	123,029	26,500	47,511
Amount Used / Transfer from Reserve	(458)	(247,100)	(1,467,645)
	<u>611,153</u>	<u>201,384</u>	<u>488,582</u>
(j) Building Construction			
Opening Balance	235,769	282,507	316,016
Amount Set Aside / Transfer to Reserve	8,664	15,200	15,753
Amount Used / Transfer from Reserve	(184,239)	-	(96,000)
	<u>60,194</u>	<u>297,707</u>	<u>235,769</u>
(k) Local Government Elections			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	90,000	90,000	-
Amount Used / Transfer from Reserve	-	-	-
	<u>90,000</u>	<u>90,000</u>	<u>-</u>
(l) Rate Revaluation			
Opening Balance	31,875	30,820	30,299
Amount Set Aside / Transfer to Reserve	1,092	1,180	1,576
Amount Used / Transfer from Reserve	-	(32,000)	-
	<u>32,967</u>	<u>-</u>	<u>31,875</u>
(m) Gosnells Town Centre Revitalisation			
Opening Balance	588,471	629,017	2,539,726
Amount Set Aside / Transfer to Reserve	58,369	1,286,565	110,114
# Equity Transfer to / (from) Reserve	809,113	517,167	-
Amount Used / Transfer from Reserve	(955,167)	(2,394,703)	(2,061,369)
	<u>500,786</u>	<u>38,046</u>	<u>588,471</u>
(n) Plant & Equipment			
Opening Balance	1,470,409	1,434,575	869,200
Amount Set Aside / Transfer to Reserve	1,626,848	1,575,446	1,111,343
Amount Used / Transfer from Reserve	(1,310,093)	(1,816,870)	(510,134)
	<u>1,787,164</u>	<u>1,193,151</u>	<u>1,470,409</u>

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

11. RESERVES - CASH BACKED (Continued)	2006	2006 Budget	2005
	\$	\$	\$
(o) Walter Padbury Park			
Opening Balance	187,665	182,479	140,357
Amount Set Aside / Transfer to Reserve	55,619	47,265	47,308
Amount Used / Transfer from Reserve	<u>(16,346)</u>	<u>-</u>	<u>-</u>
	<u>226,938</u>	<u>229,744</u>	<u>187,665</u>
(p) Sutherlands Park			
Opening Balance	87,151	212,961	144,962
Amount Set Aside / Transfer to Reserve	63,371	56,907	71,902
Amount Used / Transfer from Reserve	<u>(141,481)</u>	<u>(40,000)</u>	<u>(129,713)</u>
	<u>9,041</u>	<u>229,868</u>	<u>87,151</u>
(q) Harmony Fields - (formally Maddington Golf Course)			
Opening Balance	1,014,927	23,980	29,419
Amount Set Aside / Transfer to Reserve	98,119	1,006,494	991,434
Amount Used / Transfer from Reserve	<u>(237,230)</u>	<u>(995,099)</u>	<u>(5,926)</u>
	<u>875,816</u>	<u>35,375</u>	<u>1,014,927</u>
(r) Administration Building Construction			
Opening Balance	158,303	168,322	166,203
Amount Set Aside / Transfer to Reserve	92,755	9,100	8,636
# Equity Transfer to / (from) Reserve	1,100,000	1,100,000	-
Amount Used / Transfer from Reserve	<u>(282,092)</u>	<u>(1,200,000)</u>	<u>(16,536)</u>
	<u>1,068,966</u>	<u>77,422</u>	<u>158,303</u>
(s) Public Open Space			
Opening Balance	3,047,971	2,335,925	3,040,225
Amount Set Aside / Transfer to Reserve	1,568,894	534,000	2,191,904
Amount Used / Transfer from Reserve	<u>(76,569)</u>	<u>(25,328)</u>	<u>(2,184,158)</u>
	<u>4,540,296</u>	<u>2,844,597</u>	<u>3,047,971</u>
(t) Maddington/Kenwick Strategy			
Opening Balance	153,988	(93,587)	305,304
Amount Set Aside / Transfer to Reserve	1,971,122	1,007,800	13,318
Amount Used / Transfer from Reserve	<u>(594,870)</u>	<u>(727,036)</u>	<u>(164,634)</u>
	<u>1,530,240</u>	<u>187,177</u>	<u>153,988</u>

