

**Annual Financial Report
For the year ended
30 June 2004**

2004

CITY OF GOSNELLS
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2004

	Actual 2004	Budget 2004	Actual 2003
<u>Operating Revenues</u>			
General Purpose Funding	29,285,917	28,722,947	27,555,571
Governance	60,985	55,700	77,580
Law, Order and Public Safety	462,210	369,110	273,985
Health	108,215	91,670	107,856
Welfare and Education	570,707	558,738	559,219
Housing	-	-	-
Community Amenities	6,279,645	5,309,046	4,843,722
Recreation and Culture	2,518,120	2,429,910	2,266,493
Transport	272,397	69,700	125,070
Economic Services	1,049,324	878,558	937,123
Other Property and Services	629,109	599,700	753,414
	<u>\$41,236,629</u>	<u>\$39,085,079</u>	<u>\$37,500,033</u>
<u>Operating Expenses</u>			
General Purpose Funding	731,095	745,315	880,675
Governance	2,631,373	2,642,709	2,774,545
Law, Order and Public Safety	1,615,795	1,728,685	1,977,541
Health	796,140	797,915	796,521
Welfare and Education	1,163,075	1,115,829	1,138,510
Housing	-	-	-
Community Amenities	7,911,577	8,394,990	6,830,445
Recreation and Culture	15,005,506	14,904,153	13,401,744
Transport	6,977,396	6,931,255	6,366,370
Economic Services	1,415,681	1,669,007	1,042,346
Other Property and Services	622,853	593,180	359,426
	<u>\$38,870,491</u>	<u>\$39,523,038</u>	<u>\$35,568,123</u>
<u>Contributions/Grants for the Development of Assets</u>			
Law, Order and Public Safety		-	-
Health		-	-
Welfare and Education		-	-
Community Amenities	2,585,009	1,113,000	1,497,892
Recreation and Culture	86,432	227,690	255,647
Housing		-	-
Transport	3,811,604	2,989,905	1,915,579
Economic Services	3,962,909	3,945,566	2,007,937
Other Property and Services		-	98,701
	<u>\$10,445,954</u>	<u>\$8,276,161</u>	<u>\$5,775,756</u>
<u>Gain/(Loss) on Disposal of Assets</u>			
Other Property and Services	(11,047)	(455,380)	(144,669)
	<u>\$(11,047)</u>	<u>\$(455,380)</u>	<u>\$(144,669)</u>
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS			
	<u>\$12,801,045</u>	<u>\$7,382,822</u>	<u>\$7,562,997</u>

The above statement should be read in conjunction with the attached notes

CITY OF GOSNELLS
STATEMENT OF CASH FLOWS
For the year ended 30 June 2004

<u>Cash Flows from Operating Activities</u>	Note	2004	2003
<u>Revenues</u>		\$	\$
Rates		24,269,109	22,983,176
Fees and Charges:			
Local Government Property		10,582,136	8,752,712
Contributions		510,622	1,570,783
Reimbursements		130,478	265,778
Interest		2,330,769	1,868,878
Other Income		279,480	341,691
Total Revenues		<u>\$38,102,594</u>	<u>\$35,783,018</u>
<u>Payments</u>			
Employee Costs		17,419,062	14,190,204
Utilities		2,016,097	1,848,070
Insurance		965,860	932,612
Materials and Contracts		8,554,144	9,669,537
Other Expenditure		959,408	1,236,712
Total Payments		<u>\$29,914,571</u>	<u>\$27,877,135</u>
Net Cash generated by Operating Activities	4	<u>\$8,188,023</u>	<u>\$7,905,883</u>
<u>Cash Flows from Investing Activities</u>			
Payments for Purchase of Assets		(22,159,245)	(15,674,108)
Proceeds from Sale of Assets		3,245,186	1,071,668
Capital Contributions			
Net Cash used in Investing Activities		<u>(\$18,914,059)</u>	<u>(\$14,602,440)</u>
<u>Cash Flows from Government</u>			
Government Grants and Subsidies		13,728,355	6,910,102
Net Cash provided by Government		<u>\$13,728,355</u>	<u>\$6,910,102</u>
Net increase in cash held		3,002,319	213,545
Cash position brought forward 1 July		31,727,535	31,513,990
CASH POSITION 30 JUNE	6	<u><u>\$34,729,854</u></u>	<u><u>\$31,727,535</u></u>

The above statement should be read in conjunction with the attached notes

CITY OF GOSNELLS
STATEMENT OF FINANCIAL POSITION
As at 30 June 2004

	Note	2004 \$	2003 \$
<u>Current Assets</u>			
Cash assets	6	34,729,854	31,727,535
Receivables	7	3,415,518	3,640,776
Inventories		200,850	221,956
Prepayments		132,509	24,723
Total Current Assets		\$38,478,731	\$35,614,990
<u>Non Current Assets</u>			
Receivables	7	841,701	765,620
Property Plant and Equipment	8	125,263,210	64,230,919
Infrastructure	9	190,988,213	185,171,217
Tools		58,057	58,057
Contribution - Local Government House		15,464	15,464
Total non-current Assets		\$317,166,645	\$250,241,277
Total assets	10	\$355,645,376	\$285,856,267
<u>Current Liabilities</u>			
Payables	11	6,724,402	5,193,649
Provisions	12	2,947,984	2,773,375
Total Current Liabilities		\$9,672,386	\$7,967,024
<u>Non Current Liabilities</u>			
Payables	11	2,488,798	2,211,147
Provisions	12	497,732	446,567
Total Non Current Liabilities		\$2,986,530	\$2,657,714
Total liabilities		\$12,658,916	\$10,624,738
NET ASSETS		\$342,986,460	\$275,231,529
<u>Equity</u>			
Accumulated Surplus		235,447,037	223,815,606
Asset Revaluation Reserve	16	86,422,244	31,468,194
Reserve Funds	14	15,635,503	14,991,829
Town Planning Schemes Reserves	15	5,481,676	4,955,900
TOTAL EQUITY		\$342,986,460	\$275,231,529

