



Annual Financial Report for the year ended 30 June 2018

CITY OF GOSNELLS
FINANCIAL REPORT
for the year ended 30 June 2018

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Principal place of business:
2120 Albany Hwy
GOSNELLS WA 6110

**City of Gosnells
Financial Report
for the year ended 30 June 2018**

**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the City at 30th June 2018 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are consistent with the Act, the Australian Accounting Standards.

Signed as authorisation of issue on the 6th day of November 2018



Ian Cowie
Chief Executive Officer

City of Gosnells
Statement of Comprehensive Income
By Nature Or Type
for the year ended 30 June 2018

	Note	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Rates	27	65,712,636	65,337,000	63,585,429
Operating grants, subsidies and contributions	2(a)	6,973,533	6,574,972	9,180,598
Fees and charges	2(a)	23,446,659	23,708,624	22,766,490
Interest earnings	2(a)	4,612,600	4,522,000	4,531,538
Other revenue	2(a)	143,163	108,000	518,872
		<u>100,888,591</u>	<u>100,250,596</u>	<u>100,582,927</u>
Expenses				
Employee costs		(43,687,750)	(45,110,726)	(42,194,685)
Materials and contracts		(26,558,076)	(33,422,389)	(26,367,025)
Utility charges		(4,887,304)	(5,085,898)	(4,699,929)
Amortisation and Depreciation	2(a)	(24,288,624)	(24,145,219)	(23,238,988)
Interest expenses	2(a)	(456,285)	(524,525)	(97,371)
Insurance expenses		(1,015,615)	(1,953,171)	(1,819,920)
Other expenditure	2(a)	(5,096,278)	(1,703,505)	(2,571,206)
		<u>(105,989,932)</u>	<u>(111,945,433)</u>	<u>(100,989,124)</u>
Non-operating grants, subsidies and contributions	2(a)	19,550,091	16,217,319	24,181,708
Fair value adjustments to financial assets at fair value through profit or loss	2(a)	177,775	103,000	193,740
Revaluation of investment property	12	0	0	106,126
Profit on asset disposals	25	2,480,066	15,788,431	679,535
Loss on asset disposals	25	(10,425,103)	(872,394)	(2,195,875)
Net result		6,681,488	19,541,519	22,559,037
Other comprehensive income				
Changes on revaluation of Non-Current Assets	17	(40,326,250)	0	(2,633,660)
Total other comprehensive loss		(40,326,250)	0	(2,633,660)
Total comprehensive income/(loss)		<u>(33,644,762)</u>	<u>19,541,519</u>	<u>19,925,377</u>

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

City of Gosnells
Statement of Comprehensive Income
By Program
for the year ended 30 June 2018

	Note	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue	2(a)			
Governance		23,807	7,417	6,056
General purpose funding		75,546,332	74,973,000	75,703,579
Law, order, public safety		544,929	753,159	683,098
Health		327,087	307,799	304,066
Education and welfare		788,576	802,892	780,823
Community amenities		15,879,033	15,939,283	15,540,177
Recreation and culture		4,204,621	4,053,942	3,950,093
Transport		353,351	358,000	324,255
Economic services		2,301,725	2,403,467	2,329,490
Other property and services		919,130	651,637	961,292
		<u>100,888,591</u>	<u>100,250,596</u>	<u>100,582,929</u>
Expenses	2(a)			
Governance		(6,152,972)	(6,622,223)	(4,945,570)
General purpose funding		(1,512,729)	(1,730,747)	(1,873,794)
Law, order, public safety		(4,070,235)	(4,267,204)	(3,701,648)
Health		(1,239,889)	(1,338,936)	(1,344,090)
Education and welfare		(4,086,985)	(4,430,611)	(4,174,270)
Community amenities		(22,533,310)	(21,995,216)	(20,239,561)
Recreation and culture		(35,208,317)	(36,742,150)	(33,853,242)
Transport		(26,766,119)	(28,333,453)	(26,009,978)
Economic services		(2,839,524)	(3,105,698)	(2,933,597)
Other property and services		(1,123,567)	(2,854,670)	(1,816,005)
		<u>(105,533,647)</u>	<u>(111,420,908)</u>	<u>(100,891,755)</u>
Finance costs	2(a)			
Community amenities		(130,756)	(150,000)	(97,371)
Recreation and culture		(325,529)	(374,525)	0
		<u>(456,285)</u>	<u>(524,525)</u>	<u>(97,371)</u>
Fair value adjustments to financial assets at fair value through profit or loss				
General purpose funding	2(a)	<u>177,775</u>	<u>103,000</u>	<u>193,740</u>
		177,775	103,000	193,740
Revaluation of investment property				
General purpose funding	12	<u>0</u>	<u>0</u>	<u>106,126</u>
		0	0	106,126
Non-operating grants, subsidies and contributions				
Law, order, public safety		35,372	0	829,200
Community amenities		6,116,502	6,340,000	7,673,942
Recreation and culture		1,971,360	2,745,839	1,116,439
Transport		11,410,555	7,131,480	14,412,468
Other property and services		16,302	0	149,659
		<u>19,550,091</u>	<u>16,217,319</u>	<u>24,181,708</u>

City of Gosnells
Statement of Comprehensive Income
By Program
for the year ended 30 June 2018

	Note	2018 Actual \$	2018 Budget \$	2017 Actual \$
Profit/(Loss) on disposal of assets				
Recreation and culture		(4,122,339)	0	(681,605)
Transport		(6,271,086)	(872,394)	(176,409)
Other property and services		2,448,388	15,788,431	(658,326)
	25	<u>(7,945,037)</u>	<u>14,916,037</u>	<u>(1,516,340)</u>
Net result		6,681,488	19,541,519	22,559,037
Other comprehensive income				
Changes on revaluation of Non-Current assets	17	(40,326,250)	0	(2,633,660)
Total other comprehensive loss		(40,326,250)	0	(2,633,660)
Total comprehensive income/(loss)		<u>(33,644,762)</u>	<u>19,541,519</u>	<u>19,925,377</u>

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

City of Gosnells
Statement of Financial Position
as at 30 June 2018

	Note	2018 Actual \$	2017 Actual \$
Current Assets			
Cash and cash equivalents	3	124,582,731	117,850,936
Trade and other receivables	5	7,543,790	7,725,307
Inventories	6	288,840	313,832
Assets held for sale	8	0	2,279,293
Total Current Assets		<u>132,415,361</u>	<u>128,169,368</u>
Non-Current Assets			
Investments	4	0	2,145,080
Other receivables	5	1,200,200	1,091,644
Property, plant and equipment	9	264,643,484	269,314,130
Infrastructure	10	991,654,552	1,035,663,560
Intangible Assets	11	2,755,371	2,767,720
Investment Property	12	3,600	1,132,900
Other Financial Assets	7	154,668	15,464
Assets held for sale	8	2,700,711	0
Total Non-Current Assets		<u>1,263,112,586</u>	<u>1,312,130,498</u>
Total Assets		<u><u>1,395,527,947</u></u>	<u><u>1,440,299,866</u></u>
Current Liabilities			
Trade and other payables	13	10,665,997	12,972,488
Current portion of long term borrowings	14	1,385,894	8,746,705
Provisions	15	8,949,159	9,077,600
Total Current Liabilities		<u>21,001,050</u>	<u>30,796,793</u>
Non-Current Liabilities			
Provisions	15	677,203	622,723
Long term borrowings	14	10,758,778	12,144,672
Total Non-Current Liabilities		<u>11,435,981</u>	<u>12,767,395</u>
Total Liabilities		<u><u>32,437,031</u></u>	<u><u>43,564,188</u></u>
Net Assets		<u><u>1,363,090,916</u></u>	<u><u>1,396,735,678</u></u>
Equity			
Retained surplus		412,567,274	409,728,599
Reserves - cash backed	16	92,034,298	88,065,287
Revaluation surplus	17	858,489,344	898,941,792
Total Equity		<u><u>1,363,090,916</u></u>	<u><u>1,396,735,678</u></u>

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

City of Gosnells
Statement of Changes in Equity
for the year ended 30 June 2018

	Note	Retained Surplus \$	Reserves Cash Backed \$	Revaluation Surplus \$	Total Equity \$
Balance as at 1 July 2016		395,008,803	78,123,538	903,677,960	1,376,810,301
Comprehensive income					
Net result		22,559,037	0	0	22,559,037
Changes on revaluation of Non-Current Assets	17	0	0	(2,633,660)	(2,633,660)
Total comprehensive income		<u>22,559,037</u>	<u>0</u>	<u>(2,633,660)</u>	<u>19,925,377</u>
Revaluation write back on disposals	17	<u>2,102,508</u>	<u>0</u>	<u>(2,102,508)</u>	<u>0</u>
Transfers to/(from) reserves	16	<u>(9,941,749)</u>	<u>9,941,749</u>	<u>0</u>	<u>0</u>
Balance as at 30 June 2017		409,728,599	88,065,287	898,941,792	1,396,735,678
Comprehensive income					
Net result		6,681,488	0	0	6,681,488
Changes on revaluation of Non-Current Assets	17	0	0	(40,326,250)	(40,326,250)
Total comprehensive income		<u>6,681,488</u>	<u>0</u>	<u>(40,326,250)</u>	<u>(33,644,762)</u>
Revaluation write back on disposals	17	<u>126,198</u>	<u>0</u>	<u>(126,198)</u>	<u>0</u>
Transfers to/(from) reserves	16	<u>(3,969,011)</u>	<u>3,969,011</u>	<u>0</u>	<u>0</u>
Balance as at 30 June 2018		412,567,274	92,034,298	858,489,344	1,363,090,916

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

City of Gosnells
Statement of Cash Flows
for the year ended 30 June 2018

	Note	2018 Actual \$	2018 Budget \$	2017 Actual \$
Cash Flows from Operating Activities				
Receipts				
Rates		64,530,515	66,637,000	62,649,692
Operating grants, subsidies and contributions		6,973,533	6,474,972	9,180,598
Fees and charges		24,425,600	23,858,624	21,821,725
Interest earnings		4,875,756	4,121,909	4,415,754
Goods and services tax		5,045,313	5,900,000	5,335,253
Other revenue		143,163	108,000	518,872
		<u>105,993,880</u>	<u>107,100,505</u>	<u>103,921,894</u>
Payments				
Employee costs		(43,580,820)	(45,360,726)	(41,707,378)
Materials and contracts		(27,958,070)	(31,459,984)	(25,848,857)
Utility charges		(5,910,922)	(5,085,898)	(2,246,705)
Interest expenses		(415,593)	(540,677)	(90,111)
Insurance expenses		(1,015,614)	(1,953,171)	(1,819,920)
Goods and services tax		(5,111,794)	(5,850,000)	(5,418,913)
Other expenditure		(5,096,277)	(1,703,505)	(2,571,206)
		<u>(89,089,090)</u>	<u>(91,953,961)</u>	<u>(79,703,090)</u>
Net cash provided by operating activities	18(b)	<u>16,904,790</u>	<u>15,146,544</u>	<u>24,218,804</u>
Cash Flows from Investing Activities				
Payments for development of Assets held for sale		(78,950)	(11,034,228)	(1,440,993)
Payments for purchase of Property, Plant & Equipment		(4,685,898)	(14,336,539)	(11,105,523)
Payments for Construction of Infrastructure		(17,632,395)	(30,559,975)	(17,617,693)
Non-operating grants, Subsidies and Contributions		13,231,581	16,217,319	13,307,608
Proceeds from Sale of assets		5,555,720	19,906,200	2,640,538
Proceeds from Sale of Investments		2,181,881	0	0
Fee rebates from Investments		1,770	0	5,245
Payments for Investment Property		0	0	(1,026,774)
		<u>(1,426,291)</u>	<u>(19,807,223)</u>	<u>(15,237,592)</u>
Net cash provided by investing activities		<u>(1,426,291)</u>	<u>(19,807,223)</u>	<u>(15,237,592)</u>
Cash Flows from Financing Activities				
Repayment of loan facilities		(8,746,704)	(13,873,000)	(13,238,623)
Proceeds from loan facilities		0	19,417,500	15,830,000
Net cash provided by / (used in) financing activities		<u>(8,746,704)</u>	<u>5,544,500</u>	<u>2,591,377</u>
Net increase in cash held		6,731,795	883,821	11,572,589
Cash at beginning of year		117,850,936	110,740,672	106,278,347
Cash and cash equivalents at the end of the year	18(a)	<u>124,582,731</u>	<u>111,624,493</u>	<u>117,850,936</u>