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

11. RESERVES - CASH BACKED (Continued)	2006	2006 Budget	2005
	\$	\$	\$
(u) Civic Complex			
Opening Balance	809,113	506,367	214,528
Amount Set Aside / Transfer to Reserve	-	10,800	1,638,804
# Equity Transfer to / (from) Reserve	(809,113)	(517,167)	-
Amount Used / Transfer from Reserve	-	-	(1,044,219)
	<u>-</u>	<u>-</u>	<u>809,113</u>
(v) Mills Park			
Opening Balance	29,479	48,573	19,898
Amount Set Aside / Transfer to Reserve	34,179	26,749	29,581
Amount Used / Transfer from Reserve	(1,006)	-	(20,000)
	<u>62,652</u>	<u>75,322</u>	<u>29,479</u>
(w) Langford Oval Redevelopment			
Opening Balance	13,378	13,246	-
Amount Set Aside / Transfer to Reserve	16,518	14,175	13,378
Amount Used / Transfer from Reserve	-	-	-
	<u>29,896</u>	<u>27,421</u>	<u>13,378</u>
(x) Gosnells Oval Redevelopment			
Opening Balance	15,168	15,018	-
Amount Set Aside / Transfer to Reserve	48,801	30,000	15,168
Amount Used / Transfer from Reserve	-	-	-
	<u>63,969</u>	<u>45,018</u>	<u>15,168</u>
(y) Developer Contributions Infrastructure			
Opening Balance	45,008	-	-
Amount Set Aside / Transfer to Reserve	47,335	-	45,008
Amount Used / Transfer from Reserve	-	-	-
	<u>92,343</u>	<u>-</u>	<u>45,008</u>
(z) Operations Centre			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	25,888	-	-
# Equity Transfer to / (from) Reserve	480,000	480,000	-
Amount Used / Transfer from Reserve	(104,851)	(480,000)	-
	<u>401,037</u>	<u>-</u>	<u>-</u>

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

11. RESERVES - CASH BACKED (Continued)	2006	2006 Budget	2005
	\$	\$	\$
(i) TPS No. 7			
Opening Balance	78,825	79,038	74,928
Amount Set Aside / Transfer to Reserve	3,161	51,887	3,897
Amount Used / Transfer from Reserve	<u>(32,068)</u>	<u>(130,925)</u>	<u>-</u>
	<u>49,918</u>	<u>-</u>	<u>78,825</u>
(ii) TPS No. 9A			
Opening Balance	1,024,108	1,056,877	995,011
Amount Set Aside / Transfer to Reserve	248,670	65,000	51,629
Amount Used / Transfer from Reserve	<u>(135,196)</u>	<u>(790,434)</u>	<u>(22,532)</u>
	<u>1,137,582</u>	<u>331,443</u>	<u>1,024,108</u>
(iii) TPS No. 10			
Opening Balance	116,525	116,839	110,764
Amount Set Aside / Transfer to Reserve	6,736	-	5,761
Amount Used / Transfer from Reserve	<u>(116,000)</u>	<u>-</u>	<u>-</u>
	<u>7,261</u>	<u>116,839</u>	<u>116,525</u>
(iv) TPS No. 15			
Opening Balance	-	2,257	673,413
Amount Set Aside / Transfer to Reserve	185,741	80,000	-
Amount Used / Transfer from Reserve	<u>(6,800)</u>	<u>(6,800)</u>	<u>(673,413)</u>
	<u>178,941</u>	<u>75,457</u>	<u>-</u>
(v) TPS No. 17			
Opening Balance	811,191	904,726	643,508
Amount Set Aside / Transfer to Reserve	53,922	300,000	423,871
Amount Used / Transfer from Reserve	<u>(127,111)</u>	<u>(271,556)</u>	<u>(256,188)</u>
	<u>738,002</u>	<u>933,170</u>	<u>811,191</u>
(vi) TPS No. 20			
Opening Balance	577,221	591,095	395,284
Amount Set Aside / Transfer to Reserve	263,458	50,000	199,422
Amount Used / Transfer from Reserve	<u>(552,300)</u>	<u>(8,000)</u>	<u>(17,485)</u>
	<u>288,379</u>	<u>633,095</u>	<u>577,221</u>
(vii) ODP Canning Vale			
Opening Balance	2,458,765	2,428,648	2,298,597
Amount Set Aside / Transfer to Reserve	739,503	840,000	923,738
Amount Used / Transfer from Reserve	<u>(1,467,092)</u>	<u>(2,105,095)</u>	<u>(763,570)</u>
	<u>1,731,176</u>	<u>1,163,553</u>	<u>2,458,765</u>

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

11. RESERVES - CASH BACKED (Continued)	2006	2006 Budget	2005
	\$	\$	\$
(viii) ODP Southern River Precinct 5			
Opening Balance	296,175	310,537	290,171
Amount Set Aside / Transfer to Reserve	20,022	50,000	13,319
Amount Used / Transfer from Reserve	-	-	(7,315)
	316,197	360,537	296,175
(ix) ODP Southern River Precinct 3			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	58,236	-	-
Amount Used / Transfer from Reserve	-	-	-
	58,236	-	-
(x) ODP Southern River Precinct 1			
Opening Balance	530,439	528,826	-
Amount Set Aside / Transfer to Reserve	151,703	50,000	530,439
Amount Used / Transfer from Reserve	-	-	-
	682,142	578,826	530,439
(xi) ODP Campbell Estate (Canning Vale)			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	-	70,000	-
Amount Used / Transfer from Reserve	-	(70,000)	-
	-	-	-
Total Cash Backed Reserves	22,548,865	14,483,533	20,717,462
Summary of Cash Backed Reserves			
Opening Balance	20,717,462	18,492,858	21,117,179
Amount Set Aside / Transfer to Reserve	8,570,098	7,682,787	9,383,817
# Equity Transfer to / Reserve	2,389,113	2,097,167	-
# Equity Transfer / (from) Reserve	(2,389,113)	(2,097,167)	-
Amount Used / Transfer from Reserve	(6,738,695)	(11,692,112)	(9,783,534)
Total Summary of Cash Backed Reserves	22,548,865	14,483,533	20,717,462

All of the cash backed reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

Equity Transfer to / (from) Reserve are movements between reserve funds which would be a change from the previous purpose of the funds. These equity transfers are in accordance with the 2005/2006 Budget or Council Resolutions.