The above statement should be read in conjunction with the attached notes

CITY OF GOSNELLS
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2004

	Note	2004 \$	2003 \$
<u>Reserves - Cash Backed</u>			
Balance B/Fwd 1 July		19,947,731	20,553,427
Net Movements			
Reserve Funds	14	643,673	(1,138,070)
Town Planning Scheme Reserves	15	525,775	532,374
Trust Accounts Reserves			-
		<hr/>	<hr/>
Balance as at 30 June		\$21,117,179	\$19,947,731
		<hr/>	<hr/>
<u>Reserves – Non Cash Backed</u>			
		<hr/>	<hr/>
		\$86,422,244	\$31,468,194
		<hr/>	<hr/>
<u>Accumulated Surplus</u>			
Surplus brought forward		223,815,604	215,646,852
Surplus brought forward - accumulated rounding difference		(164)	59
Surplus from operations		12,801,045	7,562,997
Transfers to/from reserves:-			
Reserve funds		(643,673)	1,138,070
Town Planning Scheme Reserves		(525,775)	(532,374)
Trust accounts reserves			-
		<hr/>	<hr/>
Balance as at 30 June		\$235,447,037	\$223,815,604
		<hr/>	<hr/>
TOTAL EQUITY		\$342,986,460	\$275,231,529
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CITY OF GOSNELLS
RATES SETTING STATEMENT 2003/2004

	Actual 2003/2004 \$	Adopted Budget 2003/2004 \$	Adjusted Budget 2003/2004 \$
<u>Operating Revenue</u>			
General Purpose Funding	5,193,537	4,613,498	4,618,498
Governance	60,985	55,700	55,700
Law, Order and Public Safety	462,210	369,110	439,610
Health	108,215	91,670	95,670
Education and Welfare	570,707	558,738	558,738
Community Amenities	6,279,645	5,309,046	5,360,046
Recreation and Culture	2,518,120	2,429,910	2,432,119
Transport	272,397	69,700	213,700
Economic Services	1,049,324	878,558	904,258
Other Property and Services	1,520,139	648,077	648,077
	18,035,279	15,024,007	15,326,416
LESS			
<u>Operating Expenditure</u>			
General Purpose Funding	731,095	745,315	752,507
Governance	2,631,373	2,642,709	2,619,259
Law, Order and Public Safety	1,615,795	1,728,685	1,738,648
Health	796,141	797,915	923,610
Education and Welfare	1,163,075	1,115,829	1,116,070
Community Amenities	7,911,577	8,394,990	8,541,188
Recreation and Culture	15,005,506	14,904,153	14,791,975
Transport	6,977,396	6,931,255	7,087,089
Economic Services	1,415,681	1,669,007	1,716,691
Other Property and Services	1,524,930	1,096,937	1,088,957
	39,772,569	40,026,795	40,375,994
Change in net assets arising from operations	(21,737,290)	(25,002,788)	(25,049,578)
ADD			
Contributions/Grants for the Development of Assets	10,445,954	8,276,161	9,289,178
Loss/(Profit) on the Disposal of Assets	11,047	455,380	455,380
Write back: Depreciation	7,007,614	7,845,083	7,845,083
	17,464,615	16,576,624	17,589,641
LESS			
<u>CAPITAL PROGRAMME</u>			
Purchase Land and Buildings	9,372,991	10,315,586	9,564,530
Purchase Infrastructure Assets	10,986,508	17,202,060	20,367,133
Purchase Plant and Equipment	1,524,861	2,514,250	3,013,715
Purchase Furniture and Fittings	274,721	625,329	695,619
	22,159,081	30,657,225	33,640,997
<u>OTHER</u>			
Transfer to Reserves	7,006,574	3,342,777	6,807,848
Transfer to Town Planning Schemes	1,436,308	1,319,869	1,358,000
	8,442,882	4,662,646	8,165,848
ADD			
<u>FUNDING SOURCES</u>			
Reserves Utilised	6,362,899	8,651,100	11,168,631
Town Planning Schemes	910,532	2,479,057	2,310,995
Proceeds of Assets Sold	3,245,186	2,053,540	4,504,870
Opening Funds	7,572,837	6,852,889	7,572,837
	\$18,091,454	\$20,036,586	\$25,557,333
RATES LEVIED	(\$24,092,380)	(\$24,109,449)	(\$24,109,449)
Surplus	\$7,309,196	\$400,000	\$400,000

**CITY OF GOSNELLS
SCHEDULE 1
GENERAL PURPOSE INCOME
For the year ended 30 June 2004**

	Actuals	Budget
	\$	\$
<u>Rates (excluding minimums)</u>		
<u>General Rates</u>		
GRV	15,006,698	15,006,699
UV	340,767	340,767
<u>Specified Area Rates (GRV) - Park land maintenance</u>		
The Avenues	33,943	33,948
Sanctuary Waters	45,701	29,326
Brookland Greens	6,901	45,699
Brookland Park	29,319	6,902
<u>Concessional Rates (UV)</u>		
Agricultural Rate	115,451	115,451
<u>Minimum Rates</u>		
<u>General Rates</u>		
GRV	7,845,156	7,845,156
UV	6,776	6,776
<u>Back Rates</u>		
GRV	25,759	43,497
UV	(1,666)	-
Specified Area Rates	430	-
<u>Interim Rates/Adjustments</u>		
GRV	636,302	635,228
UV	(5,157)	-
Specified Area Rates	6,000	-
Total Rates levied	24,092,380	24,109,449
Add - Late payment penalties	130,545	164,783
Total Amount made up from Rates	24,222,925	24,274,232
<u>Other General Purpose Income</u>		
General (untied) grant	1,366,280	1,378,000
General (untied) roads grant	877,306	860,665
Pensioners' deferred rates interest grant	37,174	40,000
ESL Administration	84,280	80,000
Legal recoveries	160	-
Search fees	54,008	53,000
Rates administration interest charge	275,212	328,750
Interest on municipal investments	1,238,852	841,500
Interest on reserve & TPS fund investments	1,066,727	856,800
Late payment penalties (non rates)	24,479	-
Other	38,514	10,000
Total Other General Purpose Income	5,062,992	4,448,715
Total General Purpose Income	29,285,917	28,722,947