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

City of Gosnells
Rate Setting Statement
for the year ended 30 June 2018

	Note	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue from operating activities excluding rates				
Governance		23,807	7,417	6,056
General Purpose Funding		9,833,696	9,636,000	12,118,150
Law, Order, Public Safety		544,929	753,159	683,098
Health		327,087	307,799	304,066
Education and Welfare		788,576	802,892	780,823
Community Amenities		15,879,033	15,939,283	15,540,177
Recreation and Culture		4,204,621	4,053,942	3,950,093
Transport		353,351	403,411	324,255
Economic Services		2,301,725	2,403,467	2,329,490
Other Property and Services		3,367,518	16,440,068	961,292
		<u>37,624,343</u>	<u>50,747,438</u>	<u>36,997,500</u>
Expenditure from operating activities				
Governance		(6,152,972)	(6,622,223)	(4,945,570)
General Purpose Funding		(1,512,729)	(1,730,747)	(1,873,794)
Law, Order, Public Safety		(4,070,235)	(4,267,204)	(3,701,648)
Health		(1,239,889)	(1,338,936)	(1,344,090)
Education and Welfare		(4,086,985)	(4,430,611)	(4,174,270)
Community Amenities		(22,664,066)	(22,145,216)	(20,336,932)
Recreation and Culture		(39,656,185)	(37,116,675)	(34,534,848)
Transport		(33,037,205)	(29,251,258)	(26,186,387)
Economic Services		(2,839,524)	(3,105,698)	(2,933,597)
Other Property and Services		(1,123,567)	(2,854,670)	(2,474,328)
		<u>(116,383,357)</u>	<u>(112,863,238)</u>	<u>(102,505,464)</u>
Net operating result excluding rates		<u>(78,759,014)</u>	<u>(62,115,800)</u>	<u>(65,507,964)</u>
Adjustments for cash budget requirements:				
Non-cash expenditure and revenue				
(Profit)/Loss on asset disposals	25	7,945,037	(14,916,037)	1,516,340
Depreciation and amortisation on assets	2(a)	24,491,611	24,319,837	23,464,978
Fair Value Adjustment to Financial Assets	2(a)	177,775	103,000	193,740
Revaluation of Investment Property	12	0	0	106,126
Fair Value Adjustment to Other Financial Assets	2(a)	(139,204)	0	0
Movement in Non-Current Assets		2,036,528	(103,000)	(136,016)
Movement in Non-Current Liabilities		54,480	0	11,821
		<u>34,566,227</u>	<u>9,403,800</u>	<u>25,156,989</u>
Amount attributable to operating activities		<u>(44,192,787)</u>	<u>(52,712,000)</u>	<u>(40,350,975)</u>

City of Gosnells
Rate Setting Statement
for the year ended 30 June 2018

	Note	2018 Actual \$	2018 Budget \$	2017 Actual \$
Investing Activities				
Grants/Contributions for construction of assets		19,550,091	16,217,319	24,181,708
Proceeds from disposal of assets	25	5,555,722	19,906,200	2,640,538
Purchase of Assets Held for Sale	8(b)	(78,950)	(11,034,228)	(1,440,993)
Purchase of Intangible Assets	11(b)	(383,117)	0	(150,206)
Purchase of Investment Property	12	0	0	(1,026,774)
Purchase of Property, Plant and Equipment	9(b)	(4,505,770)	(14,177,874)	(11,181,307)
Construction / Purchase of Infrastructure Assets	10(b)	(23,950,903)	(30,734,593)	(28,491,793)
		(3,812,927)	(19,823,176)	(15,468,827)
Amount attributable to investing activities		<u>(3,812,927)</u>	<u>(19,823,176)</u>	<u>(15,468,827)</u>
Financing Activities				
Proceeds from new loan facilities	26(b)	4,800,000	19,417,500	15,830,000
Repayment of loan facilities	26(a)	(13,546,704)	(13,873,000)	(13,238,624)
Transfers to reserves (restricted assets)	16	(18,317,379)	(25,104,232)	(22,244,672)
Transfers from reserves (restricted assets)	16	14,348,368	16,384,568	12,302,923
		(12,715,715)	(3,175,164)	(7,350,373)
Amount attributable to financing activities		<u>(12,715,715)</u>	<u>(3,175,164)</u>	<u>(7,350,373)</u>
Net-Current Assets - surplus/(deficit) at:				
The start of the year	27(b)	15,774,700	11,173,340	15,359,446
The end of the year	27(b)	(20,765,907)	(800,000)	(15,774,700)
Total amount raised from general rates	27(a)	<u>(65,712,636)</u>	<u>(65,337,000)</u>	<u>(63,585,429)</u>

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

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report comprises general purpose financial statements which have been prepared in accordance with the Local Government Act 1995 and accompanying regulations, and to the extent that they are not inconsistent with the Act, the Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

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

Critical accounting estimates

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

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

The local government reporting entity

All Funds through which the City 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. A separate statement of those monies appears at Note 24 to these financial statements.

(b) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

(c) Cash and Cash Equivalents

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

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

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Assets held for sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

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

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

(f) Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Mandatory requirement to revalue non-current assets

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

Whilst the amendments initially allowed for a phasing in of the fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

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

In 2013, the City commenced the process of adopting Fair Value in accordance with the Regulations.

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

Land under control

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

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

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Land under roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This is because the Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Major depreciation periods used for each class of depreciable asset are:

Infrastructure

Bridges

Footbridges, Boardwalks and Lookouts	15 to 105	years
Road Bridges	60 to 100	years

Drainage	50 to 100	years
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Roads

Formation	Not Depreciated	
Pavement		
- Local Access Roads	Not Depreciated	
- Industrial and Distributor Roads	54 to 75	years
Surface		
- Bituminous seals	20	years
- Asphalt surfaces	18 to 30	years
- Brick paving	25 to 30	years
Kerbing	36 to 60	years

Footpaths	60 to 80	years
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Park Developments	1 to 100	years
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Bus Shelters	15 to 40	years
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Street Lights	20 to 30	years
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Other Infrastructure	15 to 60	years
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Property, Plant and Equipment

Buildings

Structure	75	years
Non-structure components	15 to 50	years

Furniture and Equipment	2 to 60	years
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Plant and Equipment	5 to 30	years
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Intangibles

Intangible Assets	1 to 20	years
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

Capitalisation threshold

Below details the minimum threshold amount for the recognition of any non current asset in the statement of financial position.

Land	Nil
Land Held for Resale	Nil
Buildings	10,000
Furniture and Fixtures	2,000
Plant and Equipment	2,000
Other Infrastructure	10,000
Bridges	10,000
Drains	10,000
Roads	10,000
Park Development	5,000
Intangible Assets	2,000

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Easements

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

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

(g) Fair Value of Assets and Liabilities

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

Fair Value is the price that the City would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The City selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the City are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities (Continued)

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the City gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(h) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

(i) Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the City has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

Impairment

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

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Derecognition

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

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

(i) Impairment of Assets

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

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

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(j) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

(k) Employee Benefits

Short-term employee benefits

Provision is made for the City's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The City's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The City's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The City's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the City does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

(m) Provisions

Provisions are recognised when the City has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

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

(n) Leases

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 City, are classified as finance leases.

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

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

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

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

(o) 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 operations for the current reporting period.

(p) Superannuation

The City contributes to a number of Superannuation Funds on behalf of employees. All funds to which the City contributes are defined contribution plans.

(q) Current and Non-Current Classification

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

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Rounding Off Figures

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

(s) Comparative Figures

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

When the City applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(t) Budget Comparative Figures

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

(u) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are accounted for using the fair value model.

Investment properties are valued by independent valuer and are included in the Statement of Financial Position at their open market value. These values are supported by market evidence and are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment. Any gains and losses arising from changes in the fair value of investment are included in the statement of comprehensive income in the period in which they arise.

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

	Title	Issued / Compiled	Applicable	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the City, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the City has with those third parties it has dealings with. It may or may not be significant.
(iii)	AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted.
(iv)	AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	These Standards are likely to have a significant impact on the income recognition for Not-for-Profit Entities'. Key areas for consideration are: <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services

Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the City's operations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Adoption of New and Revised Accounting Standards

During the current year, the City adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standards with material application are as follows:

- (i) AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash Generating Specialised Assets of Not-For-Profit Entities

This Standard amends AASB 136 Impairment of Assets to remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities and clarify that not-for-profit entities holding non-cash-generating specialised assets at fair value in accordance with AASB 13 Fair Value Measurement under the revaluation model in AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets no longer need to consider AASB 136. Not-for-profit entities holding such assets at cost may determine recoverable amounts using current replacement cost in AASB 13 as a measure of fair value for the purposes of AASB 136.

The Standard will not have a significant impact as the City's assets are measured at current replacement cost.

- (ii) AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-For-Profit entities

This Standard amends the mandatory effective date (application date) of AASB 15 for not-for-profit entities so that AASB 15 is required to be applied by such entities for annual reporting periods beginning on or after 1 January 2019 instead of 1 January 2018.

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

2. Revenue and Expenses	2018	2018	2017
	Actual	Budget	Actual
(a) Net Result	\$	\$	\$
The Net result includes:			
(i) Crediting as revenue:			
Fees and Charges by Program			
Governance	13	150	127
General purpose funding	810,616	798,000	793,837
Law, order, public safety	361,727	508,900	469,691
Health	319,519	295,430	294,544
Education and welfare	173,524	229,429	171,709
Community amenities	15,371,329	15,564,666	14,970,932
Recreation and culture	3,707,224	3,415,885	3,270,788
Transport	211,083	240,000	223,864
Economic services	2,288,496	2,396,165	2,310,558
Other property and services	203,128	260,000	260,440
	<u>23,446,659</u>	<u>23,708,625</u>	<u>22,766,490</u>
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
Grant, subsidies and contributions			
Included as operating revenues in the Statement of Comprehensive Income:			
	2018	2018	2017
	Actual	Budget	Actual
	\$	\$	\$
By Nature or Type:			
Operating grants, subsidies and contributions	6,973,533	6,574,972	9,180,598
	<u>6,973,533</u>	<u>6,574,972</u>	<u>9,180,598</u>
Non-operating grants, subsidies and contributions			
- Non-operating grants, subsidies and contributions	13,231,580	16,217,319	13,307,608
- Non-operating contributions from developers	6,318,511	0	10,874,100
	<u>19,550,091</u>	<u>16,217,319</u>	<u>24,181,708</u>
Total grants, subsidies and contributions	<u>26,523,624</u>	<u>22,792,291</u>	<u>33,362,306</u>
By Program:			
Governance	4,333,972	7,267	5,929
General purpose funding	6,724	4,316,000	6,414,074
Law, order, public safety	218,574	244,259	1,042,566
Health	7,568	12,369	9,522
Education and welfare	609,979	573,463	608,347
Community amenities	6,624,206	6,714,618	8,243,186
Recreation and culture	2,488,849	3,383,896	1,795,717
Transport	11,552,824	7,249,480	14,512,860
Economic services	13,228	7,302	18,931
Other property and services	667,700	283,637	711,174
	<u>26,523,624</u>	<u>22,792,291</u>	<u>33,362,306</u>
Interest earnings			
- Reserve funds	2,434,963	2,488,000	2,560,422
- Other funds	1,178,390	1,314,000	1,128,042
Other interest revenue (refer Note 31)	999,247	720,000	843,074
	<u>4,612,600</u>	<u>4,522,000</u>	<u>4,531,538</u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

2. Revenue and Expenses (Continued)	2018 Actual \$	2018 Budget \$	2017 Actual \$
(a) Net Result (Continued)			
The Net result includes:			
(i) Crediting as revenue (Continued):			
Other revenue			
Discount Received	55,748	100,000	123,510
Other	87,415	8,000	395,362
	<u>143,163</u>	<u>108,000</u>	<u>518,872</u>
Fair Value Adjustment to Financial Assets at Fair Value through Profit or Loss			
Financial Assets - Investment	38,571	103,000	193,740
Financial Assets - Local Government House	139,204	0	0
	<u>177,775</u>	<u>103,000</u>	<u>193,740</u>
Revaluation of investment property			
Investment property	0	0	106,126
	<u>0</u>	<u>0</u>	<u>106,126</u>
(ii) Charging as an expense:			
Auditors remuneration			
- Audit of the annual financial report	55,122	41,000	37,811
- Audit of grant acquittals	2,139	2,200	1,032
	<u>57,261</u>	<u>43,200</u>	<u>38,843</u>
Interest expenses (finance costs)			
- Operating interest loan facilities	456,285	524,525	97,371
- Capital interest loan facilities	0	384,000	787,329
	<u>456,285</u>	<u>908,525</u>	<u>884,700</u>
Elected Members' Remuneration			
The following fees, expenses and allowances were paid to council members and/or the mayor.			
Meeting Fees	366,228	384,000	367,131
Mayor's allowance	88,134	90,700	88,864
Deputy Mayor's allowance	22,033	26,700	22,216
Travelling expenses*	20,558	18,000	13,444
Telecommunications allowance	23,479	26,112	23,532
State Council Allowance*	0	0	0
	<u>520,432</u>	<u>545,512</u>	<u>515,187</u>

* Travelling expenses and allowances paid to Elected Members appointed to State Council are reimbursed by the Western Australian Local Government Association.