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

11. RESERVES - CASH BACKED (Continued)	2006	2006 Budget	2005
	\$	\$	\$
Summary of Transfers to Cash Backed Reserves			
Transfers to Reserves			
MGB Plant & Equipment	521,070	4,195	503,692
Leisure World Mechanical Plant Services	7,506	11,995	37,662
Netball Court Resurfacing	1,533	1,545	1,461
Performing Arts Centre	20,896	18,084	18,100
Waste Disposal Site Development	243,950	261,500	247,522
Refuse Disposal Site Rehabilitation	91,495	73,500	54,554
Hillside Farm Equipment	112	100	82
Insurance	21,781	16,800	15,930
Southern River Contaminated Site	123,029	26,500	47,511
Building Construction	8,664	15,200	15,753
Local Government Elections	90,000	90,000	-
Rate Revaluation	1,092	1,180	1,576
Gosnells Town Centre Revitalisation	58,369	1,286,565	110,114
Plant & Equipment	1,626,848	1,575,446	1,111,343
Walter Padbury Park	55,619	47,265	47,308
Sutherlands Park	63,371	56,907	71,902
Harmony Fields	98,119	1,006,494	991,434
Administration Building Construction	92,755	9,100	8,636
Public Open Space	1,568,894	534,000	2,191,904
Maddington/Kenwick Strategy	1,971,122	1,007,800	13,318
Civic Complex	-	10,800	1,638,804
Mills Park	34,179	26,749	29,581
Langford Oval Redevelopment	16,518	14,175	13,378
Gosnells Oval Redevelopment	48,801	30,000	15,168
Developer Contributions Infrastructure	47,335	-	45,008
Operations Centre	25,888	-	-
TPS No. 7	3,161	51,887	3,897
TPS No. 9A	248,670	65,000	51,629
TPS No. 10	6,736	-	5,761
TPS No. 15	185,741	80,000	-
TPS No. 17	53,922	300,000	423,871
TPS No. 20	263,458	50,000	199,422
ODP Canning Vale	739,503	840,000	923,738
ODP Southern River Precinct 5	20,022	50,000	13,319
ODP Southern River Precinct 3	58,236	-	-
ODP Southern River Precinct 1	151,703	50,000	530,439
ODP Campbell Estate (Canning Vale)	-	70,000	-
Total Transfer to Reserves	<u>8,570,098</u>	<u>7,682,787</u>	<u>9,383,817</u>

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

11. RESERVES - CASH BACKED (Continued)	2006	2006 Budget	2005
	\$	\$	\$
Summary of Transfers from Cash Backed Reserves			
Transfers from Reserves			
MGB Plant & Equipment	(126,500)	(126,500)	-
Leisure World Mechanical Plant Services	(151,533)	(200,000)	(9,964)
Netball Court Resurfacing	(24,666)	(24,666)	-
Waste Disposal Site Development	-	-	-
Refuse Disposal Site Rehabilitation	(95,027)	-	(332,733)
Southern River Contaminated Site	(458)	(247,100)	(1,467,645)
Building Construction	(184,239)	-	(96,000)
Rate Revaluation	-	(32,000)	-
Gosnells Town Centre Revitalisation	(955,167)	(2,394,703)	(2,061,369)
Plant & Equipment	(1,310,093)	(1,816,870)	(510,134)
Walter Padbury Park	(16,346)	-	-
Sutherlands Park	(141,481)	(40,000)	(129,713)
Harmony Fields	(237,230)	(995,099)	(5,926)
Administration Building Construction	(282,092)	(1,200,000)	(16,536)
Public Open Space	(76,569)	(25,328)	(2,184,158)
Maddington/Kenwick Strategy	(594,870)	(727,036)	(164,634)
Civic Complex	-	-	(1,044,219)
Mills Park	(1,006)	-	(20,000)
Operations Centre	(104,851)	(480,000)	-
TPS No. 7	(32,068)	(130,925)	-
TPS No. 9A	(135,196)	(790,434)	(22,532)
TPS No. 10	(116,000)	-	-
TPS No. 15	(6,800)	(6,800)	(673,413)
TPS No. 17	(127,111)	(271,556)	(256,188)
TPS No. 20	(552,300)	(8,000)	(17,485)
ODP Canning Vale	(1,467,092)	(2,105,095)	(763,570)
ODP Southern River Precinct 5	-	-	(7,315)
ODP Campbell Estate (Canning Vale)	-	(70,000)	-
Total Transfer from Reserves	<u>(6,738,695)</u>	<u>(11,692,112)</u>	<u>(9,783,534)</u>
Total Transfer to/(from) Reserves	<u>1,831,403</u>	<u>(4,009,325)</u>	<u>(399,717)</u>

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30th JUNE 2006

11. RESERVES - CASH BACKED (Continued)

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

MGB Plant and Equipment

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

Leisure World - Mechanical/Plant Services

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

Netball Courts - Resurfacing

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

Performing Arts Centre

- construction and equipping of the City of Gosnells Don Russell Performing Arts Centre.