**SCHEDULE 2
STATEMENT OF RATING INFORMATION
For the year ended 30 June 2004**

	No. of Properties	Valuation \$	Minimum Rate or c/\$	YIELD				Total \$
				Rates \$	Interim Rates \$	Non Payment Penalty \$	Back Rates \$	
Gross Rental Valuations								
Residential Improved	14,614	120,729,313	7.6170	9,195,952	591,605	93,905	24,544	9,906,006
Residential Vacant	686	4,656,171	12.1870	567,448	(91,573)	13,002	(13,064)	475,813
Commercial Improved	355	30,717,856	7.6170	2,339,779	70,741	4,992	397	2,415,909
Commercial Vacant	34	454,100	12.1870	55,341	4,515	970	552	61,378
Industrial Improved	715	24,519,633	7.6170	1,867,660	109,170	7,339	23,214	2,007,383
Industrial Vacant	85	886,878	12.1870	108,084	(18,557)	562	3,976	94,065
Kennel Area Improved	119	927,420	7.6170	70,642	894	316	163	72,015
Kennel Area Vacant	1	5,800	12.1870	707	(707)	-	(174)	(174)
Rural GRV	692	6,017,835	9.1400	550,030	(22,231)	4,476	(13,849)	518,426
Extractive Industries	3	231,500	14.4720	33,503	-	10	-	33,513
Residential Development	148	2,242,734	9.1400	204,986	(7,556)	2,536	-	199,966
Golf Club	1	165,000	7.6170	12,568	-	25	-	12,593
TOTALS	17,453	191,554,240		15,006,700	636,301	128,133	25,759	15,796,893
Unimproved Valuations								
Rural UV	228	55,697,750	0.5300	295,198	(5,057)	1,063	(1,667)	289,537
Rural UV Agricultural Concession	26	27,229,000	0.4240	115,451	(424)	102	293	115,422
Rural UV Residential Development Concession	25	14,330,000	0.3180	45,569	324	880	-	46,773
TOTALS	279	97,256,750		456,218	(5,157)	2,045	(1,374)	451,732
Minimum Rates								
Residential Improved	14,669	82,479,620	484	7,099,796	-	-	-	7,099,796
Residential Vacant	1,252	3,844,023	484	605,968	-	-	-	605,968
Commercial Improved	72	292,198	484	34,848	-	-	-	34,848
Commercial Vacant	1	50	484	484	-	-	-	484
Industrial Improved	79	437,645	484	38,236	-	-	-	38,236
Industrial Vacant	2	40	484	968	-	-	-	968
Kennel Area Improved	29	175,656	484	14,036	-	-	-	14,036
Rural GRV	102	468,049	484	49,368	-	-	-	49,368
Extractive Industry	1	312	484	484	-	-	-	484
Residential Development	1	1,150	484	484	-	-	-	484
Golf Club	1	3,000	484	484	-	-	-	484
Rural UV	12	744,250	484	5,808	-	-	-	5,808
Rural UV Residential Development Concession	2	168,500	484	968	-	-	-	968
TOTALS	16,223	88,614,493		7,851,932	-	-	-	7,851,932
Specified Area Rates - GRV *								
Gross Rental Valuations								
The Avenues	498	4,953,105	0.685300	33,943	1,482	105	23	35,553
Lansdowne Park	-	-	-	-	-	-	-	-
Sanctuary Waters	690	7,791,439	0.376300	29,319	427	113	27	29,886
Brookland Greens	547	5,819,612	0.785300	45,701	2,912	121	18	48,752
Brookland Park	283	2,214,089	0.311700	6,901	1,178	28	70	8,177
TOTALS	2,018	20,778,245		115,864	5,999	367	138	122,368
TOTAL RATES INCOME	35,973			23,430,714	637,143	130,545	24,523	24,222,925

* These totals not duplicated in total rates levied above

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE ACCOUNTS
For the year ended 30 June 2004

1 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of these financial statements are:

a. Reporting Entity

For the purposes of reporting the Local Government as a single unit, all transactions and balances in respect to the Municipal, Reserve and Town Planning Scheme accounts have been consolidated.

Certain moneys held in the Trust Fund have been excluded (see Note 17).

b. Basis of Accounting

The financial statements have been drawn up in accordance with the accounting standards and disclosure requirements of the Australian accounting bodies, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996. They have been prepared on the accrual basis under the convention of historical cost.

c. Employee Benefits

Provision is made in the City's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other 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.

Contributions are made by the City to the Local Government Superannuation Fund, and are charged as expenses when incurred.

d. Superannuation Fund

The superannuation expense for the reporting period is the amount of contributions made to the Local Government Superannuation Fund which provides benefits to Council's employees. Details of this arrangement are set out in Note 25.

e. Investments

All investments are made in accordance with the Trustee's Act and are valued at cost. Interest revenue on the investments is recognised as it accrues.

f. Rates, Grants, Donations and Other Contributions

The rating and reporting periods coincide and rates levied for the year are recognised as revenues. All grants, donations and other contributions are recognised as revenue during their reporting period and the expenditures of these funds are allocated in the manner specified under the conditions upon which City of Gosnells received the monies.

g. Stock on Hand

City of Gosnells uses the weighted average cost method in determining the value of stock on hand.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE ACCOUNTS
For the year ended 30 June 2004

h. Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank, and investments in money market instruments.

i. Depreciation of non-current assets

Items of property, plant and equipment, including buildings but excluding freehold land, are depreciated over their estimated useful lives on a straight-line basis.

Depreciation percentages for non-current assets other than infrastructure assets are:

Buildings	2%
Plant	20%
Furniture and Equipment	10%
IT Equipment (Hardware)	33.3%
IT Equipment (Software)	20%

Depreciation percentages for infrastructure assets are:

Roads	5%
Drains	2%
Park land Development	5%
Bridges	2%
Car Park Development	5%
Play equipment	20%
Street Furniture	10%
Other Infrastructure	10%

Only individual items with a value of \$1,000 or more have been capitalised, in accordance with Council's asset management policy.

j. Fixed Assets Values and Revaluations

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

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

k. Management Clearing programme

In accordance with changes to the Local Government (Financial Management) Regulations 1996, City of Gosnells has allocated all general administration costs over all programmes on activity based costing principles.

l. Roundings

Amounts shown in the financial report have been rounded to the nearest dollar. This may result in minor variations between schedules.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE ACCOUNTS
For the year ended 30 June 2004

m. Comparative Figures

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

n. Impacts of Adopting Australian Equivalents to International Financial Reporting Standards (IFRSs)

With the adoption of Australian equivalents to International financial Reporting Standards Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective from 1 January 2005 for the financial year commencing 1/7/2005. This requires the production of accounting data for future comparative purposes at the end of the current financial year.

The City is assessing the significance of these changes and preparing for their implementation.

The City is of the opinion that the key differences in the Organisation's accounting policies which will arise from the adoption of IFRS are:

(i) Impairment of Assets

The City currently determines the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal with the exception of certain classes of infrastructure assets. In terms pending AASB 136 Impairment of Assets, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy.

(ii) Non-current Investments

Under the pending AASB 139 Financial instruments: Recognition and Measurement, financial instruments that are classified as available for sale instruments must be carried at fair value. Unrealised gains or losses may be recognised within income or directly to equity. Current accounting policy is to measure non-current investments at cost, with an annual review by the City to ensure that the carrying amounts are not in excess of the recoverable value of the instrument.