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

2. Revenue and Expenses (Continued)	2018 Actual	2018 Budget	2017 Actual
(a) Net Result (Continued)	\$	\$	\$
The Net result includes:			
(ii) Charging as an expense (Continued):			
Other Expenditure			
Elected Members Remuneration	520,432	545,512	515,187
Election Expenditure	241,613	250,000	0
Community Sponsorship & Donations	316,265	618,817	512,348
Rate Waivers	69,685	68,500	63,077
Refund of Fees & Charges	37,530	19,900	10,397
Land donated to crown & Land acquisition costs	9,438	75,000	29,373
ESL Council Properties	69,106	70,479	63,421
Developer Contribution Reimbursements	3,792,189	0	1,354,382
Other	40,020	55,297	23,021
	<u>5,096,278</u>	<u>1,703,505</u>	<u>2,571,206</u>
Rental charges			
- Operating leases	138,532	157,312	135,854
	<u>138,532</u>	<u>157,312</u>	<u>135,854</u>
Depreciation and Amortisation			
By Program			
Amortisation and Depreciation Expense			
Governance			
Law, order, public safety	98,373	74,320	16,637
Health	112,835	100,167	93,670
Education and welfare	116,870	106,680	102,450
Community Amenities	0	0	0
Recreation and culture	5,546,388	5,237,046	5,093,478
Transport	14,493,401	14,581,868	14,103,595
Other Property and Services	3,920,757	4,045,138	3,829,158
	<u>24,288,624</u>	<u>24,145,219</u>	<u>23,238,988</u>
Depreciation Capitalised			
Recreation and culture	5,581	0	1,372
Transport	197,406	174,618	224,618
	<u>202,987</u>	<u>174,618</u>	<u>225,990</u>
Total Amortisation and Depreciation	<u>24,491,611</u>	<u>24,319,837</u>	<u>23,464,978</u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

2. Revenue and Expenses (Continued)	2018	2018	2017
	Actual	Budget	Actual
(a) Net Result (Continued)	\$	\$	\$
The Net result includes:			
(ii) Charging as an expense (Continued):			
By Class			
Amortisation and Depreciation Expense			
Bridges	1,250,575	1,253,733	1,251,327
Buildings	3,193,908	2,972,555	2,803,388
Drainage	4,323,605	4,350,778	4,279,397
Furniture and Equipment	739,055	724,015	614,002
Intangible Assets	395,467	401,321	376,514
Other Infrastructure	561,839	611,776	593,835
Park Development	2,629,203	2,546,319	2,479,234
Plant and Equipment	2,344,107	2,449,694	2,341,138
Roads, Footpaths and Kerbs	8,850,865	8,835,028	8,500,153
	<u>24,288,624</u>	<u>24,145,219</u>	<u>23,238,988</u>
Depreciation Capitalised			
Plant and Equipment	202,987	174,618	225,990
	<u>202,987</u>	<u>174,618</u>	<u>225,990</u>
Total Amortisation and Depreciation	<u><u>24,491,611</u></u>	<u><u>24,319,837</u></u>	<u><u>23,464,978</u></u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

Our Vision for 2025 - as outlined in the City's 10 Year Community Plan

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

City operations as disclosed in these financial statements encompass the following service orientated programs.

GOVERNANCE

Objective:

To provide a decision-making process for the efficient allocation of scarce resources.

Activities:

The administration and operation of facilities and services to the Elected Members of Council. This program also includes other costs that relate to Elected Members and ratepayers which are not covered under other programs such as citizenship ceremonies, civic receptions and elections.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to finance Council activities.

Activities:

Revenue from rates including differential rates and interim rates, interest and fees on instalment arrangements and interest on arrears. Amounts receivable from the Western Australian Local Government Grants Commission for untied grants such as the Financial Assistance Grants. Interest revenue received on municipal and reserve investment is allocated to this program.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to ensure a safer community.

Activities:

Administration and operation of funds received from the Department of Fire and Emergency Services for the Gosnells Bush Fire Brigade and State Emergency Service. Provision of community safety programs and Ranger services including registering and impounding of cats and dogs. Revenue allocated to this program includes dog and cat registrations, infringements and prosecutions.

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

HEALTH

Objective:

To provide an operational framework for good community health.

Activities:

Administration, inspection and operation of programs concerned with the general health of the community. Expenses and revenues relating to regulation and monitoring of food premises including food sample analysis and noise complaints.

EDUCATION AND WELFARE

Objective:

To assist in meeting the education needs of the community.

Activities:

Administration, support and operation of services for children, youth, seniors and persons with disability. Operation of Addie Mills Centre including the Meals on Wheel services. Provision of Community Development programs and events such as Fusion Festival and NAIDOC Week.

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Administration and operation of the refuse collection and disposal services. Provision of programs for the management and protection of the environment including the Switch Your Thinking Activity. The administration of town planning schemes, planning applications and associated land issues. This program also includes administration and operations relating to Bus Shelters, the Kenwick Cemetery and graffiti management.

RECREATION AND CULTURE

Objective:

To establish and manage facilities for the well-being of the community.

Activities:

Administration and operation of the civic centre, community halls, recreation centres, parks, sporting facilities, Leisure World, Don Russell Performing Arts Centre, Libraries and the Gosnells Museum. Provision of heritage and community programs and events such as Homegrown Festival, Summer Event Series, Outdoor Cinema, Arts and Culture programs, Sponsorship and Funding programs.

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

TRANSPORT

Objective:

To provide effective infrastructure to the community in the most efficient way.

Activities:

Administration, maintenance and construction of roads, drainage, footpaths and bridges, including road verges, streetscapes, crossovers, road signs, street trees, street signage and street lighting. This program also includes the City's car parking facilities and road plant purchases.

ECONOMIC SERVICES

Objective:

To promote the City and improve its economic base.

Activities:

The development, promotion, support and research of economic development issues with the community and progression of urban development projects. Provision of building control and swimming pool inspection services. Revenue allocated to this program includes royalties from the Boral quarry and telephone tower leases.

OTHER PROPERTY AND SERVICES

Objective:

To provide services required by the community.

Activities:

Private works carried out on property or services not under the care, control and management of the City. Works also include reinstatement work on the City's infrastructure as a result of damage from development. Plant operations, administration and public works overheads were allocated to the above programs. This program also includes any unclassified activities such as sale of land for the City's land subdivision projects and miscellaneous reserve transfers.

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/16 \$	Received ⁽²⁾ 2016/17 \$	Expended ⁽³⁾ 2016/17 \$	Closing Balance ⁽¹⁾ 30/06/17 \$	Received ⁽²⁾ 2017/18 \$	Expended ⁽³⁾ 2017/18 \$	Closing Balance 30/06/18 \$
Non - Operating							
B4 Parkland Minimal Development							
Clifton Street Park Rectification Works	18,182	0	(18,182)	0	0	0	0
	18,182	0	(18,182)	0	0	0	0
Bridge Rehabilitation							
Nicholson Rd - Bridge # 0925 Rehabilitation	0	40,000	0	40,000	0	(40,000)	0
Brixton St - Bridge # 0943 Rehabilitation	0	30,000	0	30,000	30,000	(38,815)	21,185
	0	70,000	0	70,000	30,000	(78,815)	21,185
Carpark Construction							
Southern River College car parking	0	360,000	(201,879)	158,121	67,348	(225,469)	0
	0	360,000	(201,879)	158,121	67,348	(225,469)	0
Drainage Construction							
Drain - Boardwalk Estate Modification Work	41,656	0	0	41,656	0	0	41,656
Kelvin Road & Maddington Area drainage	0	219,138	(72,590)	146,548	47,713	(194,261)	0
	41,656	219,138	(72,590)	188,204	47,713	(194,261)	41,656
Footpath Construction							
Lot 5 Campbell Road footpath (Amherst Road Side)	13,745	0	0	13,745	0	(12,853)	892
Shreeve Rd Footpath Upgrade	19,104	0	0	19,104	0	(10,612)	8,492
	32,849	0	0	32,849	0	(23,465)	9,384
Furniture & Equipment - Capital							
4 x Rapid Deployment cameras	0	17,900	0	17,900	14,393	(32,293)	0
Jean Garvey Skate Park - CCTV Project	0	11,400	0	11,400	9,164	(20,564)	0
Pioneer Park pathway between Amphitheatre - CCTV Project	0	18,050	0	18,050	12,730	(30,780)	0
	0	47,350	0	47,350	36,287	(83,637)	0
Landscaping							
Centennial Pioneer Park Enhancement Project	40,000	0	(40,000)	0	0	0	0
	40,000	0	(40,000)	0	0	0	0
Library							
Amherst Library - CCTV Project	0	3,150	0	3,150	2,511	(5,661)	0
	0	3,150	0	3,150	2,511	(5,661)	0

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/16 \$	Received ⁽²⁾ 2016/17 \$	Expended ⁽³⁾ 2016/17 \$	Closing Balance ⁽¹⁾ 30/06/17 \$	Received ⁽²⁾ 2017/18 \$	Expended ⁽³⁾ 2017/18 \$	Closing Balance 30/06/18 \$
Non - Operating (Continued)							
National Black Spot							
Spencer - Langford Intersection	282,412	0	(282,412)	0	214,581	(214,581)	0
	282,412	0	(282,412)	0	214,581	(214,581)	0
Operating Buildings							
Civic Centre - CCTV Project	0	16,000	0	16,000	14,524	(30,524)	0
	0	16,000	0	16,000	14,524	(30,524)	0
Other Buildings							
Lidellow Homestead – Installation of Solar PVs	0	13,271	0	13,271	0	(13,271)	0
EOC - CCTV Project	0	8,500	0	8,500	6,678	(15,178)	0
	0	21,771	0	21,771	6,678	(28,449)	0
Other Plant and Equipment							
Trailer - Pop-Up Trailer & Generator - Youth Services	15,000	0	(15,000)	0	0	0	0
	15,000	0	(15,000)	0	0	0	0
Park Development Construction							
Walking and Cycle Path Link	32,000	0	0	32,000	0	(13,476)	18,524
Seating - Mary Carroll Park	5,069	0	(5,069)	0	0	0	0
Appledore Reserve Renewal	0	0	0	0	50,000	(48,163)	1,837
	37,069	0	(5,069)	32,000	50,000	(61,639)	20,361
Road Improvements							
Southern River Road Duplication - Ranford to Holmes	103,258	0	(103,258)	0	0	0	0
New access to Tom Bateman House	21,421	0	0	21,421	0	0	21,421
William St and Sevenoaks St intersection signals	222,009	0	(13,751)	208,258	0	(208,258)	0
Warton Rd / Ranford Rd left slip lane design, investigation	53,333	53,333	(62,877)	43,789	93,334	(137,123)	0
William - Cambervell/Bickley - Road Rehabilitation	320,000	620,000	(940,000)	0	160,000	(160,000)	0
Spencer Road /Yale Road - Road Rehabilitation	133,333	133,333	(154,766)	111,900	0	(111,900)	0
Campbell modification Left lane to Ranford	0	0	0	0	34,667	(506)	34,161
Garden Street extension - Harpenden/Holmes	0	0	0	0	933,333	(44,970)	888,363
Shoemaker Lane Upgrade Gosnells	0	0	0	0	450,000	(434,512)	15,488
Spencer Road - Median and turning pockets	0	0	0	0	720,000	(709,315)	10,685
	853,354	806,666	(1,274,652)	385,368	2,391,334	(1,806,584)	970,118
Sports Facilities							
Langford Oval - Floodlight remote control system	10,337	0	(10,337)	0	0	0	0
	10,337	0	(10,337)	0	0	0	0