Waste Disposal Site Development

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

Refuse Disposal Site Rehabilitation

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

Hillside Farm Equipment

- to fund purchases of equipment at Hillside Farm.

Insurance

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

Southern River Contaminated Site

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

Building Construction

- for unforeseen refurbishment of Council owned buildings and replacement of major plant located in Council buildings.

Local Government Elections

- for expenditure associated with holding of Local Government elections.

Rate Revaluation

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

Gosnells Town Centre Revitalisation

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

Plant and Equipment

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

Walter Padbury Park

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

Sutherlands Park

- to fund works at Sutherlands Park.

Harmony Fields (formally Maddington Golf Course)

- to provide for expenditure at Harmony Fields (formally known as Maddington Golf Course).

Administration Building Construction

- to fund expenditure on a new Administration Building.

Public Open Space

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

Maddington/Kenwick Strategy

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

Civic Complex

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

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

11. RESERVES - CASH BACKED (Continued)

Mills Park

- to assist with the development of Mills Park.

Langford Oval Redevelopment

- to assist with the development of Langford Oval.

Gosnells Oval Redevelopment

- to assist with the development of Gosnells Oval.

Developer Contributions Infrastructure

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

Operations Centre

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

TPS7

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

TPS9A

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

TPS10

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

TPS15

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

TPS17

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

TPS20

- 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 Southern River Precinct 5

- 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 1

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

ODP Campbell Estate (Canning Vale)

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

12. RESERVES - ASSET REVALUATION

2006

2005

\$

\$

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

(a) **Land and Buildings**

Balance as at 1 July 2005

86,422,244

86,422,244

Balance as at 30 June 2006

86,422,244

86,422,244

Total Asset Revaluation Reserves

86,422,244

86,422,244

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

13. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments, 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:

	2006	2006 Budget	2005
	\$	\$	\$
Cash and Cash Equivalents	<u>35,870,455</u>	<u>23,279,524</u>	<u>37,855,275</u>

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

Net Result	7,111,557	1,560,979	8,447,985
Depreciation	13,221,923	13,152,445	10,946,854
Amortisation	144,699	140,000	120,000
(Increase)/Decrease in Receivables	(1,406,802)	1,000,000	1,040,907
(Profit)/Loss on Sale of Asset	(1,019,341)	12,285	(911,490)
(Increase)/Decrease in Inventories	(25,851)	(30,000)	(35,192)
Increase/(Decrease) in Payables	(4,294,344)	(1,000,000)	3,338,548
Increase/(Decrease) in Employee Provisions	478,712	400,000	158,580
Grants/Contributions for the Development of Assets	(6,071,954)	(4,651,446)	(9,102,173)
Net Cash from Operating Activities	<u>8,138,599</u>	<u>10,584,263</u>	<u>14,004,019</u>
	-	-	-

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements			
Credit Card limit	60,000		60,000
Credit Card Balance at Balance Date	(11,358)		(10,170)
Total Amount of Credit Unused	<u>48,642</u>		<u>49,830</u>

Loan Facilities	Nil		Nil
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CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

14. CAPITAL AND LEASING COMMITMENTS	2006	2005
	\$	\$
(a) Finance Lease Commitments	Nil	Nil
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	90,155	53,866
- later than one year but not later than five years	270,465	
- later than five years		
	<u>360,620</u>	<u>53,866</u>
(c) Capital Expenditure Commitments	Nil	Nil
15. CONTINGENT LIABILITIES	Nil	Nil
16. JOINT VENTURE	Nil	Nil
17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY		
Governance	3,093,191	3,440,486
General Purpose Funding	35,551,175	38,035,374
Law, Order, Public Safety	294,037	327,051
Education and Welfare	1,317,551	1,465,482
Community Amenities	80,544,533	90,700,143
Recreation and Culture	71,861,895	80,180,407
Transport	120,217,445	129,970,034
Economic Services	150,391	167,277
Other Property and Services	16,894,704	22,931,842
	<u>329,924,922</u>	<u>367,218,096</u>

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

18. FINANCIAL RATIOS	2006	2005	2004
Current Ratio	1.90	1.16	1.79
Untied Cash to Trade Creditors Ratio	1.91	1.28	1.67
Debt Ratio	0.033	0.043	0.036
Debt Service Ratio	-	-	-
Gross Debt to Revenue Ratio	-	-	-
Gross Debt to Economically Realisable Assets Ratio	-	-	-
Rate Coverage Ratio	0.50	0.49	0.58
Outstanding Rates Ratio	0.036	0.04	0.04

The above rates are calculated as follows:

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

Untied Cash to Trade Creditors Ratio $\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$