(iii) Employee Benefits – Defined Benefit Superannuation Plan

The City does not record, as an asset or a liability, the difference between the defined benefit superannuation plan's accrued benefits and the net market value of the plan's assets. In the terms of the Australian equivalent to 1AS 190: Employee Benefits, the City will be required to recognise actuarial gains and losses relating to such plans in the statement of financial performance as they arise.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE ACCOUNTS
For the year ended 30 June 2004

2 **COMPONENT FUNCTIONS AND ACTIVITIES**

General Purpose Funding

To collect revenue to finance Council activities Rates, government grants and interest revenue collection and administration

Governance

To provide a decision-making process to efficiently allocate scarce resources Administration and operation of facilities and services to members of Council and other costs relating to assistance to members that cannot be specifically allocated

Law, Order and Public Safety

To provide services to ensure a safer community Supervision of by-laws, fire prevention, emergency services and animal control

Health

To provide an operational framework for good community health Enforcement of food quality standards, pest control, immunisation and child health services

Education and Welfare

To assist in meeting the needs of the community Operation of senior citizens' and day-care centres, pre-schools, playgroup assistance and other voluntary services

Community Amenities

To provide services required by the community Rubbish collection and recycling programmes, tip operation, noise control, town planning and storm water drainage maintenance

Recreation and Culture

To establish and manage facilities for the wellbeing of the community Ensure availability of halls, aquatic centre, recreation and sportsgrounds and libraries

Transport

To provide effective infrastructure to the community in the most efficient way Construction and maintenance of roads and bridges and lighting and cleaning of streets

Economic Services

To promote the City and improve its economic base Promotion of tourism and the area together with regulation of building

Other Property and Services

Private works operations, plant repairs and general operations costs

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE ACCOUNTS
For the year ended 30 June 2004

3 REVENUE AND EXPENSE
CLASSIFIED BY NATURE

	<u>2004</u>	<u>2003</u>
	\$	\$
Revenue		
Rates	24,092,381	22,843,108
Fees and Charges – Local Government property	10,543,633	8,962,649
Contributions	646,793	2,266,767
Reimbursements	139,919	236,706
Interest	2,342,753	1,865,827
Grants and Subsidies – Operating	3,282,401	2,824,949
Grants and Subsidies – Capital	10,445,954	4,085,153
Proceeds on Disposal of Fixed Assets	3,245,186	1,074,018
Other Income	187,938	190,630
Total	<u>\$54,926,958</u>	<u>\$44,349,807</u>
Expense		
Employee Costs	17,644,836	14,406,652
Utilities	2,016,096	1,848,070
Insurance	965,860	932,612
Materials and Contracts	10,275,866	10,798,974
Other Expenditure	959,407	1,236,710
Depreciation on Non Current Assets	7,007,614	6,345,103
Net Book Value of Disposed Fixed Assets	3,256,234	1,218,689
Total	<u>\$42,125,913</u>	<u>\$36,786,810</u>
Change in Net Assets Resulting from Operations	<u>\$12,801,045</u>	<u>\$7,562,997</u>

4 RECONCILIATION OF NET CASH USED IN OPERATING
ACTIVITIES TO CHANGE IN NET ASSETS RESULTING
FROM OPERATIONS

	<u>2004</u>	<u>2003</u>
	\$	\$
Change in net assets resulting from operations	12,801,045	7,562,997
Profit on sale of fixed assets	(891,032)	(162,702)
Loss on sale of fixed assets	902,076	307,371
Government revenues	(13,728,355)	(6,910,102)
Decrease (Increase) in debtors	149,177	(582,669)
Depreciation	7,007,614	6,345,103
Increase in provisions	225,774	216,448
Increase (Decrease) in creditors	1,808,404	1,138,735
Decrease (Increase) in inventory	21,107	(38,585)
Decrease (Increase) in prepayments	(107,787)	29,287
Net cash used in operating activities	<u>\$8,188,023</u>	<u>\$7,905,883</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE ACCOUNTS
For the year ended 30 June 2004

5 SPECIFIED AREA RATES

Specified Area Rates have been raised to cover the additional cost of maintaining the above average standard of landscaping in The Avenues, Brookland Park, Sanctuary Waters and Brookland Green housing developments.

	Budget	Actual	Surplus (Deficit)
	\$	\$	\$
The Avenues	114,660	136,570	(21,910)
Sanctuary Waters	151,340	163,511	(12,171)
Brookland Green	161,080	169,934	(8,854)
Brookland Park	72,000	71,985	15

Surplus amounts have been carried forward into 2004/2005.

6 CASH POSITION

	<u>2004</u>	<u>2003</u>
	\$	\$
Unrestricted	13,612,675	11,779,806
Restricted	21,117,179	19,947,729
TOTAL CASH	<u>\$34,729,854</u>	<u>\$31,727,535</u>

Cash holdings restricted as to use by Council resolution, regulation or external requirement –

Reserves	15,635,503	14,488,044
Town Planning Scheme accounts	5,481,676	5,459,685
TOTAL RESTRICTED CASH	<u>\$21,117,179</u>	<u>\$19,947,729</u>

7 RECEIVABLES

	<u>2004</u>	<u>2003</u>
	\$	\$
CURRENT		
Rates	965,556	1,194,090
GST recoverable	659,020	99,198
Contributions	-	77,542
Income from property	151,580	352,828
Recreation ground hire	17,235	8,329
Reinstatements	-	-
Insurance	18,589	9,148
Government Grants	947,715	1,933,580
Miscellaneous works	203,935	9,819
Firebreaks	4,836	4,901
Interest	47,613	35,629
TPS/ODP and POS Contributions	215,713	2,000
Other sundry debtors	293,060	27,397
Sub-total	<u>3,524,852</u>	<u>3,754,461</u>
Less - provision for doubtful debts	(109,334)	(113,685)
Total current receivables	<u>\$3,415,518</u>	<u>\$3,640,776</u>
NON CURRENT		
Pensioners' deferred rates	671,969	664,727
Other sundry debtors	169,732	100,893
Total non current receivables	<u>841,701</u>	<u>765,620</u>
Total receivables	<u>\$4,257,219</u>	<u>\$4,406,396</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE ACCOUNTS
For the year ended 30 June 2004

8 (a) STATEMENT OF DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

PROGRAMME	Net Book Value (Assets Disposed)		Income (Assets Disposed)		Profit/(Loss) (Assets Disposed)	
	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$
Community Amenities		1,545,416		2,170,085		(624,669)
Recreation and Culture	843,000	426,044	843,000			426,044
Other Property and Services	1,665,920	1,284,773	1,210,540	1,075,101	455,380	209,672
TOTALS	\$2,508,920	\$3,256,233	\$2,053,540	\$3,245,186	\$455,380	\$11,047

8 (b) MOVEMENTS - PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant & Machinery	Furniture & Equipment	Total
Balance at the Beginning of the Year	17,071,148	36,096,803	8,652,414	2,410,554	64,230,919
Additions	153,222	-	1,524,862	274,722	1,952,806
Disposals	(1,544,051)	(426,043)	(1,277,735)	(7,040)	(3,254,869)
Revaluation Increment	18,288,852	36,665,197	-	-	54,954,049
Depreciation Expense	-	(1,334,036)	(1,313,007)	(556,077)	(3,203,120)
Work in Progress	-	10,583,425	-	-	10,583,425
Carrying Amount at the end of the Year	33,969,171	81,585,346	7,586,534	2,122,159	125,263,210

An independent valuation was conducted by the Valuer Generals Office of Land and Buildings, on a Fair Value basis as at 1 July 2003. The valuation of Land being \$35,360,000 and Buildings \$72,762,000.