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/16 \$	Received ⁽²⁾ 2016/17 \$	Expended ⁽³⁾ 2016/17 \$	Closing Balance ⁽¹⁾ 30/06/17 \$	Received ⁽²⁾ 2017/18 \$	Expended ⁽³⁾ 2017/18 \$	Closing Balance 30/06/18 \$
Non - Operating (Continued)							
Recreation Construction							
Jean Garvey Skate Park - Outdoor Activity Space	0	0	0	0	17,750	(3,680)	14,070
	0	0	0	0	17,750	(3,680)	14,070
Road Rehabilitation							
Nicholson Road - Railway/Yale - Road Rehabilitation	75,480	0	0	75,480	113,220	(188,700)	0
Reservoir Road - Asphalt Overlay	0	10,000	0	10,000	0	(10,000)	0
Attfield Street, Maddington - Road Rehabilitation	48,989	61,931	(109,948)	972	0	(972)	0
Austin Ave - Railway/Albany Hwy Road Rehabilitation	0	59,146	(8,853)	50,293	0	(50,293)	0
	124,469	131,077	(118,801)	136,745	113,220	(249,965)	0
State Black Spot							
Stage 1 - Spencer/Yale - light/slip lane	87,250	236,184	(323,434)	0	0	0	0
Huntingdale Road (Forest Lakes-Warton)	71,701	0	(3,167)	68,534	11,080	(79,614)	0
Nicholson - Langford Intersection	57,392	21,723	(3,893)	75,222	0	(75,222)	0
Warton Road / Garden Street - Extension of Left Turn Pocket	0	0	0	0	50,667	(44,232)	6,435
	216,343	257,907	(330,494)	143,756	61,747	(199,068)	6,435
Total Non-Operating	1,671,671	1,933,059	(2,369,416)	1,235,314	3,053,693	(3,205,798)	1,083,209

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/16 \$	Received ⁽²⁾ 2016/17 \$	Expended ⁽³⁾ 2016/17 \$	Closing Balance ⁽¹⁾ 30/06/17 \$	Received ⁽²⁾ 2017/18 \$	Expended ⁽³⁾ 2017/18 \$	Closing Balance 30/06/18 \$
Operating							
Technical Services							
RoadWise Program	5,700	0	(5,174)	526	4,800	(5,326)	0
	5,700	0	(5,174)	526	4,800	(5,326)	0
Community Engagement							
Operation Bounce Back	0	10,000	(4,463)	5,537	0	(5,537)	0
Industrial Area Graffiti Audits	12,272	0	(12,272)	0	0	0	0
Meals on Wheels	47,552	55,852	(53,082)	50,322	80,297	(59,695)	70,924
Senior Services Program (Safer Seniors Program)	0	9,400	(3,579)	5,821	0	(5,821)	0
YCAN	27,000	0	(26,846)	154	0	(154)	0
Youth Crime Prevention projects	0	45,000	0	45,000	0	(43,491)	1,509
Young Peoples Library	0	1,650	0	1,650	0	(1,650)	0
KidSport - 2015/16	7,007	0	(7,007)	0	0	0	0
KidSport Additional Funding - 2015/16	57,435	0	(57,435)	0	0	0	0
Homegrown Festival	0	10,000	0	10,000	64,000	(74,000)	0
Community Independence Program	0	0	0	0	18,000	0	18,000
Night Fields 2.0 Program	0	0	0	0	10,000	0	10,000
	151,266	131,902	(164,684)	118,484	172,297	(190,348)	100,433
Fire and Emergency Services							
Bushfire Brigade	37,173	132,375	(138,614)	30,934	93,805	(121,392)	3,347
State Emergency Service	16,168	30,371	(38,810)	7,729	30,113	(37,842)	0
	53,341	162,746	(177,424)	38,663	123,918	(159,234)	3,347
Total Operating	210,307	294,648	(347,282)	157,673	301,015	(354,908)	103,780
Total	1,881,978	2,227,707	(2,716,698)	1,392,987	3,354,708	(3,560,706)	1,186,989

Notes:

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

⁽²⁾ - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

⁽³⁾ - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

City of Gosnells
Notes to and forming part of the Financial Report
For the year ended 30 June 2018

	Note	2018 Actual \$	2017 Actual \$
3. Cash and Cash Equivalents			
Unrestricted		31,361,444	28,392,662
Restricted		93,221,287	89,458,274
		<u>124,582,731</u>	<u>117,850,936</u>
Cash Balances			
Cash on Hand		9,385	9,445
Cash in Bank		11,073,346	7,341,491
Term Deposits		113,500,000	110,500,000
		<u>124,582,731</u>	<u>117,850,936</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Restricted Cash			
Reserves - cash backed	16	92,034,298	88,065,287
Unspent grants and contributions	2(c)	1,186,989	1,392,987
		<u>93,221,287</u>	<u>89,458,274</u>
4. Investments			
Non-current			
Financial assets at fair value			
At the beginning of the year		2,145,080	1,956,585
Fair value adjustments		38,571	193,740
Disposals		(2,181,881)	0
Fee rebates		(1,770)	(5,245)
Value at the end of the year		<u>0</u>	<u>2,145,080</u>
5. Trade and Other Receivables			
Current			
Rates outstanding		4,653,441	3,579,876
Sundry debtors		360,137	1,346,523
GST receivable		662,808	596,327
Accrued Revenue		1,845,271	2,010,133
Prepayments		22,133	192,448
		<u>7,543,790</u>	<u>7,725,307</u>
Non-current			
Rates outstanding - pensioners		1,200,200	1,091,644
		<u>1,200,200</u>	<u>1,091,644</u>
6. Inventories			
Current			
Fuel and materials		288,840	313,832
		<u>288,840</u>	<u>313,832</u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

	2018 Actual \$	2017 Actual \$
7. Other Financial Assets		
(a) Investment in WALGA Local Government House		
The equity the City has in the Local Government House Trust ("the Trust") is as a consequence of a contribution towards the cost of purchasing 10 units in the Trust. The total contribution by all Councils toward the cost of the WALGA building was \$582,000. There are 620 units in the Trust.		
Non Current		
Other Financial Assets	<u>154,668</u>	<u>15,464</u>
(b) Movements in Carrying Amounts		
Movement in the carrying amounts between the beginning and the end of the current financial year.		
Balance at the beginning of the year	15,464	15,464
Unrealised gain (loss) investment in WALGA House	<u>139,204</u>	<u>0</u>
Carrying amount at the end of the year	<u><u>154,668</u></u>	<u><u>15,464</u></u>
8. Assets Held for Sale		
(a) Current		
Assets Held for Sale		
Cost of acquisition	866,568	866,568
Development costs	1,412,725	1,743,269
Disposals	(1,843,032)	(858,544)
Reclassification of Land to Assets Held for Sale	0	528,000
Reclassification from current to non-current	<u>(436,261)</u>	<u>0</u>
	<u>0</u>	<u>2,279,293</u>
Non-Current		
Assets Held for Sale		
Development costs	170,475	0
Work in Progress	344,736	0
Reclassification of Land to Assets Held for Sale	1,056,200	0
Reclassification of Investment Property to Assets Held for Sale	<u>1,129,300</u>	<u>0</u>
	<u><u>2,700,711</u></u>	<u><u>0</u></u>
(b) Movements in Carrying Amounts		
Movement in the carrying amounts between the beginning and the end of the current financial year.		
	Assets Held for Sale \$	
Balance at the beginning of the year	<u>2,279,293</u>	
Additions	78,950	
Disposals	(1,843,032)	
Transfer between asset classes	2,185,500	
Carrying amount at the end of the year	<u><u>2,700,711</u></u>	

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

	2018 Actual \$	2017 Actual \$
9. Property, Plant and Equipment		
(a) Book Value		
Land		
- Independent valuation 2017	146,709,405	146,709,405
- Additions after valuation - cost	127,500	0
- Disposals / Transfers between asset classes	<u>(1,123,240)</u>	<u>0</u>
	145,713,665	146,709,405
 Buildings at:		
- Independent valuation 2017	184,017,407	184,017,407
- Additions after valuation - cost	506,410	0
- Work in Progress	444,248	30,707
Less: accumulated depreciation	<u>(80,637,377)</u>	<u>(77,448,778)</u>
	104,330,688	106,599,336
 Total land and buildings	<u>250,044,353</u>	<u>253,308,741</u>
 Furniture and Equipment at:		
- Management valuation 2016	11,636,733	11,636,733
- Additions after valuation - cost	1,225,243	799,833
Less accumulated depreciation	<u>(10,233,813)</u>	<u>(9,494,758)</u>
	2,628,163	2,941,808
 Plant and Equipment at:		
- Management valuation 2016	19,684,391	19,684,391
- Additions after valuation - cost	137,321	1,422,663
Less accumulated depreciation	<u>(7,850,744)</u>	<u>(8,043,473)</u>
	11,970,968	13,063,581
	<u>264,643,484</u>	<u>269,314,130</u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

9. Property, Plant and Equipment (Continued)

(b) Movements in Carrying Amounts

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

	Land	Buildings	Furniture and Equipment	Plant and Equipment	Total
<u>Year ended 30 June 2018</u>					
Balance as at the beginning of the year	146,709,405	106,599,336	2,941,808	13,063,581	269,314,130
Additions					
Completed Works	127,500	905,620	425,410	2,620,063	4,078,593
Works in Progress	0	444,248	0	0	444,248
	<u>127,500</u>	<u>1,349,868</u>	<u>425,410</u>	<u>2,620,063</u>	<u>4,522,841</u>
Disposals	(67,040)	0	0	(1,165,582)	(1,232,622)
Depreciation (Expense)	0	(3,193,908)	(739,055)	(2,547,094)	(6,480,057)
Transfer between asset classes	(1,056,200)	(424,608)	0	0	(1,480,808)
Carrying amount at the end of the year	<u>145,713,665</u>	<u>104,330,688</u>	<u>2,628,163</u>	<u>11,970,968</u>	<u>264,643,484</u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

9. Property, Plant and Equipment (Continued)

(b) Movements in Carrying Amounts (Continued)

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

	Year ended 30 June 2017				
	Land	Buildings	Furniture and Equipment	Plant and Equipment	Total
Balance as at the beginning of the year	143,021,305	112,748,095	2,747,141	12,006,053	270,522,594
Additions					
Completed Works	1,415,000	4,065,150	809,833	4,860,617	11,150,600
Works in Progress	0	30,707	0	0	30,707
	<u>1,415,000</u>	<u>4,095,857</u>	<u>809,833</u>	<u>4,860,617</u>	<u>11,181,307</u>
Disposals	(1,337,860)	(668,609)	(1,164)	(1,235,961)	(3,243,594)
Depreciation (Expense)	0	(2,803,388)	(614,002)	(2,567,128)	(5,984,518)
Revaluation - Increment/(Decrement)	4,138,960	(6,772,619)	0	0	(2,633,659)
Impairment (Losses)/Reversals	0	0	0	0	0
Transfer between asset classes	(528,000)	0	0	0	(528,000)
Carrying amount at the end of the year	<u>146,709,405</u>	<u>106,599,336</u>	<u>2,941,808</u>	<u>13,063,581</u>	<u>269,314,130</u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

	2018 \$	2017 \$
10. Infrastructure		
(a) Book Value		
Roads, Footpaths and Kerbs		
- Management valuation 2018	670,956,809	0
- Management valuation 2015	0	749,168,370
- Additions after valuation - at cost	0	36,320,942
- Work in Progress	3,792,630	31,416
Less accumulated depreciation	<u>(82,331,001)</u>	<u>(170,296,540)</u>
	592,418,438	615,224,188
 Bridges		
- Management valuation 2018	85,189,520	0
- Management valuation 2015	0	98,305,226
- Additions after valuation - at cost	0	14,807
- Work in Progress	0	480,489
Less accumulated depreciation	<u>(39,060,626)</u>	<u>(41,272,157)</u>
	46,128,894	57,528,365
 Drainage		
- Management valuation 2018	357,895,583	0
- Management valuation 2015	0	418,366,815
- Additions after valuation - at cost	0	13,912,911
Less accumulated depreciation	<u>(99,671,875)</u>	<u>(118,229,842)</u>
	258,223,708	314,049,884
 Park Development		
- Management valuation 2018	89,442,900	0
- Independent valuation 2014	0	41,181,000
- Additions after valuation - cost	0	19,400,119
- Work in Progress	1,510,723	33,822
Less accumulated depreciation	<u>(14,145,978)</u>	<u>(24,052,139)</u>
	76,807,645	36,562,802
 Other Infrastructure		
- Management valuation 2018	23,296,695	0
- Management valuation 2013	0	20,630,494
- Additions after valuation - cost	0	9,078,530
Less accumulated depreciation	<u>(5,220,828)</u>	<u>(17,410,703)</u>
	18,075,867	12,298,321
	<u>991,654,552</u>	<u>1,035,663,560</u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