Debt Ratio $\frac{\text{Total liabilities}}{\text{Total assets}}$

Debt Service Ratio $\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$

Gross Debt to Revenue Ratio $\frac{\text{Gross debt}}{\text{Total revenue}}$

Gross Debt to Economically Realisable Assets Ratio $\frac{\text{Gross debt}}{\text{Economically realisable assets}}$

Rate Coverage Ratio $\frac{\text{Net rate revenue}}{\text{Operating revenue}}$

Outstanding Rates Ratio $\frac{\text{Rates outstanding}}{\text{Rates collectable}}$

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

19. TRUST FUNDS

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

	Balance 1-Jul-05 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-06 \$
Unclaimed Monies	4,491	-	-	4,491
BCITF	21,985	426,307	(411,356)	36,936
BFB	8,498	98,570	(96,810)	10,258
	34,974			51,685

20. DISPOSALS OF ASSETS - 2005/2006 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land	780,000	1,200,000	1,759,083	1,200,000	979,083	-
Buildings	345,592	990,000	33,173	990,000	(312,419)	-
Plant & Equipment	943,731	1,442,185	1,294,798	1,429,900	351,067	(12,285)
Furniture & Equipment	-	-	1,610	-	1,610	-
	2,069,323	3,632,185	3,088,664	3,619,900	1,019,341	(12,285)

21. INFORMATION ON BORROWINGS

Not Applicable

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006

22. RATING INFORMATION - 2005/2006 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rates											
G R V											
Residential Improved	7.490	17,991	168,820,726	11,960,692	485,202	10,971	12,456,865	11,870,690	461,532	-	12,332,222.00
Residential Vacant	11.984	1,519	8,851,960	1,027,804	24,898	(1,801)	1,050,901	1,022,804	33,561	-	1,056,365.00
Commercial Improved	7.490	456	45,411,620	3,143,365	133,745	183	3,277,293	3,128,365	75,182	-	3,203,547.00
Commercial Vacant	11.984	40	568,375	65,475	9,157	317	74,949	65,475	1,560	-	67,035.00
Industrial Improved	7.490	702	26,686,662	1,956,064	22,086	-	1,978,150	1,955,064	47,530	-	2,002,594.00
Industrial Vacant	11.984	68	859,256	110,194	(1,219)	-	108,975	110,194	2,604	-	112,798.00
Kennel Area Improved	7.490	132	1,151,532	86,250	-	-	86,250	86,250	2,254	-	88,504.00
Kennel Area Vacant	11.984	0	-	-	-	-	-	-	-	-	-
Rural GRV	8.988	662	6,390,702	566,191	(100)	50	566,141	565,191	14,887	-	580,078.00
Extractive Industry	14.231	2	257,106	36,645	(536)	-	36,109	36,645	879	-	37,524.00
Residential Development GRV	8.988	105	2,235,578	224,305	(23,966)	(524)	199,815	224,305	5,300	-	229,605.00
Golf Courses	7.490	1	135,000	10,112	-	-	10,112	10,112	252	-	10,364.00
U V											
Rural UV	0.490	231	78,881,140	321,906	80,158	464	402,528	113,602	2,685	-	116,287.00
Rural UV Agricultural Concession	0.392	25	33,851,000	113,602	19,094	(38)	132,658	321,906	7,708	-	329,614.00
Residential Development UV	0.294	16	10,970,000	48,451	(11,222)	(503)	36,726	48,451	1,158	-	49,609.00
Sub-Totals		21,950	\$385,070,657	\$19,671,056	\$737,297	\$9,119	\$20,417,472	\$19,559,054	\$657,092	-	\$20,216,146
Minimum Rates											
Minimum \$											
G R V											
Residential Improved	536	14,168	89,265,286	7,594,048			7,594,048	7,684,048			7,684,048
Residential Vacant	536	732	2,434,870	392,352			392,352	397,352			397,352
Commercial Improved	536	71	329,782	38,056			38,056	53,056			53,056
Commercial Vacant	536	1	55	536			536	536			536
Industrial Improved	536	103	623,675	55,208			55,208	56,208			56,208
Kennel Area Improved	536	17	115,336	9,112			9,112	9,112			9,112
Kennel Area Vacant	536	0	-	-			-	-			-
Rural GRV	536	119	619,296	63,784			63,784	64,783			64,783
Extractive Industry	536	1	394	536			536	536			536
Residential Development GRV	536	0	-	-			-	-			-
Golf Courses	536	1	4,500	536			536	536			536
U V											
Rural UV	536	8	690,860	4,288			4,288	4,288			4,288
Residential Development UV	536	1	147,000	536			536	536			536
Sub-Totals		15,222	\$94,231,054	\$8,158,992			\$8,158,992	\$8,270,991			\$8,270,991
Specified Area Rate (refer note 23)							28,576,464				28,487,137
Totals							179,819				170,103
							28,756,283				28,657,240

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

23. SPECIFIED AREA RATE - 2005/2006 FINANCIAL YEAF

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Applied to Costs \$	Budget Applied to Costs \$
Specified Area Rates								
The Avenues	0.6019	500	5,610,672	33,771	-	-	33,771	33,771
Sanctuary Waters	0.4144	688	8,566,879	35,416	69	-	35,485	35,416
The Reserve	0.5058	297	3,567,252	15,842	1,846	54	17,742	15,842
Brookland Greens	0.7863	546	6,684,524	52,435	79	-	52,514	52,435
Brookland Park	0.2435	306	3,474,184	8,352	78	-	8,430	8,352
The Boardwalk	0.9121	278	3,822,634	24,287	7,590	-	31,877	24,287
Sub-Totals		2,615	\$31,726,145	\$170,103	\$9,662	\$54	179,819	\$170,103

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.