8 (c) PROPERTY PLANT AND EQUIPMENT

	<u>2004</u> \$	<u>2003</u> \$
Net Book Value		
Land (at Cost)	-	17,071,148
Land (at Valuation)	33,969,171	-
Buildings (at Cost)	-	38,328,145
Buildings (at Valuation)	72,328,000	-
Buildings (Work in Progress)	10,583,425	-
Less : Accumulated Depreciation	(1,326,079)	(2,231,342)
Net Book Value	<u>81,585,346</u>	<u>36,096,803</u>
Plant and Machinery (at Cost)	10,968,841	11,124,924
Less : Accumulated Depreciation	(3,382,307)	(2,472,510)
Net Book Value	<u>7,586,534</u>	<u>8,652,414</u>
Furniture and Equipment (at Cost)	4,240,661	3,974,741
Less : Accumulated Depreciation	(2,118,502)	(1,564,187)
Net Book Value	<u>2,122,159</u>	<u>2,410,554</u>
Total Net Book Value - Property, Plant and Equipment	<u>\$125,263,210</u>	<u>\$64,230,919</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE ACCOUNTS
For the year ended 30 June 2004

9 (a) CLASSIFICATION - INFRASTRUCTURE

	Roads & Paths	Bridges	Drains	Car Parks	Parks Development	Play Equipment	Street Furniture	Other Infrastructure	Capital Works in progress	Total
Balance at the Beginning of the Year	119,318,529	8,083,826	40,242,484	2,822,971	11,489,947	1,206,452	412,069	1,594,937	-	185,171,215
Disposals	-	-	(1,365)	-	-	-	-	-	-	(1,365)
Transfers	(2,432,152)	(123,881)	(377,518)	28,057	(1,344,992)	(88,431)	-	(338,303)	-	(4,677,220)
Depreciation Expense	(2,650,935)	(143,301)	(411,829)	(65,863)	(386,700)	(119,054)	(11,439)	(15,374)	-	(3,804,495)
Work in Progress	-	-	-	-	-	-	-	-	14,300,078	14,300,078
Carrying Amount at the end of the Year	114,235,442	7,816,644	39,451,772	2,785,165	9,758,255	998,967	400,630	1,241,260	14,300,078	190,988,213

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE ACCOUNTS
For the year ended 30 June 2004

9 (b) <u>INFRASTRUCTURE</u>	<u>2004</u>	<u>2003</u>
Net Book Value (Assets carried at Cost)		
Roads and Paths	125,678,996	128,111,148
Less : Accumulated Depreciation	(11,443,554)	(8,792,619)
Net Book Value	<u>114,235,442</u>	<u>119,318,529</u>
Bridges	8,420,867	8,595,538
Less : Accumulated Depreciation	(604,223)	(460,920)
Net Book Value	<u>7,816,644</u>	<u>8,134,618</u>
Drains	41,181,377	41,510,451
Less : Accumulated Depreciation	(1,729,605)	(1,317,818)
Net Book Value	<u>39,451,772</u>	<u>40,192,633</u>
Car Park Development	3,055,974	3,026,608
Less : Accumulated Depreciation	(270,809)	(204,949)
Net Book Value	<u>2,785,165</u>	<u>2,821,659</u>
Parks Development	11,495,623	12,840,988
Less : Accumulated Depreciation	(1,737,368)	(1,350,668)
Net Book Value	<u>9,758,255</u>	<u>11,490,320</u>
Play Equipment	1,599,318	1,687,749
Less : Accumulated Depreciation	(600,351)	(481,297)
Net Book Value	<u>998,967</u>	<u>1,206,452</u>
Street Furniture	463,967	463,967
Less : Accumulated Depreciation	(63,337)	(51,897)
Net Book Value	<u>400,630</u>	<u>412,070</u>
Other Infrastructure	1,289,778	1,628,081
Less : Accumulated Depreciation	(48,518)	(33,145)
Net Book Value	<u>1,241,260</u>	<u>1,594,936</u>
Capital Work in Progress	<u>14,300,078</u>	-
Total Net Book Value - Infrastructure	<u><u>190,988,213</u></u>	<u><u>185,171,217</u></u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE ACCOUNTS
For the year ended 30 June 2004

10 TOTAL ASSETS

CLASSIFIED BY FUNCTION

	<u>2004</u>	<u>2003</u>
	\$	\$
General Purpose Funding	36,836,706	35,555,560
Governance	3,332,061	3,332,061
Law, Order and Public Safety	316,744	231,509
Health	-	-
Welfare and Education	1,419,298	1,349,928
Housing	-	-
Community Amenities	87,841,767	53,585,369
Recreation and Culture	77,653,556	50,389,729
Transport	125,874,084	119,655,292
Economic Services	162,005	154,200
Other Property and Services	22,209,155	21,602,619
TOTAL	<u>\$355,645,376</u>	<u>\$285,856,267</u>

11 CREDITORS

CURRENT

	\$	\$
Trade Creditors - unsecured	4,237,190	2,479,685
Sundry Creditors	508,396	488,149
Bonds and Retentions	927,075	528,067
Accruals	520,615	1,477,226
Income received in advance	531,126	220,522
Total current creditors	<u>\$6,724,402</u>	<u>\$5,193,649</u>

NON CURRENT

Bonds and Retentions	2,488,798	2,211,147
Total non current creditors	<u>\$2,488,798</u>	<u>\$2,211,147</u>
Total creditors	<u>\$9,213,200</u>	<u>\$7,404,796</u>

12 PROVISION FOR EMPLOYEE BENEFITS

CURRENT

Annual Leave	1,608,745	1,507,617
Long Service Leave	1,339,239	1,265,758
Total current provisions	<u>\$2,947,984</u>	<u>\$2,773,375</u>