10. Infrastructure (Continued)

(b) Movements in Carrying Amounts

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

	Roads, Footpaths and Kerbs	Bridges	Drainage	Park Development	Other Infrastructure	Total
Year ended 30 June 2018						
Balance as at the beginning of the year	615,224,188	57,528,365	314,049,884	36,562,802	12,298,321	1,035,663,560
Additions						
Completed Works	8,839,981	155,745	615,829	2,636,174	64,231	12,311,960
Developer Contributed Assets	3,093,184	0	2,276,276	929,589	19,462	6,318,511
Works in Progress	3,792,630	0	0	1,510,723	0	5,303,353
	<u>15,725,795</u>	<u>155,745</u>	<u>2,892,105</u>	<u>5,076,486</u>	<u>83,693</u>	<u>23,933,824</u>
Disposals	0	(87,522)	0	(4,122,339)	(6,215,242)	(10,425,103)
Depreciation (Expense)	(8,850,865)	(1,250,575)	(4,323,605)	(2,629,203)	(561,839)	(17,616,087)
Revaluation - Increment/(Decrement)	(29,680,680)	(10,331,704)	(54,394,676)	41,471,079	12,609,731	(40,326,250)
Transfer between asset classes	0	114,585	0	448,820	(138,797)	424,608
Carrying amount at the end of the year	<u><u>592,418,438</u></u>	<u><u>46,128,894</u></u>	<u><u>258,223,708</u></u>	<u><u>76,807,645</u></u>	<u><u>18,075,867</u></u>	<u><u>991,654,552</u></u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

10. Infrastructure (Continued)

(b) Movements in Carrying Amounts (Continued)

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

	Roads, Footpaths and Kerbs	Bridges	Drainage	Park Development	Other Infrastructure	Total
<u>Year ended 30 June 2017</u>						
Balance as at the beginning of the year	604,195,924	58,332,959	314,025,083	35,390,610	12,385,877	1,024,330,453
Additions						
Completed Works	13,214,015	5,546	363,522	2,978,999	549,188	17,111,270
Developer Contributed Assets	6,282,985	0	3,940,675	650,440	0	10,874,100
Works in Progress	31,416	441,187	0	33,820	0	506,423
	<u>19,528,416</u>	<u>446,733</u>	<u>4,304,197</u>	<u>3,663,259</u>	<u>549,188</u>	<u>28,491,793</u>
Disposals	0	0	0	(11,833)	(42,909)	(54,742)
Depreciation (Expense)	(8,500,152)	(1,251,327)	(4,279,396)	(2,479,234)	(593,835)	(17,103,944)
Carrying amount at the end of the year	<u><u>615,224,188</u></u>	<u><u>57,528,365</u></u>	<u><u>314,049,884</u></u>	<u><u>36,562,802</u></u>	<u><u>12,298,321</u></u>	<u><u>1,035,663,560</u></u>

City of Gosnells
Notes to and forming part of the Financial Report
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	2018 \$	2017 \$
11. Intangible Assets		
(a) Book Value		
Computer Software		
- Management valuation 2016	3,389,478	3,389,478
- Additions after valuation - cost	533,323	150,206
Less accumulated depreciation	<u>(1,167,430)</u>	<u>(771,964)</u>
	<u><u>2,755,371</u></u>	<u><u>2,767,720</u></u>

(b) Movements in Carrying Amounts

Movement in the carrying amount of each Intangible Assets between the beginning and the end of the current financial year.

	Computer Software \$
Balance at the beginning of the year	2,767,720
Additions	383,118
Amortisation (Expense)	(395,467)
Carrying amount at the end of the year	<u><u>2,755,371</u></u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

	2018 \$	2017 \$
12. Investment Property		
(a) Fair value		
Investment property	<u>3,600</u>	<u>1,132,900</u>

(b) Movements in Carrying Amounts

Movement in the carrying amount of investment property between the beginning and the end of the current financial year.

	Investment Property \$
Balance at the beginning of the year	1,132,900
Reclassification to Assets Held for Sale	(1,129,300)
Carrying amount at the end of the year	<u><u>3,600</u></u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

	2018 \$	2017 \$
13. Trade and Other Payables		
Current		
Sundry creditors	4,000,000	5,837,896
Bonds and Deposits	4,902,782	5,926,400
Accrued expenditure	1,247,482	764,112
Income in advance	368,610	277,761
Deferred salaries	147,123	166,319
	<u>10,665,997</u>	<u>12,972,488</u>

14. Borrowings		
Current		
Current portion of long term borrowings	<u>1,385,894</u>	<u>8,746,705</u>
	<u>1,385,894</u>	<u>8,746,705</u>
Non-Current		
Long term borrowings	<u>10,758,778</u>	<u>12,144,672</u>
	<u>10,758,778</u>	<u>12,144,672</u>

Additional detail on borrowings is provided in Note 26.

15. Provisions		
Current		
Provision for Annual Leave	3,623,305	3,573,128
Provision for Long Service Leave	4,304,050	4,486,457
Provision for Employee on-costs	<u>1,021,804</u>	<u>1,018,015</u>
	<u>8,949,159</u>	<u>9,077,600</u>
Non-Current		
Provision for Long Service Leave	604,645	556,003
Provision for Employee on-costs	<u>72,558</u>	<u>66,720</u>
	<u>677,203</u>	<u>622,723</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Provision for On-costs \$	Total \$
Opening balance at 1 July 2017	3,573,128	5,042,460	1,084,735	9,700,323
Additional provision	3,065,971	796,657	483,173	4,345,801
Amounts used	(3,015,794)	(922,274)	(472,568)	(4,410,636)
Decrease in the discounted amount arising because of time and the effect of any change in the discounted rate	0	(8,148)	(978)	(9,126)
Balance at 30 June 2018	<u>3,623,305</u>	<u>4,908,695</u>	<u>1,094,362</u>	<u>9,626,362</u>
Comprises				
Current	3,623,305	4,304,050	1,021,804	8,949,159
Non-Current	0	604,645	72,558	677,203
	<u>3,623,305</u>	<u>4,908,695</u>	<u>1,094,362</u>	<u>9,626,362</u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

15 Provisions (Continued)

Annual leave liabilities

Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018 \$	2017 \$
Within 12 months of the end of the reporting period	2,442,854	2,423,691
More than 12 months after the end of the reporting period	1,180,451	1,149,437
	<u>3,623,305</u>	<u>3,573,128</u>

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

Long service leave liabilities

Unconditional long service leave provisions are classified as current liabilities as the City does not have an unconditional right to defer settlement of the liability until the employee has completed requisite years of service.

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018 \$	2017 \$
Within 12 months of the end of the reporting period	3,230,109	3,282,869
More than 12 months after the end of the reporting period	1,678,586	1,759,591
	<u>4,908,695</u>	<u>5,042,460</u>

The provision for long service leave is calculated at the present value as the City does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Employment On-Cost Provision

The settlement of annual leave and long service leave liabilities give rise to the payment of employment on-costs including workers' compensation insurance. The provisions is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expense when the employment to which they relate has occurred. Employment on-costs are included as part of 'Employee Costs' in the Statement of Comprehensive Income. The related liability is included in 'Employment On-Costs' provision.

	2018 \$	2017 \$
Carrying amount at start of period	1,084,735	1,021,520
Additional (reversal of) provisions recognised	9,627	63,215
	<u>1,094,362</u>	<u>1,084,735</u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

	2018 Actual \$	2018 Budget \$	2017 Actual \$
16. Reserves - Cashed Backed Ordinary Reserves			
(a) Asset Management			
Opening balance	1,948,033	1,895,820	1,757,250
Amount set aside / transfer to reserve	191,554	193,099	190,783
Amount used / transfer from reserve	(48,634)	(30,000)	0
	<u>2,090,953</u>	<u>2,058,919</u>	<u>1,948,033</u>
(b) Developer Contributions for Future Infrastructure			
Opening balance	557,920	553,403	460,779
Amount set aside / transfer to reserve	39,073	25,493	97,141
Amount used / transfer from reserve	0	0	0
	<u>596,993</u>	<u>578,896</u>	<u>557,920</u>
(c) Emergency Services			
Opening balance	126,441	124,287	89,033
Amount set aside / transfer to reserve	10,169	4,958	37,408
Amount used / transfer from reserve	0	0	0
	<u>136,610</u>	<u>129,245</u>	<u>126,441</u>
(d) Floodlighting Levy			
Opening balance	55,047	56,140	44,501
Amount set aside / transfer to reserve	21,941	19,391	10,546
Amount used / transfer from reserve	(39,380)	(45,159)	0
	<u>37,608</u>	<u>30,372</u>	<u>55,047</u>
(e) Gosnells Oval Redevelopment			
Opening balance	823,795	818,282	713,368
Amount set aside / transfer to reserve	99,008	109,319	110,427
Amount used / transfer from reserve	0	0	0
	<u>922,803</u>	<u>927,601</u>	<u>823,795</u>
(f) Gosnells Town Centre Revitalisation			
Opening balance	974,037	965,672	870,516
Amount set aside / transfer to reserve	2,594,651	113,616	113,428
Amount used / transfer from reserve	(24,313)	(121,854)	(9,907)
	<u>3,544,375</u>	<u>957,434</u>	<u>974,037</u>
(g) Harmony Fields			
Opening balance	308,258	284,625	252,550
Amount set aside / transfer to reserve	55,835	28,820	55,708
Amount used / transfer from reserve	(213,447)	0	0
	<u>150,646</u>	<u>313,445</u>	<u>308,258</u>
(h) Heritage Condition Reward Scheme			
Opening balance	50,795	46,913	43,434
Amount set aside / transfer to reserve	14,032	13,557	14,021
Amount used / transfer from reserve	(6,660)	(20,950)	(6,660)
	<u>58,167</u>	<u>39,520</u>	<u>50,795</u>
Total Ordinary Reserves C/Fwd	<u>7,538,155</u>	<u>5,035,432</u>	<u>4,844,326</u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

	2018 Actual \$	2018 Budget \$	2017 Actual \$
16. Reserves - Cashed Backed (Continued)			
Ordinary Reserves (Continued)			
Total Ordinary Reserves B/Fwd	7,538,155	5,035,432	4,844,326
(i) Insurance			
Opening balance	1,095,720	1,086,240	1,063,568
Amount set aside / transfer to reserve	15,890	16,120	32,152
Amount used / transfer from reserve	(500,000)	(500,000)	0
	<u>611,610</u>	<u>602,360</u>	<u>1,095,720</u>
(j) Langford Oval Redevelopment			
Opening balance	223,707	220,563	192,591
Amount set aside / transfer to reserve	31,745	30,085	31,116
Amount used / transfer from reserve	0	0	0
	<u>255,452</u>	<u>250,648</u>	<u>223,707</u>
(k) Leisure World - Asset Management			
Opening balance	260,333	180,109	400,550
Amount set aside / transfer to reserve	261,708	265,937	9,019
Amount used / transfer from reserve	(164,964)	0	(149,236)
	<u>357,077</u>	<u>446,046</u>	<u>260,333</u>
(l) Local Government Elections			
Opening balance	192,497	191,162	72,173
Amount set aside / transfer to reserve	122,344	119,627	120,324
Amount used / transfer from reserve	(241,613)	(250,000)	0
	<u>73,228</u>	<u>60,789</u>	<u>192,497</u>
(m) Local Open Space Strategy			
Opening balance	328,501	267,192	236,072
Amount set aside / transfer to reserve	36,824	4,277,773	109,666
Amount used / transfer from reserve	(239)	(219,754)	(17,237)
	<u>365,086</u>	<u>4,325,211</u>	<u>328,501</u>
(n) Maddington/Kenwick Revitalisation			
Opening balance	2,433,213	2,412,160	2,361,814
Amount set aside / transfer to reserve	64,753	63,944	71,399
Amount used / transfer from reserve	(17,396)	(86,758)	0
	<u>2,480,570</u>	<u>2,389,346</u>	<u>2,433,213</u>
(o) MGB Plant & Equipment			
Opening balance	5,991,379	4,721,683	4,535,069
Amount set aside / transfer to reserve	2,045,878	845,173	2,715,172
Amount used / transfer from reserve	(1,436,695)	(2,060,500)	(1,258,862)
	<u>6,600,562</u>	<u>3,506,356</u>	<u>5,991,379</u>
Total Ordinary Reserves C/Fwd	18,281,740	16,616,188	15,369,676