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

24. SERVICE CHARGES - 2005/2006 FINANCIAL YEAR

	Amount of Charge \$		Revenue Raised \$	Budget Revenue \$	Applied to Service Costs \$	Budget Applied to Costs \$
Underground power	Varied dependant on power usage		1,458,516	243,750	1,458,516	243,750
			1,458,516	243,750	1,458,516	243,750

Service Charge - Underground Power - Gosnells

The underground power project is being funded via contributions from the State Government, City of Gosnells and ratepayers. The following breakdown of costs is based on 1,137 lots and a contract price of \$7.17 million.

The calculations are based on the City receiving the 15% Socio Economic Index For Areas (SEIFA) subsidy.

No transfer to or from reserve accounts has occurred.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2005/2006 FINANCIAL YEAR**

Nil

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

26. INTEREST CHARGES AND INSTALMENTS - 2005/2006 FINANCIAL YEAF

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11	-	100,492	160,139
Interest on Instalments Plan	5.5	-	190,699	210,000
Charges on Instalment Plan		10.50	171,411	170,000
			<u>462,602</u>	<u>540,139</u>

Ratepayers had the option of paying rates in four equal instalments, due on 16th September 2005, 11th November 2005, 6th January 2006 and 3rd March 2006. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES

	2006 \$	2005 \$
Governance	43,045	-
General Purpose Funding	101,657	-
Law, Order, Public Safety	222,436	187,003
Health	93,301	162,377
Education and Welfare	226,616	365,406
Community Amenities	5,861,208	5,313,682
Recreation & Culture	2,256,766	2,345,891
Transport	77,883	121,350
Economic Services	1,419,875	945,248
Other Property & Services	365,376	488,191
	<u>10,668,163</u>	<u>9,929,148</u>

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

28. GRANT REVENUE

	2006 \$	2005 \$
By Nature and Type:		
Grants and Subsidies - operating	3,344,606	3,250,575
Grants and Subsidies - non-operating	4,678,715	4,930,409
	<u>8,023,321</u>	<u>8,180,984</u>
By Programme:		
General Purpose Funding	2,489,919	2,346,667
Law, Order, Public Sector	260,754	127,047
Education and Welfare	366,935	372,574
Community Amenities	124,899	61,150
Recreation and Culture	344,213	263,003
Transport	4,197,293	3,646,280
Economic Services	8,000	1,364,263
Other Property & Services	231,308	-
	<u>8,023,321</u>	<u>8,180,984</u>

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

29. COUNCILLORS' REMUNERATION	2006	2006 Budget	2005
	\$	\$	\$
The following fees, expenses and allowances were paid to Council members and/or the Mayor.			
Meeting Fees	75,833	91,000	78,000
Mayor's Allowance	50,000	60,000	60,000
Deputy Mayor's Allowance	7,500	9,000	9,000
Travelling Expenses	10,111	13,500	12,663
Telecommunications Allowance	15,000	18,000	18,000
	<u>158,444</u>	<u>191,500</u>	<u>177,663</u>

Note: The actual 2006 Councillors' Remuneration displayed only covers the period 1st July 2005 to 30th April 2006. May & June 2006 was paid in July 2006 in the 2006/2007 Financial Year.

30. EMPLOYEES' REMUNERATION

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

Salary Range \$	2006	2005
110,000 - 119,999		1
120,000 - 129,999	4	4
130,000 - 139,999	1	
170,000 - 179,999		1
180,000 - 189,999	1	

31. EMPLOYEE NUMBERS	2006	2005
The number of full-time equivalent Employees at balance date	<u>365</u>	<u>361</u>

32. ECONOMIC DEPENDENCY

A significant portion of revenue is received by way of grants from the State and Federal Government. The total of grant revenue from government sources is disclosed in Note 28.

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

33. MAJOR LAND TRANSACTIONS

Harmony Fields formerly the Maddington Golf Course

(a) Details

In 1999 the Council had the site rezoned for Parks and Recreation. A plan for redevelopment of the site was made in 2003 using a series of consensus design workshops. The plan will see a large number of new recreation facilities constructed on the site and a number of residential lots to be sold.

(b) Current year transactions	2006 \$	2005 \$
Operating expenditure		
- Loss on sale of land	-	235,000
Capital Income		
- Sale Proceeds	-	990,000
Capital Expenditure		
- Development Costs	237,230	5,821
	<u>237,230</u>	<u>5,821</u>

There are no liabilities in relation to this land transaction as at 30 June 2005.