NON CURRENT

Long Service Leave	369,335	326,290
Long Service Leave - Due to Other Councils	119,552	120,277
Deferred Salaries	8,845	-
Total non current provisions	<u>\$497,732</u>	<u>\$446,567</u>
Total provisions	<u>\$3,445,716</u>	<u>\$3,219,942</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE ACCOUNTS
For the year ended 30 June 2004

13 CONDITIONS OVER CONTRIBUTIONS

- a) All grants which were recognised as revenues during the reporting period and which were obtained on prescribed conditions for expenditure had been applied in that manner as at the reporting date.
- b) Contributions for works within gazetted Town Planning Schemes together with contributions towards Public Open Space yet to be applied in the specified manner as at the reporting date were:-

	<u>2004</u>	<u>2003</u>
	\$	\$
Town Planning Scheme accounts (Note 15)	5,481,676	5,459,685
Public Open Space Reserve (Note 14)	3,040,225	1,616,604
	\$8,521,901	\$7,076,289

14 **DETAILS OF CASH BACKED RESERVES**

PARTICULARS	Balance B/Fwd 1/7/2003		Allocation from General Revenue		Interest Received		Equity Transfers		Reserves Utilised		Balance 30/6/2004		Usage Time (Yrs)
	Est. Actual \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	
MGB Plant & Equipment	481,831	578,377	-	-	19,562	6,318	(331,831)	(428,377)	(80,000)	(80,000)	89,562	76,318	2
Leisure World Mechanical Plant Services	259,685	240,510	-	-	11,269	13,873			-	(35,770)	270,954	218,613	2
Netball Courts Resurfacing	26,830	26,945	-	-	1,087	1,144			-	-	27,917	28,089	3
Performing Arts Centre	29,216	29,350	11,500	27,675	1,181	1,608			-	-	41,897	58,633	3
Waste Disposal Site Development	4,537,759	4,558,797	-	-	183,864	200,283			-	-	4,721,623	4,759,080	2
Refuse Disposal Site Rehabilitation	638,660	665,925	-	-	22,586	26,517			-	(230,374)	661,246	462,068	2
Hillside Farm Equipment	1,514	1,512	-	-	63	64			-	-	1,577	1,576	1
Insurance	485,667	511,915	-	-	22,589	13,455	(192,849)	(219,097)	-	-	315,407	306,273	3
Southern River Contaminated Site	1,155,501	1,162,379	25,000	-	47,163	82,098	635,909	758,285	(1,675,650)	(94,046)	187,923	1,908,716	2
Building Construction	287,503	288,539	-	-	12,166	13,249	14,276	14,228	-	-	313,945	316,016	2
Marketing & Public Relations	37,498	37,134	-	-	-	-	(37,498)	(37,134)	-	-	-	-	-
AMSCC Bus	12,029	12,838	-	-	-	-	(12,029)	(12,838)	-	-	-	-	-
AMSCC Plant & Equipment	14,276	14,228	-	-	-	-	(14,276)	(14,228)	-	-	-	-	-
Local Government Elections	(664)	-	60,000	-	2,867	-	-	-	-	-	62,203	-	2
Rate Revaluation	1,299	29,298	30,000	-	54	1,001	-	-	-	-	31,353	30,299	2
Gosnells Town Centre Revitalisation	1,296,391	1,104,687	-	750,000	66,536	48,961	-	-	(966,577)	636,078	396,350	2,539,726	2
Plant & Equipment	1,262,531	1,160,312	1,361,944	1,122,003	32,450	51,990	12,029	12,838	(1,236,210)	(1,477,943)	1,432,744	869,200	N/A
Walter Padbury Park	104,934	99,447	36,494	36,576	3,490	4,334	-	-	-	-	144,918	140,357	2
National Competition Policy	73,731	73,677	-	-	-	-	(73,731)	(73,677)	-	-	-	-	-
Sutherlands Park	72,310	72,637	53,380	68,772	2,927	3,553	-	-	-	-	128,617	144,962	2
Maddington Golf Course	13,152	11,702	12,838	29,664	582	1,053	-	-	-	(13,000)	26,572	29,419	2
Administration Building Construction	14,345	13,244	381,690	239,892	2,541	2,736	-	-	(20,000)	(89,669)	378,576	166,203	4
Payment in Lieu of POS *	2,394,257	2,120,389	15,600	1,932,042	98,031	139,612	-	-	(660,313)	(1,151,818)	1,847,575	3,040,225	N/A
Maddington/Kenwick Strategy	324,786	325,970	-	-	13,147	13,683	-	-	(320,000)	(34,349)	17,933	305,304	3
Civic Complex	3,394,296	1,846,305	693,000	2,052,000	89,923	108,232	-	-	(3,692,350)	(3,792,009)	484,869	214,528	1
Mills Park	5,690	5,712	13,500	13,782	230	404	-	-	-	-	19,420	19,898	2
Langford Oval Redevelopment	-	-	13,500	-	23	-	-	-	-	-	13,523	-	2
TOTALS	\$16,925,027	\$14,991,829	\$2,708,446	\$6,272,406	\$634,331	\$734,168	\$0	\$0	(\$8,651,100)	(\$6,362,900)	\$11,616,704	\$15,635,503	

* As at 30 June Payment in Lieu of POS for Canning Vale ODP has been amalgamated with the Payment in Lieu of POS Reserve account, so that all Payment in Lieu of POS throughout the City is held in one Reserve account identified by location.