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

	2018 Actual \$	2018 Budget \$	2017 Actual \$
16. Reserves - Cashed Backed (Continued)			
Ordinary Reserves (Continued)			
Total Ordinary Reserves B/Fwd	18,281,740	16,616,188	15,369,676
(p) Mills Park			
Opening balance	4,891,247	4,820,867	4,271,165
Amount set aside / transfer to reserve	172,369	49,240	4,116,093
Amount used / transfer from reserve	(4,695,309)	(4,707,000)	(3,496,011)
	<u>368,307</u>	<u>163,107</u>	<u>4,891,247</u>
(q) Netball Courts - Resurfacing			
Opening balance	10,983	10,887	10,660
Amount set aside / transfer to reserve	152,587	154,424	323
Amount used / transfer from reserve	0	0	0
	<u>163,570</u>	<u>165,311</u>	<u>10,983</u>
(r) Operations Centre			
Opening balance	476,168	472,048	462,196
Amount set aside / transfer to reserve	946,093	12,980	13,972
Amount used / transfer from reserve	0	0	0
	<u>1,422,261</u>	<u>485,028</u>	<u>476,168</u>
(s) Performing Arts Centre			
Opening balance	331,723	328,070	298,926
Amount set aside / transfer to reserve	33,058	31,937	32,797
Amount used / transfer from reserve	0	0	0
	<u>364,781</u>	<u>360,007</u>	<u>331,723</u>
(t) Plant and Equipment			
Opening balance	3,999,724	3,937,177	4,533,636
Amount set aside / transfer to reserve	2,504,275	2,197,610	2,078,840
Amount used / transfer from reserve	(796,699)	(2,805,050)	(2,612,752)
	<u>5,707,300</u>	<u>3,329,737</u>	<u>3,999,724</u>
(u) Rate Revaluation			
Opening balance	224,461	202,294	454,071
Amount set aside / transfer to reserve	146,099	147,357	144,396
Amount used / transfer from reserve	0	0	(374,006)
	<u>370,560</u>	<u>349,651</u>	<u>224,461</u>
(v) Recreation and Culture Infrastructure			
Opening balance	1,084,406	1,068,597	1,130,412
Amount set aside / transfer to reserve	26,821	4,031	132,818
Amount used / transfer from reserve	(287,927)	(921,993)	(178,824)
	<u>823,300</u>	<u>150,635</u>	<u>1,084,406</u>
Total Ordinary Reserves C/Fwd	<u>27,501,819</u>	<u>21,619,664</u>	<u>26,388,388</u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

	2018 Actual \$	2018 Budget \$	2017 Actual \$
16. Reserves - Cashed Backed (Continued)			
Ordinary Reserves (Continued)			
Total Ordinary Reserves B/Fwd	<u>27,501,819</u>	<u>21,619,664</u>	<u>26,388,388</u>
(w) Refuse Disposal Site Rehabilitation			
Opening balance	719,187	710,833	778,423
Amount set aside / transfer to reserve	46,113	42,345	55,013
Amount used / transfer from reserve	<u>(50,000)</u>	<u>(50,000)</u>	<u>(114,249)</u>
	<u>715,300</u>	<u>703,178</u>	<u>719,187</u>
(x) Southern River Contaminated Site Rehabilitation			
Opening balance	461,591	450,000	448,047
Amount set aside / transfer to reserve	100	0	13,544
Amount used / transfer from reserve	<u>(461,691)</u>	<u>(450,000)</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>461,591</u>
(y) Strategic Capital Acquisition			
Opening balance	0	0	0
Amount set aside / transfer to reserve	688,109	719,247	0
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>688,109</u>	<u>719,247</u>	<u>0</u>
(z) Sutherlands Park			
Opening balance	820,804	821,516	718,959
Amount set aside / transfer to reserve	122,251	102,297	101,845
Amount used / transfer from reserve	<u>0</u>	<u>(300,000)</u>	<u>0</u>
	<u>943,055</u>	<u>623,813</u>	<u>820,804</u>
(aa) Walter Padbury Park			
Opening balance	456,269	437,343	385,395
Amount set aside / transfer to reserve	57,928	44,759	70,874
Amount used / transfer from reserve	<u>(378,353)</u>	<u>(433,872)</u>	<u>0</u>
	<u>135,844</u>	<u>48,230</u>	<u>456,269</u>
Total Ordinary Reserves	<u>29,984,127</u>	<u>23,714,132</u>	<u>28,846,239</u>
Planning Reserves			
(ab) Public Open Space			
Opening balance	30,363,491	29,573,462	25,749,277
Amount set aside / transfer to reserve	4,516,905	6,912,480	7,089,401
Amount used / transfer from reserve	<u>(3,150,002)</u>	<u>(133,371)</u>	<u>(2,475,187)</u>
	<u>31,730,394</u>	<u>36,352,571</u>	<u>30,363,491</u>
(ac) TPS 9A			
Opening balance	1,642,610	1,198,121	1,084,007
Amount set aside / transfer to reserve	43,686	94,459	563,603
Amount used / transfer from reserve	<u>(29,871)</u>	<u>(5,000)</u>	<u>(5,000)</u>
	<u>1,656,425</u>	<u>1,287,580</u>	<u>1,642,610</u>
(ad) TPS 15			
Opening balance	450,805	446,891	442,563
Amount set aside / transfer to reserve	50,980	22,425	13,242
Amount used / transfer from reserve	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>
	<u>496,785</u>	<u>464,316</u>	<u>450,805</u>
Total Planning Reserves C/Fwd	<u>33,883,604</u>	<u>38,104,467</u>	<u>32,456,906</u>

City of Gosnells
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for the year ended 30 June 2018

	2018 Actual \$	2018 Budget \$	2017 Actual \$
16. Reserves - Cashed Backed (Continued)			
Planning Reserves (Continued)			
Total Planning Reserves B/Fwd	33,883,604	38,104,467	32,456,906
(ae) TPS 17			
Opening balance	826,385	795,533	813,929
Amount set aside / transfer to reserve	21,967	73,114	47,456
Amount used / transfer from reserve	(5,000)	(5,000)	(35,000)
	<u>843,352</u>	<u>863,647</u>	<u>826,385</u>
(af) TPS 20			
Opening balance	998,573	1,271,718	1,468,085
Amount set aside / transfer to reserve	18,114	6,521	33,381
Amount used / transfer from reserve	(610,996)	(1,034,610)	(502,893)
	<u>405,691</u>	<u>243,629</u>	<u>998,573</u>
(ag) ODP Canning Vale			
Opening balance	874,551	866,898	878,804
Amount set aside / transfer to reserve	254,256	125,763	25,747
Amount used / transfer from reserve	(30,000)	(30,000)	(30,000)
	<u>1,098,807</u>	<u>962,661</u>	<u>874,551</u>
(ah) ODP West Canning Vale			
Opening balance	7,055,989	6,515,552	5,787,550
Amount set aside / transfer to reserve	437,344	1,133,882	1,350,771
Amount used / transfer from reserve	(31,000)	(31,000)	(82,332)
	<u>7,462,333</u>	<u>7,618,434</u>	<u>7,055,989</u>
(ai) ODP Southern River Precinct 1			
Opening balance	3,741,816	3,709,643	3,355,370
Amount set aside / transfer to reserve	99,429	224,618	411,446
Amount used / transfer from reserve	(25,000)	(25,000)	(25,000)
	<u>3,816,245</u>	<u>3,909,261</u>	<u>3,741,816</u>
(aj) ODP Southern River Precinct 2			
Opening balance	6,471,345	6,415,298	6,301,398
Amount set aside / transfer to reserve	198,309	227,230	189,947
Amount used / transfer from reserve	(20,000)	(20,000)	(20,000)
	<u>6,649,654</u>	<u>6,622,528</u>	<u>6,471,345</u>
(ak) ODP Southern River Precinct 3			
Opening balance	3,943,023	3,910,512	3,433,741
Amount set aside / transfer to reserve	1,177,532	402,876	576,282
Amount used / transfer from reserve	(67,000)	(469,256)	(67,000)
	<u>5,053,555</u>	<u>3,844,132</u>	<u>3,943,023</u>
Total Planning Reserves C/Fwd	<u>59,213,241</u>	<u>62,168,759</u>	<u>56,368,588</u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

	2018 Actual \$	2018 Budget \$	2017 Actual \$
16. Reserves - Cashed Backed (Continued)			
Planning Reserves (Continued)			
Total Planning Reserves B/Fwd	59,213,241	62,168,759	56,368,588
(al) ODP Southern River Precinct 3A			
Opening balance	161,932	160,603	137,992
Amount set aside / transfer to reserve	49,055	24,966	23,940
Amount used / transfer from reserve	0	0	0
	<u>210,987</u>	<u>185,569</u>	<u>161,932</u>
(am) ODP Southern River Precinct 3E			
Opening balance	0	0	0
Amount set aside / transfer to reserve	0	51,376	0
Amount used / transfer from reserve	0	0	0
	<u>0</u>	<u>51,376</u>	<u>0</u>
(an) ODP Southern River Precinct 5			
Opening balance	64,796	64,235	62,894
Amount set aside / transfer to reserve	1,729	231	1,902
Amount used / transfer from reserve	0	(55,865)	0
	<u>66,525</u>	<u>8,601</u>	<u>64,796</u>
(ao) ODP Homestead Road			
Opening balance	422,922	419,219	425,469
Amount set aside / transfer to reserve	234,595	13,125	12,453
Amount used / transfer from reserve	(15,000)	(315,600)	(15,000)
	<u>642,517</u>	<u>116,744</u>	<u>422,922</u>
(ap) ODP Maddington A&B			
Opening balance	737,826	541,298	342,595
Amount set aside / transfer to reserve	19,420	34,968	670,193
Amount used / transfer from reserve	(17,000)	(17,000)	(274,962)
	<u>740,246</u>	<u>559,266</u>	<u>737,826</u>
(aq) ODP Central Maddington 1			
Opening balance	924,367	726,412	901,643
Amount set aside / transfer to reserve	673,542	5,981,802	570,069
Amount used / transfer from reserve	(979,179)	(1,222,720)	(547,345)
	<u>618,730</u>	<u>5,485,494</u>	<u>924,367</u>
(ar) ODP Central Maddington 2			
Opening balance	538,617	478,457	353,063
Amount set aside / transfer to reserve	19,308	141,257	186,014
Amount used / transfer from reserve	0	(12,256)	(460)
	<u>557,925</u>	<u>607,458</u>	<u>538,617</u>
Total Planning Reserves	<u>62,050,171</u>	<u>69,183,267</u>	<u>59,219,048</u>
Total Reserves	<u>92,034,298</u>	<u>92,897,399</u>	<u>88,065,287</u>

All of the above reserve accounts are to be supported by money held in financial institutions.

The total sum matches the amount shown as restricted cash in Note 3 to this financial report.

The timing of expenditure from reserves is varied depending upon the timing of projects.

City of Gosnells
Notes to and forming part of the Financial Report
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16. Reserves - Cashed Backed (Continued)

	2018 Actual \$	2018 Budget \$	2017 Actual \$
Summary of Reserves			
Opening balance	88,065,287	84,177,735	78,123,538
Amount set aside / transfer to reserve	18,317,379	25,104,232	22,244,672
Amount used / transfer from reserve	(14,348,368)	(16,384,568)	(12,302,923)
Total Reserves	<u>92,034,298</u>	<u>92,897,399</u>	<u>88,065,287</u>

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

- Ordinary Reserves**
- (a) **Asset Management**
New or refurbished assets.
 - (b) **Developer Contributions for Future Infrastructure**
To fund future expenditure on developments that fall outside of a TPS or ODP.
 - (c) **Emergency Services**
To fund excess Bushfire and SES expenditure from prior year over budget reimbursements.
 - (d) **Floodlighting Levy**
To upgrade the City's active reserve floodlighting.
 - (e) **Gosnells Oval Redevelopment**
To fund Council's expenditure on Gosnells Oval funded from Telco Tower leases.
 - (f) **Gosnells Town Centre Revitalisation**
To fund the cost of redeveloping and additional operational expenses of Gosnells Town Centre.
 - (g) **Harmony Fields**
To provide future expenditure at Harmony Fields funded from Telco Tower leases.
 - (h) **Heritage Condition Reward Scheme**
To fund the preservation or restoration of the City's significant historic items and to fund payments to owners of properties and trees listed in the City of Gosnells Heritage Inventory through the Heritage Condition Reward Scheme.
 - (i) **Insurance**
To provide funds in case of calls on Council's participating in the self-insurance scheme.
 - (j) **Langford Oval Redevelopment**
To assist with the development of Langford Oval funded from Telco Tower leases.
 - (k) **Leisure World - Asset Management**
Purchase and/or major repair of plant and buildings located at the Leisure World complex.
 - (l) **Local Government Elections**
For expenditure associated with holding of local government elections.
 - (m) **Local Open Space Strategy**
For expenditure associated with the implementation of the Local Open Space Strategy.