(c) Expected Future Cash Flows	2007 \$	2008 \$	2009 \$	2010 \$	2011 \$	Total \$
Cash Outflows						
- Development Costs	710,780	474,005	-	-	-	1,184,785
	<u>710,780</u>	<u>474,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,184,785</u>
Cash Inflows						
- Sale Proceeds	-	555,800	-	-	-	555,800
	<u>-</u>	<u>555,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>555,800</u>
Net Cash Flows	<u>(710,780)</u>	<u>81,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(628,985)</u>

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

33. MAJOR LAND TRANSACTIONS (Continued)

Lot 72 Alloa Road, Maddington

(a) Details

This land was sold during 2005/2006 for the use of the Australian Technical College.
The sale proceeds are to be used for the development of Harmony Fields (ref: OCM report 20th December 2005).

(b) Current year transactions	2006	2005
	\$	\$
Operating Income		
- Profit on sale	810,880	-
Capital Income		
- Sale Proceeds	1,310,880	-

There are no liabilities in relation to this land transaction as at 30th June 2006.

(c) Expected Future Cash Flows	2007	2008	2009	2010	2011	Total
	\$	\$	\$	\$	\$	\$
Cash Inflows						
- Sale Proceeds	1,310,880					1,310,880
	1,310,880	-	-	-	-	1,310,880
Net Cash Flows	1,310,880	-	-	-	-	1,310,880

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2005/2006 financial year.

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

35. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRSs)

(a) Reconciliation of Equity at 1st July 2004

	Note	Previous GAAP 1 July 2004 \$	Effect of Transition to AIFRSs \$	AIFRSs 1 July 2004 \$
CURRENT ASSETS				
Cash Assets		34,729,854		34,729,854
Receivables		3,548,027		3,548,027
Inventories		200,850		200,850
TOTAL CURRENT ASSETS		<u>38,478,731</u>	-	<u>38,478,731</u>
NON-CURRENT ASSETS				
Receivables		841,701		841,701
Property, Plant and Equipment Infrastructure		125,336,731		125,336,731
		190,988,213		190,988,213
TOTAL NON-CURRENT ASSETS		<u>317,166,645</u>	-	<u>317,166,645</u>
TOTAL ASSETS		<u>355,645,376</u>	-	<u>355,645,376</u>
CURRENT LIABILITIES				
Payables		6,724,402		6,724,402
Interest Bearing Liabilities		-		-
Provisions		2,947,984		2,947,984
TOTAL CURRENT LIABILITIES		<u>9,672,386</u>	-	<u>9,672,386</u>
NON-CURRENT LIABILITIES				
Payables		2,488,798		2,488,798
Interest Bearing Liabilities		-		-
Provisions	A	497,732	(12,244)	485,488
TOTAL NON-CURRENT LIABILITIES		<u>2,986,530</u>	(12,244)	<u>2,974,286</u>
TOTAL LIABILITIES		<u>12,658,916</u>	(12,244)	<u>12,646,672</u>
NET ASSETS		<u>342,986,460</u>	12,244	<u>342,998,704</u>
EQUITY				
Accumulated Surplus		235,447,037	12,244	235,459,281
Reserves - Cash Backed		21,117,179		21,117,179
Reserves - Asset Revaluation		86,422,244		86,422,244
TOTAL EQUITY		<u>342,986,460</u>	12,244	<u>342,998,704</u>

Note A:

Non-current provision for annual leave under previous GAAP was based on remuneration rates expected to be paid. Under AIFRS non-current provision for annual leave is based on the present value of the benefit to be paid. The resultant gain was adjusted directly against equity (Accumulated Surplus).

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

35. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRSs) (Continued)

(b) Reconciliation of Equity at 30th June 2005

	Note	Previous GAAP 30 June 2005 \$	Effect of Transition to AIFRSs \$	AIFRSs 30 June 2005 \$
CURRENT ASSETS				
Cash Assets		37,855,275		37,855,275
Receivables		2,297,707		2,297,707
Inventories		236,042		236,042
TOTAL CURRENT ASSETS		<u>40,389,024</u>	-	<u>40,389,024</u>
NON-CURRENT ASSETS				
Receivables		678,721		678,721
Property, Plant and Equipment Infrastructure		129,545,404		129,545,404
		<u>196,604,947</u>		<u>196,604,947</u>
TOTAL NON-CURRENT ASSETS		<u>326,829,072</u>	-	<u>326,829,072</u>
TOTAL ASSETS		<u>367,218,096</u>	-	<u>367,218,096</u>
CURRENT LIABILITIES				
Payables		11,185,190		11,185,190
Interest Bearing Liabilities		-		-
Provisions		1,753,390		1,753,390
TOTAL CURRENT LIABILITIES		<u>12,938,580</u>	-	<u>12,938,580</u>
NON-CURRENT LIABILITIES				
Payables		994,165		994,165
Interest Bearing Liabilities		-		-
Provisions	B	1,897,623	(58,961)	1,838,662
TOTAL NON-CURRENT LIABILITIES		<u>2,891,788</u>	<u>(58,961)</u>	<u>2,832,827</u>
TOTAL LIABILITIES		<u>15,830,368</u>	<u>(58,961)</u>	<u>15,771,407</u>
NET ASSETS		<u>351,387,728</u>	<u>58,961</u>	<u>351,446,689</u>
EQUITY				
Accumulated Surplus		244,248,022	58,961	244,306,983
Reserves - Cash Backed		20,717,462		20,717,462
Reserves - Asset Revaluation		86,422,244		86,422,244
TOTAL EQUITY		<u>351,387,728</u>	<u>58,961</u>	<u>351,446,689</u>