15 DETAILS OF TOWN PLANNING SCHEMES & OUTLINE DEVELOPMENT PLANS

PARTICULARS	Account	Balance B/Fwd 1/7/2003		Allocation from General Revenue		Interest Received		Reserves Utilised		Balance 30/6/2004	
		Est. Actual \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$
(a) Town Planning Schemes											
Town Planning Scheme No. 7	9.93.940	69,591	69,877	3,600	-	3,147	5,051	-	-	76,338	74,928
Town Planning Scheme No. 9A	9.93.941	1,074,230	1,094,224	97,600	38,220	49,067	56,192	(366,100)	(193,625)	854,797	995,011
Town Planning Scheme No. 10	9.93.942	113,513	114,288	6,300	-	5,170	7,944	-	(11,468)	124,983	110,764
Town Planning Scheme No. 15	9.93.943	735,627	781,874	32,900	148,699	35,116	53,245	(682,700)	(310,405)	120,943	673,413
Town Planning Scheme No. 17	9.93.944	796,031	809,074	59,800	29,937	36,537	52,474	(478,368)	(247,977)	414,000	643,508
Town Planning Scheme No. 20	9.93.945	248,732	247,218	30,800	131,683	11,104	34,383	(18,000)	(18,000)	272,636	395,284
Total Town Planning Schemes		3,037,724	3,116,555	231,000	348,539	140,141	209,289	(1,545,168)	(781,475)	1,863,697	2,892,908
(b) Outline Development Plans											
Canning Vale ODP	9.93.950	1,110,420	1,557,131	862,300	755,210	69,753	110,313	(928,889)	(124,057)	1,113,584	2,298,597
Southern River Precinct 5 ODP	9.93.952	4,600	282,214	4,100	-	12,575	12,957	(5,000)	(5,000)	16,275	290,171
Total Outline Development Plans		1,115,020	1,839,345	866,400	755,210	82,328	123,270	(933,889)	(129,057)	1,129,859	2,588,768
TOTAL TOWN PLANNING SCHEMES & OUTLINE DEVELOPMENT PLANS											
Town Planning Schemes		3,037,724	3,116,555	231,000	348,539	140,141	209,289	(1,545,168)	(781,475)	1,863,697	2,892,908
Outline Development Plans		1,115,020	1,839,345	866,400	755,210	82,328	123,270	(933,889)	(129,057)	1,129,859	2,588,768
TOTAL of (a) & (b)		4,152,744	4,955,900	1,097,400	1,103,749	222,469	332,559	(2,479,057)	(910,532)	2,993,556	5,481,676

As at 30 June 2004 City of Gosnells administers six Town Planning Schemes and two Outline Development Plans for the purpose of ensuring proper development of particular areas within the district.

The total equities in the schemes and plan should accrue to City of Gosnells over the life of the schemes through provision of improved public facilities within the scheme areas including road works, drainage, and recreation facilities.

It is not possible to accurately estimate the completion time of the schemes which will be contingent on economic factors and demand in regard to sub division of land.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE ACCOUNTS
For the year ended 30 June 2004

16 ASSET REVALUATION RESERVE

	<u>2004</u>	<u>2003</u>
	\$	\$
Movements during the year:		
Opening Balance	31,468,194	31,468,194
Revaluation increment arising on revaluing Land & Building to Fair Value	54,954,050	-
Closing Balance	86,422,244	31,468,194

The Asset Revaluation reserve records revaluation of non-current assets.

17 TRUST FUNDS

Funds over which City of Gosnells does not exercise control and which are therefore not included in the financial statements are as follows -

Details	Balance B/Fwd 1/07/2003	Receipts 2003/2004	Payments 2003/2004	Balance 30/06/2004
	\$	\$	\$	\$
Unclaimed monies	3,665	873	-	4,538
B.C.I.T.F. Levies	36,282	324,114	335,557	24,839
	\$39,947	\$324,987	\$335,557	\$29,377

18 COMMITMENTS FOR CAPITAL EXPENDITURE AND CONTINGENT LIABILITIES

At the reporting date, the City of Gosnells has not entered into any commitments for capital expenditure that are not funded by expenditure Carry Forward requests.

19 COUNCILLOR ALLOWANCES AND FEES

i) In accordance with section 5.98 (2) of the Local Government Act, 1995 Councillors, including the Mayor, were entitled to receive reimbursement of approved expenses incurred in connection with the performance of Councillor related duties.

Expenses reimbursed in accordance with this section in 2003/2004 are as follows:

	<u>2004</u>	<u>2003</u>
	\$	\$
Travel	11,099	13,516
Telephone	16,447	18,000
Total expenses reimbursed	27,546	31,516

ii) In accordance with section 5.98 (1) of the Local Government Act, 1995 Councillors are entitled to fees for attending Council and committee meetings. During 2003/2004, the City of Gosnells paid \$71,357 (\$78,000 in 2002/2003) to Councillors as meeting fees.

iii) In accordance with section 5.98 (5) of the Local Government Act, 1995 the Mayor of the City was allocated the sum of \$14,817 (\$10,600 in 2002/2003) as an allowance during the 2003/2004 financial year, and the Deputy Mayor was allocated an allowance of \$3,775 during the 2003/2004 year (\$1,590 in 2002/2003).

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE ACCOUNTS
For the year ended 30 June 2004

20 <u>FINANCIAL RATIOS</u>	<u>2004</u>	<u>2003</u>
a) Current Ratio		
<i>Purpose:</i>		
To assess ability to meet current commitments	179.00%	197.05%
b) Debt Ratio		
<i>Purpose:</i>		
To identify the exposure of the City to debt, as an indicator of the "solvency" of the City	3.56%	3.71%
d) Rate Coverage Ratio		
<i>Purpose:</i>		
To assess dependence on rate income	58.42%	52.89%
e) Outstanding Rates Ratio		
<i>Purpose:</i>		
To assess the impact of uncollected rates on liquidity and of the adequacy of recovery efforts	4.00%	5.20%
 21 <u>FEES AND CHARGES</u>		
Total revenues raised from fees and charges on a programme basis were :-		
	<u>2004</u>	<u>2003</u>
	\$	\$
Community Amenities	5,094,638	4,721,517
Recreation & Culture	2,313,949	2,071,826
Economic Services	1,036,746	935,023
General Purpose Funding	391,403	362,790
Other Property and Services	1,053,906	228,552
Law, Order & Public Safety	240,325	227,829
Welfare and Education	231,437	226,903
Health	104,114	104,590
Governance	38,368	55,067
Transport	38,747	28,552
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	10,543,633	8,962,649

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE ACCOUNTS
For the year ended 30 June 2004

22 DISCOUNTS, INCENTIVES, WAIVERS AND CONCESSIONS

a) Discounts

No discounts were allowed during the current year in respect of the payment of rates or fees.

b) Incentives

Six prizes were drawn by random selection for ratepayers, with eligibility limited to those property owners who paid their rates, charges and arrears by the due date. The first prize of \$1,500 was provided by Westpac Bank and five prizes of \$1,000 were provided by the City of Gosnells.

c) Waivers and Concessions

Agricultural concession:

A 20% rates concession was allowed to approved property owners who reside on the property and derive their livelihood from conducting certain farming activities on the property.

The concession is provided to compensate these categories of property owners against the impact of increasing land values associated with expanding urban development.

d) Interest charges for late payment of rates

Effective after the due date of rates notice and instalment option, interest at the rate of 11% per annum was charged on all arrears on a daily basis.

Total revenue from the imposition of this charge in 2003/2004 was \$130,545 (\$132,747 in 2002/3).

e) Instalment options - rates

An option was provided to pay current year rates in four equal instalments at intervals of two months, with the first instalment due 35 days after the date of issue of the rates notice.