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

16. Reserves - Cashed Backed (Continued)

- (n) **Maddington/Kenwick Revitalisation**
To fund the cost of urban renewal in Maddington/Kenwick.
- (o) **MGB Plant & Equipment**
To fund expenditure relating to the purchase of infrastructure and associated plant and equipment (including bins) as well as any associated debt.
- (p) **Mills Park**
To assist with the development of Mills Park funded from Telco Tower leases. In addition to fund repayment of debt associated with the redevelopment of Mills Park.
- (q) **Netball Courts - Resurfacing**
Resurfacing of the Southern Districts netball Courts in Langford as required.
- (r) **Operations Centre**
To fund expenditure relating to the redevelopment of the Operations Centre and any associated debt.
- (s) **Performing Arts Centre**
Construction, equipping and assessment of Don Russell Performing Arts Centre funded from Telco Tower leases.
- (t) **Plant and Equipment**
To fund replacement or new acquisition of plant and associated equipment.
- (u) **Rate Revaluation**
For expenditure associated with the revaluation of properties on which council raises rates.
- (v) **Recreation and Culture Infrastructure**
To fund future expenditure on Recreational and Cultural Infrastructure.
- (w) **Refuse Disposal Site Rehabilitation**
Rehabilitation of the Kelvin Road Refuse Disposal Site following future closure funded from Telco Tower leases.
- (x) **Southern River Contaminated Site Rehabilitation**
For expenditure associated with the rehabilitation of the Southern River contaminated site.
- (y) **Strategic Capital Acquisition**
Royalties received from quarry set aside for investing in profit generating assets.
- (z) **Sutherlands Park**
To fund future works at Sutherlands Park funded from Telco Tower leases.
- (aa) **Walter Padbury Park**
To provide future works at Walter Padbury Park funded from Telco Tower leases.
- Planning Reserves**
- (ab) **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.
- (ac) **TPS 9A**
To fund expenditure on infrastructure and administrative items within the TPS site with contributions from developers.
- (ad) **TPS 15**
To fund expenditure on infrastructure and administrative items within the TPS site with contributions from developers.

City of Gosnells
Notes to and forming part of the Financial Report
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16. Reserves - Cashed Backed (Continued)

- (ae) TPS 17**
To fund expenditure on infrastructure and administrative items within the TPS site with contributions from developers.
- (af) TPS 20**
To fund expenditure on infrastructure and administrative items within the TPS site with contributions from developers.
- (ag) ODP Canning Vale**
To fund expenditure on infrastructure and administrative items within the ODP site with contributions from developers.
- (ah) ODP West Canning Vale**
To fund expenditure on infrastructure and administrative items within the ODP site with contributions from developers.
- (ai) ODP Southern River Precinct 1**
To fund expenditure on infrastructure and administrative items within the ODP site with contributions from developers.
- (aj) ODP Southern River Precinct 2**
To fund expenditure on infrastructure and administrative items within the ODP site with contributions from developers.
- (ak) ODP Southern River Precinct 3**
To fund expenditure on infrastructure and administrative items within the ODP site with contributions from developers.
- (al) ODP Southern River Precinct 3A**
To fund expenditure on infrastructure and administrative items within the ODP site with contributions from developers.
- (am) ODP Southern River Precinct 3E**
To fund expenditure on infrastructure and administrative items within the ODP site with contributions from developers.
- (an) ODP Southern River Precinct 5**
To fund expenditure on infrastructure and administrative items within the ODP site with contributions from developers.
- (ao) ODP Homestead Road**
To fund expenditure on infrastructure and administrative items within the ODP site with contributions from developers.
- (ap) ODP Maddington A&B**
To fund expenditure on infrastructure and administrative items within the ODP site with contributions from developers.
- (aq) ODP Central Maddington 1**
To fund expenditure on infrastructure and administrative items within the ODP site with contributions from developers.
- (ar) ODP Central Maddington 2**
To fund expenditure on infrastructure and administrative items within the ODP site with contributions from developers.

City of Gosnells
Notes to and forming part of the Financial Report
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17. Revaluation Surplus

Revaluation surpluses have arisen on revaluation of the following classes of Non-Current assets:

	2018 Actual \$	2017 Actual \$
(a) Land and Buildings		
Opening balance	165,889,412	170,182,572
Revaluation decrement	0	(2,633,660)
Revaluation write back on disposals	(37,372)	(1,659,500)
	<u>165,852,040</u>	<u>165,889,412</u>
(b) Plant and Equipment		
Opening balance	130,366	557,635
Revaluation write back on disposals	(88,826)	(427,269)
	<u>41,540</u>	<u>130,366</u>
(c) Roads, Footpaths and Kerbs		
Opening balance	435,878,321	435,878,321
Revaluation decrement	(29,680,680)	0
	<u>406,197,641</u>	<u>435,878,321</u>
(d) Bridges		
Opening balance	24,652,591	24,652,591
Revaluation decrement	(10,331,704)	0
	<u>14,320,887</u>	<u>24,652,591</u>
(e) Drainage		
Opening balance	269,098,322	269,098,322
Revaluation decrement	(54,394,676)	0
	<u>214,703,646</u>	<u>269,098,322</u>
(f) Other Infrastructure		
Opening balance	654,581	670,320
Revaluation increment	12,609,731	0
Revaluation write back on disposals	0	(15,739)
	<u>13,264,312</u>	<u>654,581</u>
(g) Intangible Assets		
Opening balance	2,638,199	2,638,199
Revaluation write back on disposals	0	0
	<u>2,638,199</u>	<u>2,638,199</u>
(h) Park Developments		
Opening balance	0	0
Revaluation increment	41,471,079	0
	<u>41,471,079</u>	<u>0</u>
Total Asset Revaluation Surplus	<u><u>858,489,344</u></u>	<u><u>898,941,792</u></u>
Summary of Asset Revaluation Surplus		
Opening Balance	898,941,792	903,677,960
Revaluation Decrement	(40,326,250)	(2,633,660)
Revaluation write back on disposals	(126,198)	(2,102,508)
Total Asset Revaluation Surplus	<u><u>858,489,344</u></u>	<u><u>898,941,792</u></u>

City of Gosnells
Notes to and forming part of the Financial Report
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18. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2018 \$	2018 Budget \$	2017 \$
Cash and cash equivalents	<u>124,582,731</u>	<u>111,624,493</u>	<u>117,850,936</u>

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

Net result	6,681,488	19,541,519	22,559,037
Non-cash flows in Net result:			
Depreciation	24,288,624	24,145,219	23,238,988
(Profit)/Loss on sale of asset	7,945,037	(14,916,037)	1,516,340
Fair value adjustments to financial assets			
at fair value through profit or loss	(177,775)	(103,000)	(193,740)
Revaluation of fixed assets	0	0	(106,126)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	72,965	849,909	(2,193,531)
(Increase)/Decrease in inventories	24,993	(15,000)	23,852
Increase/(Decrease) in payables	(2,306,493)	2,111,253	3,128,184
Increase/(Decrease) in provisions	(73,958)	(250,000)	427,508
Grants contributions for			
the development of assets	(19,550,091)	(16,217,319)	(24,181,708)
Net cash from operating activities	<u>16,904,790</u>	<u>15,146,544</u>	<u>24,218,804</u>

	2018 \$	2017 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Credit card limit	105,000	105,000
Credit card balance at balance date	(23,783)	(24,986)
Total amount of credit unused	<u>81,217</u>	<u>80,014</u>
Loan facilities		
Loan facilities - current	1,385,894	8,746,705
Loan facilities - non-current	10,758,777	12,144,672
Total facilities in use at balance date	<u>12,144,671</u>	<u>20,891,377</u>
Loan facilities at balance date*		
Loan facilities in use	12,144,671	20,891,337
Loan facilities not in use	7,855,329	16,134,623

* Funds only available for the purposes detailed in Note 26 (a)

City of Gosnells
Notes to and forming part of the Financial Report
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19. Contingent Liabilities

Nil

	2018	2017
	\$	\$
20. Capital and Leasing Commitments		
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	27,408	52,419
- later than one year but not later than five years	4,745	32,153
	<u>32,153</u>	<u>84,572</u>

The City did not have any future operating lease commitments at the reporting date.

(b) Capital Expenditure Commitments*

Contracted for:		
- capital expenditure projects	578,640	436,532
- plant & equipment purchases	218,730	654,809
Payable:		
- not later than one year	<u>797,370</u>	<u>1,091,341</u>

* Commitments greater than \$250,000

21. Joint Venture Arrangements

The City is not involved in any joint venture arrangements.

22. Total Assets Classified By Function And Activity

	2018	2017
	\$	\$
Governance	18,000	22,743,549
General purpose funding	7,551,365	9,955,001
Law, order, public safety	4,627,116	3,623,773
Health	590,983	2,197,834
Education and welfare	5,281,483	4,692,677
Community amenities	5,395,924	64,029,033
Recreation and culture	142,582,113	145,551,733
Transport	906,759,834	954,109,703
Economic services	186,089	1,328,903
Other property and services	197,133,760	113,604,933
Unallocated	125,401,280	118,462,727
	<u>1,395,527,947</u>	<u>1,440,299,866</u>

City of Gosnells
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23. Financial Ratios	2018	2017	2016
Current ratio	1.87	1.26	1.18
Asset sustainability ratio	0.73	0.73	0.73
Debt service cover ratio	1.30	1.56	289.12
Operating surplus ratio	(0.13)	(0.02)	(0.11)
Own source revenue coverage ratio	0.83	0.90	0.86
Asset consumption ratio	0.70	0.64	0.72
Asset renewal funding ratio	0.97	0.88	0.62

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$
Asset consumption ratio	$\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

City of Gosnells
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24. Trust Funds

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

	Balance 1 July 2017 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2018 \$
Unclaimed Money	30,561	14,481	(1,800)	43,242
Construction Training Fund	0	264,451	(264,451)	0
Building Commission	21,361	331,974	(336,883)	16,452
Development Applications	0	64,655	(64,655)	0
	<u>51,922</u>	<u>675,561</u>	<u>(667,789)</u>	<u>59,694</u>

25. Disposal of Assets

The following assets were disposed of during the year.

Asset Class / Program	2017/18					
	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Assets Held for Sale						
Other Properties and Services	1,843,032	2,266,569	3,933,460	18,055,000	2,090,428	15,788,431
Total Assets Held for Sale	<u>1,843,032</u>	<u>2,266,569</u>	<u>3,933,460</u>	<u>18,055,000</u>	<u>2,090,428</u>	<u>15,788,431</u>
Property Plant and Equipment						
Plant and Equipment						
Transport	1,165,582	2,723,594	1,197,260	1,851,200	31,678	(872,394)
Land						
Other Properties and Services	67,040	0	425,000	0	357,960	0
Total Property Plant and Equipment	<u>1,232,622</u>	<u>2,723,594</u>	<u>1,622,260</u>	<u>1,851,200</u>	<u>389,638</u>	<u>(872,394)</u>
Infrastructure Assets						
Other Infrastructure						
Transport	6,215,242	0	0	0	(6,215,242)	0
Bridge						
Transport	87,522	0	0	0	(87,522)	0
Park Development						
Recreation and Culture	4,122,339	0	0	0	(4,122,339)	0
Total Infrastructure Assets	<u>10,425,103</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(10,425,103)</u>	<u>0</u>
	<u>13,500,757</u>	<u>4,990,163</u>	<u>5,555,720</u>	<u>19,906,200</u>	<u>(7,945,037)</u>	<u>14,916,037</u>
					Profit	2,480,066
					Loss	(10,425,103)
						<u>15,788,431</u>
						<u>(872,394)</u>
						<u>14,916,037</u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

26. Information on Borrowings

(a) Loan Repayments

Particulars/Purpose	Principal 1 July 2017 \$	New Loans		Principal Repayments		Principal 30 June 2018		Interest Repayments	
		Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Community Amenities									
Central Maddington ODP Infrastructure	4,800,000	0	5,200,000	0	0	4,800,000	10,000,000	99,322	150,000
Recreation and Culture									
Mills Park - Short Term Facility	7,400,000	0	0	7,400,000	6,950,000	0	450,000	23,883	0
Mills Park - Long Term Facility	8,691,376	0	0	1,346,704	1,323,000	7,344,672	7,368,376	292,388	314,000
Other Property and Services									
Robinson Park Redevelopment and subdivision*	0	0	5,600,000	0	5,600,000	0	0	0	324,000
Operations Centre	0	0	1,500,000	0	0	0	1,500,000	0	60,000
Southern River Business Park	0	0	5,100,000	0	0	0	5,100,000	0	0
Attfield Street Maddington	0	0	1,100,000	0	0	0	1,100,000	0	33,000
Philip Street Maddington	0	0	917,500	0	0	0	917,500	0	27,525
	20,891,376	0	19,417,500	8,746,704	13,873,000	12,144,672	26,435,876	415,593	908,525

* Repayment of loan borrowings funded from sale of land proceeds.

All other loan repayments were financed by general purpose revenue.

City of Gosnells
Notes to and forming part of the Financial Report
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26. Information on Borrowings (Continued)

(b) New Debentures

Particulars/Purpose	Established Facility Limit	Amount Borrowed		Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
		Actual \$	Budget \$					Actual \$	Budget \$	
Community Amenities										
Central Maddington ODP Infrastructure	10,000,000	4,800,000	5,200,000	Short Term	3	130,756	2.39%	4,800,000	5,200,000	0
Other Properties and Services										
Robinson Park Redevelopment and subdivision*	5,600,000	0	5,600,000	Short Term	3	0	4.00%	0	5,600,000	0
Operations Centre*	16,500,000	0	1,500,000	Short Term	3	0	4.00%	0	1,500,000	0
Southern River Business Park*	9,600,000	0	5,100,000	Short Term	3	0	4.00%	0	5,100,000	0
Attfield Street Maddington*	1,100,000	0	1,100,000	Short Term	3	0	4.00%	0	1,100,000	0
Philip Street Maddington*	917,500	0	917,500	Short Term	3	0	4.00%	0	917,500	0
	43,717,500	4,800,000	19,417,500			130,756		4,800,000	19,417,500	0

*These loan facilities were not established as at 30 June 2018.