Note B:

Non-current provision for annual leave under previous GAAP was based on remuneration rates expected to be paid. Under AIFRSs non-current provision for annual leave is based on the present value of the benefit to be paid. Upon transition to AIFRSs as at 1st July 2004, the resultant gain of \$12,244 was adjusted directly to equity (Retained Surplus) and is detailed at Note 35(a). The resultant gain of \$46,717 in relation to the year ended 30th June 2005 was adjusted against the expense as detailed at Note 35(c). The total of these two adjustments, upon first adoption of AIFRSs, is \$58,961 and reflects as an adjustment to equity (Accumulated Surplus) in the reconciliation above.

CITY OF GOSNELLS

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2006**

35. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRSs) (Continued)

(c) Reconciliation of Net Result for the Year Ended 30th June 2005

	Note	Previous GAAP Year Ended 30 June 2005 \$	Effect of Transition to AIFRSs \$	AIFRSs Year Ended 30 June 2005 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates		26,093,042		26,093,042
Grants and Subsidies - operating		3,250,575		3,250,575
Contributions Reimbursements and Donations		438,651		438,651
Service Charges		349,074		349,074
Fees and Charges		9,929,148		9,929,148
Interest Earnings		2,870,592		2,870,592
Other Revenue		402,558		402,558
		43,333,640	-	43,333,640
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs	C	(17,447,151)	46,717	(17,400,434)
Materials and Contracts		(12,819,694)		(12,819,694)
Utilities		(2,066,779)		(2,066,779)
Depreciation		(11,066,854)		(11,066,854)
Interest Expenses		-		-
Insurance		(963,662)		(963,662)
Other Expenditure		(581,895)		(581,895)
		(44,946,035)	46,717	(44,899,318)
		(1,612,395)	46,717	(1,565,678)
Grants and Subsidies - non-operating		4,930,409		4,930,409
Contributions Reimbursements and Donations - non-operating		4,171,764		4,171,764
Profit on Asset Disposals		1,548,727		1,548,727
Loss on Asset Disposals		(637,237)		(637,237)
		8,401,268	46,717	8,447,985
NET RESULT		8,401,268	46,717	8,447,985

Note C:

Non-current provision for annual leave under previous GAAP was based on remuneration rates expected to be paid. Under AIFRSs non-current provision for annual leave is based on the present value of the benefit to be paid. The resultant gain of \$46,717 in relation to the year ended 30 June 2005 was adjusted directly against the expense as detailed in the reconciliation above. It is also reflected in the \$58,961 adjustment to equity (Accumulated Surplus) at Note 35(b).

(d) Explanation of Material Adjustments to the Cash Flow Statement

There are no material differences between the Cash Flow Statement presented under AIFRSs and the Cash Flow Statement presented under previous GAAP.

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

MATTERS RELATING TO THE ELECTRONIC PRESENTATION OF THE AUDITED FINANCIAL REPORT

This audit report relates to the financial report of City of Gosnells for the year ended 30 June 2006 included on the City of Gosnells web site. The Council is responsible for the integrity of the City of Gosnells web site. We have not been engaged to report on the integrity of the City of Gosnells web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information, which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Scope

I have audited the accompanying financial report of the City of Gosnells for the year ended 30 June 2006 as set out on pages 3 to 47. The Council is responsible for the preparation and presentation of the financial report and the information contained therein. I have conducted an independent audit of the financial report in order to express an opinion on it to the ratepayers of the City of Gosnells.

My audit has been conducted in accordance with Australian Auditing Standards to provide a reasonable level of assurance as to whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether in all material respects, the financial report is presented fairly in accordance with the requirements of the Local Government Act 1995, Local Government (Financial Management) Regulations 1996, Australian Accounting Standards and other mandatory professional reporting requirements so as to present a view of the City of Gosnells which is consistent with my understanding of its financial position and the results of its operations and cash flows.

INDEPENDENCE

In conducting the audit, we followed applicable independence requirements of Australian professional and ethical pronouncements and the Corporations Act 2001.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial report presents fairly the financial position of the City of Gosnells as at 30 June 2006 and the results of its operations and cash flows for the year then ended in accordance with the requirements of the Local Government Act, Local Government (Financial Management) Regulations, applicable Accounting Standards and other mandatory professional reporting requirements.

Statutory Compliance

I did not, during the course of my audit, become aware of any instances where the Council did not comply with the requirements of the Local Government Act and Local Government (Financial Management) Regulations.

BENTLEYS MRI PERTH PARTNERSHIPA handwritten signature in blue ink, appearing to read 'M Hillgrove', is written over the name of the partner.

MICHAEL HILLGROVE
Partner

DATED at PERTH this 7th day of November 2006.