To participate in the instalment option, all arrears of rates together with the first instalment had to be paid by the due date.

A fee of \$7 was imposed for participation in the instalment option.

23 INVESTMENTS

Money held surplus to need from time to time was invested in cash securities resulting in interest income earned from investments as follows:-

	<u>2004</u>	<u>2003</u>
	\$	\$
Reserves	726,659	676,713
Town Planning Schemes	340,068	247,924
Other	1,276,026	941,190
TOTAL	2,342,753	1,865,827

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE ACCOUNTS
For the year ended 30 June 2004

24 FINANCIAL INSTRUMENTS

a) Terms, conditions and accounting policies

City of Gosnells' accounting policies, including the terms and conditions of each class of financial asset and financial liability, both recognised and unrecognised at the balance date, are as follows:

<u>Financial Instrument</u>	<u>Accounting policies</u>	<u>Terms and conditions</u>
1) Financial Assets		
Receivables - Rates	<p>Rates debtors, including amounts due for domestic rubbish collection, and swimming pool inspection fees, are carried at their levied amounts plus penalty interest on overdue payments at a percentage determined by Council up to a prescribed maximum, less provision for doubtful debts.</p> <p>A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.</p> <p>Pensioners' deferred rates are carried at their original levy amounts less any payments received.</p>	<p>Rates and charges are due on set dates decided by Council on adoption of the annual budget and in accordance with the provisions of the Local Government Act 1995.</p> <p>Council receives a grant from the State Revenue Department calculated on a percentage basis in respect of rates deferred by eligible pensioners.</p>
Other	<p>Other debtors are carried at nominal amounts, less provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.</p>	<p>Credit is extended on the basis of 30 days terms.</p>
2) Financial Liabilities		
Sundry creditors and accrued expenses	<p>Liabilities are recognised for amounts to be paid in the future for goods and services actually received by Council as at the reporting date whether billed or not.</p>	<p>Creditor invoices are normally paid within 30 days following the end of the month in which they are received. Emergency payments may be made on an ad hoc basis as required.</p>
Bonds and retentions	<p>Council requires payment of bonds in respect of various activities including the hire of Council property, and construction work where there is a possibility of damage to Council property.</p>	<p>Bonds are either refunded on conclusion of the subject activity or utilised to the extent necessary to make any necessary restitution or completion of works.</p>

FINANCIAL INSTRUMENTS (continued)

(b) Interest rate risk

City of Gosnells' exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows;

Financial Instrument	Floating Interest rate		Fixed interest rates maturing in :				Non - interest bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$	2004 %	2003 %
1) Financial Assets												
Cash	34,722,014	31,719,975					7,840	7,560	34,729,854	31,727,535	6.70%	4.98%
Receivables - Pensioners' deferred rates			671,969	664,727					671,969	664,727	5.60%	5.90%
Receivables - Rates							965,556	1,194,090	965,556	1,194,090		
Total financial assets	34,722,014	31,719,975	671,969	664,727			973,396	1,201,650	36,367,379	33,586,352		
2) Financial Liabilities												
Sundry creditors & accrued expenses							5,266,201	4,785,859	5,266,201	4,785,859		
Bonds and retentions							3,415,873	2,739,214	3,415,873	2,739,214		
Total financial liabilities							8,682,074	7,525,073	8,682,074	7,525,073		

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE ACCOUNTS
For the year ended 30 June 2004

(c) Net fair values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at the balance date, are as follows:

	Total carrying amount as per the balance sheet		Aggregate net fair value	
	2004 \$	2003 \$	2004 \$	2003 \$
1) Financial assets				
Cash	34,729,854	31,727,535	34,729,854	31,727,535
Receivables - Pensioners' deferred rates	671,969	664,727	671,969	664,727
Receivables - Rates (other)	965,556	1,194,090	965,556	1,194,090
Receivables - Other	2,619,694	2,547,579	2,619,694	2,547,579
Total financial assets	38,987,073	36,133,931	38,987,073	36,133,931
2) Financial liabilities				
Sundry creditors and accrued expenses	5,797,327	4,785,859	5,797,327	4,785,859
Bonds and retentions	3,415,873	2,739,214	3,415,873	2,739,214
Total financial liabilities	9,213,200	7,525,073	9,213,200	7,525,073

The following methods are used to determine the net fair values of financial assets and liabilities:

(i) Cash and cash equivalents

The carrying amounts approximate fair value because of their short term to maturity.

(ii) Receivable and payables

The carrying amounts approximate fair value.

(iii) Loan Liability

The carrying amounts approximate fair value.

(iv) Bonds and retentions

The carrying amounts approximate fair value.

(d) Credit risk exposure

City of Gosnells' maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

25 MAJOR LAND TRANSACTIONS

Development of land -

Part share 100/Pt. 1677 Balfour Street, Huntingdale.

The City has not progressed the development of this land in 2003/4

There was no expenditure during the year on this project.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE ACCOUNTS
For the year ended 30 June 2004

26 SUPERANNUATION

In addition to its responsibilities under the Superannuation Guarantee Levy Legislation, City of Gosnells contributes to the Local Government Superannuation Scheme in proportion to contributions to the scheme made by employees.

The maximum contribution rate by City of Gosnells is set at 14% inclusive of the Superannuation Guarantee Levy component (9% for 2003/4)

The amount of superannuation contributions paid by City of Gosnells in 2003/4 was \$2,204,076 (\$2,010,033 in 2002/03).



CITY OF GOSNELLS

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 30 June 2004, are in my opinion properly drawn up to present fairly the financial position of the City of Gosnells at 30 June 2004 and the results of the operations for the financial year then ended are in accordance with the Australian Accounting Standards (except to the extent that these have been varied in the Statement of Accounting Policies required by Australian Accounting Standard AAS 6 "Accounting Policies" and the accompanying notes to the annual financial report) and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 29 day of October 2004.

STUART JARDINE
CHIEF EXECUTIVE OFFICER

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

SCOPE

We have audited the accompanying financial report of the City of Gosnells for the year ended 30 June 2004 as set out on pages 1 to 27. The Council is responsible for the preparation and presentation of the financial report and the information contained therein. We 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.

Our 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. Our 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 our understanding of its financial position and the results of its operations and cash flows.

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

AUDIT OPINION

In our opinion, the financial report presents fairly the financial position of the City of Gosnells as at 30 June 2004 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

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



HALL CHADWICK
Chartered Accountants



MICHAEL J HILLGROVE
Partner

DATED at PERTH this 3rd day of November 2004

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