Note: All borrowings are obtained from the WA Treasury Corporation.

(c) Unspent Debentures
The City did not have any unspent loan funds as at 30 June 2018.

(d) Overdraft
Council has not utilised an overdraft facility during the financial year.

City of Gosnells
Notes to and forming part of the Financial Report
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27. Rating Information

(a) Rates

Rate Type	2018 Actual						2018 Budget				
	Rate in \$ cents	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Rate Revenue \$	Interim Rate \$	Back Rate \$	Total Revenue \$
Differential General Rate Gross Rental Value (GRV)											
	11.9160	3	393,000	46,830	8,376	0	55,206	46,830	0	0	46,830
	6.2720	38,730	878,485,643	55,098,618	1,149,657	0	56,248,275	55,098,495	823,000	0	55,921,495
	7.5260	905	24,386,383	1,835,319	6,964	0	1,842,283	1,835,319	0	0	1,835,319
	6.7720	50	2,251,181	152,450	18,350	0	170,800	152,450	0	0	152,450
	7.2130	74	8,608,470	620,929	6,109	0	627,038	620,929	0	0	620,929
	0.2446	26	33,210,000	81,232	9,059	0	90,291	81,232	0	0	81,232
	0.1956	9	73,330,000	143,433	(2)	0	143,431	143,433	0	0	143,433
		39,797	1,020,664,677	57,978,811	1,198,513	0	59,177,324	57,978,688	823,000	0	58,801,688
Minimum payment											
Gross Rental Value (GRV)											
	944	6,874	86,468,826	6,489,056	0	0	6,489,056	6,489,056	0	0	6,489,056
	944	32	339,032	30,208	0	0	30,208	30,208	0	0	30,208
	944	9	60,210	8,496	0	0	8,496	8,496	0	0	8,496
	944	5	42,205	4,720	0	0	4,720	4,720	0	0	4,720
	944	3	696,000	2,832	0	0	2,832	2,832	0	0	2,832
		6,923	87,606,273	6,535,312	0	0	6,535,312	6,535,312	0	0	6,535,312
		46,720	1,108,270,950	64,514,123	1,198,513	0	65,712,636	64,514,000	823,000	0	65,337,000
	Total amount raised from general rates						65,712,636				65,337,000
Specified Area Rate (refer note 28)						492,906				488,000	
Ex-gratia Rates						56,649				57,000	
Total Rates							66,262,191				65,882,000

City of Gosnells
Notes to and forming part of the Financial Report
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27. Rating Information (Continued)

(b) Information on Surplus/(Deficit) Brought Forward

	Note	2018 (1 July 2018 Carried Forward) \$	2018 (1 July 2017 Brought Forward) \$	2017 (30 June 2017 Carried Forward) \$
Surplus/(Deficit)				
Rate Setting Statement		<u>20,765,907</u>	<u>15,774,700</u>	<u>15,774,700</u>
Comprises:				
Current Assets				
Cash and cash equivalents	3	124,582,731	117,850,936	117,850,936
Trade and Other Receivables	5	7,543,790	7,725,307	7,725,307
Inventories	6	288,840	313,832	313,832
Assets Held for Sale	7	0	2,279,293	2,279,293
Total Current Assets		<u>132,415,361</u>	<u>128,169,368</u>	<u>128,169,368</u>
Current Liabilities				
Trade and other payables	13	(10,665,997)	(12,972,488)	(12,972,488)
Borrowings	14	(1,385,894)	(8,746,705)	(8,746,705)
Provisions	15	(8,949,159)	(9,077,600)	(9,077,600)
Total Current Liabilities		<u>(21,001,050)</u>	<u>(30,796,793)</u>	<u>(30,796,793)</u>
Net Current Assets		<u>111,414,311</u>	<u>97,372,575</u>	<u>97,372,575</u>
Less:				
Reserves	16	(92,034,298)	(88,065,287)	(88,065,287)
Assets Held for Sale	8	0	(2,279,293)	(2,279,293)
Add:				
Current portion of long term borrowings		1,385,894	8,746,705	8,746,705
Surplus/(deficit)		<u><u>20,765,907</u></u>	<u><u>15,774,700</u></u>	<u><u>15,774,700</u></u>

Difference

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.

City Of Gosnells
Notes to and forming part of the Financial Report
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28. Specified Area Rate

Gross Rental Value (GRV)	Rate in \$ Cents	Number of Properties	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Budget Applied to Costs \$
Bletchley Park	0.580	1,397	31,592,660	187,679	183,248	183,248
Brookland Greens	0.455	562	16,161,610	73,570	73,503	73,503
Sanctuary Waters	0.480	691	17,742,080	85,207	85,197	85,197
The Avenues	0.512	498	11,608,040	59,474	59,468	59,468
The Boardwalk	0.314	623	18,352,748	58,002	57,609	57,609
The Reserve	0.308	347	9,416,645	28,974	28,975	28,975
				492,906	488,000	488,000

Purpose for the rate and proposed application of proceeds:

To recover in each Specified Area up to 25% of the park maintenance cost incurred by the City as they are maintained to a higher standard.

Description of the area in which rates are to be applied:

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

29. Service Charges

The City did not impose any service charges in 2017/18.

30. Payment Incentives, Discounts, Waivers, Concessions and Write-offs

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Rates Incentive A	Incentive	N/A	5,000	5,000
Leisure World	Discount	Various	66,570	52,000
Leisure Programs	Discount	Various	1,100	950
Don Russell Performing Arts Centre	Discount	Various	4,014	1,500
Rangers Services	Discount	Various	28,587	36,000
Library & Heritage Services	Discount	Various	316	260
Health Services	Discount	Various	21,833	12,470
Facility Hire Charges	Discount	100%	553	1,220
Rates Waivers	Waiver	N/A	69,685	68,500
Sundry Debtor Write Off	Write-Off	N/A	11,250	0

City of Gosnells
Notes to and forming part of the Financial Report
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30. Payment Incentives, Discounts, Waivers, Concessions and Write-offs (Continued)
Description of Incentives, Discounts, Waivers, Concessions and Write-offs

Incentive A

Five prizes of \$1,000 each, funded by the City of Gosnells, was drawn on a random basis as an incentive for ratepayers to pay their rates in full by the due date. Westpac Banking Corporation also provided two prizes. First Prize: \$2,000 Westpac Reward Saver Account and second prize \$1,000 Westpac Reward Saver Account. Inclusion in the draw was automatic for all ratepayers who paid their rates in full by 'the advertised due date of the first instalment. Winners were notified.

Leisure World

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

5% Discount (second and subsequent children enrolled into term programs)

10% Discount (general offer)

15% Discount (general offer)

20% Discount (special offer)

25% Discount (special offer)

33% Discount (special offer)

50% Discount (2 for 1 offer)

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

Group Bookings - 1 free pass with every 10 purchased

Group Bookings - 3 free pass with every 20 purchased

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

Leisure Programs

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

15% Discount (general offer; or targeted group marketing campaign)

30% Discount (general offer)

50% Discount (2 for 1 Offer)

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

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

Don Russell Performing Arts Centre

Various discounts on ticket prices were provided to enhance the financial visibility of the program or show.

15% Discount (general offer; targeted group marketing campaign or multiple hire)

30% Discount (3 or more shows; or multiple hires)

50% Discount (2 for 1 offer; or multiple hires)

Group Bookings - 1 free ticket with every 10 purchased

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

Class Discounts : 5% discount - 10 or more hours/week
 15% discount - 20 or more hours/week

Ranger Services

In relation to the *Dog Act 1976* a discount was granted to the following registration types:

Guide Dogs - 100% Concession

Dogs used for Droving or tendering stock - 25% concession

Dogs owned by pensioners (being persons eligible for exemption pursuant to

Regulation 4 (2) - 50% concession

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

Annual Bulk Registration Pensioners (persons eligible for exemption pursuant to

Regulation 4 (2) - 50% concession

In relation to the *Cat Act 2011* a concessional registration rate of 50% of the fee payable applies.

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

30. Payment Incentives, Discounts, Waivers, Concessions and Write-offs (Continued)
Description of Incentives, Discounts, Waivers, Concessions and Write-offs

Library & Heritage Services

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

City of Gosnells Councillors, Staff and Volunteers (up to 25% discount)

Health Services

In relation to Food Businesses (*Food Act 2008*) a discount was granted to School Canteens, Community Associations and Not For Profit Organisations, and Meals on Wheels distribution in recognition of their community benefit.

Charitable, Not for Profit Organisations and Community Associations as well as those applications for Exempt Food Premises receive 100% concession on stallholder permit and traders permit fees not exceeding 1 day.

Facility Hire Charges

The Returned Soldiers League (RSL) is not charged fees/bond for the RSL Hall or road closure applications for ANZAC Day.

Rate Waivers

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

	2018
	\$
Gosnells Junior Football Club Inc	2,810
Grand Lodge of Western Australia Freemasons Homes for the Aged Inc.	66,875
	<u>69,685</u>

Sundry Debt Write-Off

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

31. Interest Charges and Instalments

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest				
Four Instalment Payment Plan	5.50%	N/A	461,378	460,000
Late Payment/Special Payment Arrangement	11.00%	N/A	537,869	260,000
Interest on Deferred Rates and ESL		N/A	124,762	0
Administration Fees				
Four Instalment Payment Plan	N/A	14.00	252,191	220,000
Special Payment Arrangement Plan	N/A	N/A	0	0
			<u>1,376,200</u>	<u>940,000</u>

Rates Instalment Options

The following payment options are offered for the payment of rates notices:

Payment in full by 25 August 2017

Payment by Four Instalments:

1st Instalment due by 25 August 2017

2nd Instalment due by 27 October 2017

3rd Instalment due by 12 January 2018

4th Instalment due by 16 March 2018

Special Payment Arrangement Plan by Direct Debit (Bank Account only)

City of Gosnells
Notes to and forming part of the Financial Report
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31. Interest Charges and Instalments (Continued)

Description of Instalment Arrangement Plans and Charges

Late Payment Interest

Late payment interest was imposed on all rates related fees and charges (current and arrears) including but not limited to general rates, specified area rates, refuse charges and swimming pool inspection fees (excluding registered Pensioners/Seniors with 100% equity). Interest was charged on a daily basis on all arrears and current amounts that remain unpaid 35 days from the date of issue of the original rate notice.

Special Payment Arrangement Plan

Special weekly, fortnightly or four weekly payment arrangements were offered by way of Direct Debit (bank account only). An administration fee was charged (excluding registered Pensioners/Seniors with 100% equity) on each special payment arrangement plan and late payment interest was applied to the outstanding balance that remained unpaid 35 days from the issue of the original rate notice until the account is paid in full.

Four Instalment Arrangement Plan

The four instalment arrangement plan incurred an administration fee (excluding registered Pensioners/Seniors with 100% equity) to recover the additional cost to the City to administer this plan. The four instalment plan attracted interest calculated on all rates and service charges on a daily basis. Arrears were included and payable in the first instalment and continue to attract late payment interest until paid.

32. Employee Numbers

The number of full-time equivalent employees as at:

30 June 2017	495
30 June 2018	447

City of Gosnells
Notes to and forming part of the Financial Report
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33. Related Parties Transactions

(a) Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the City during the year are as follows:

	2018	2017
	\$	\$
Short-term employee benefits	1,495,546	1,534,260
Post-employment benefits	139,270	157,009
Other long-term benefits	12,504	379,019
	<u>1,647,319</u>	<u>2,070,288</u>

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 2(a).

Post-term employee benefits

These amounts are the current year's estimated cost of providing for the KMP's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accrued during the year.

Termination benefits

There were no termination benefits paid to KMP during the year (2017: Nil).

(b) Related parties

The City's main related parties are as follows:

(i) Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the City, directly or indirectly, including any elected member, are considered key management personnel.

(ii) Entities subject to significant influence by the City

An entity that has the power to participate in the financial and operating policy decisions of the City, but does not have control over those policies, is an entity that holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

(c) Transactions with related parties

There were no transactions with related parties that have occurred during the year.

City of Gosnells
Notes to and forming part of the Financial Report
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34. Major Land Transactions (Continued)

(a) Robinson Park Redevelopment and Subdivision

(i) Details

The City plans to revitalise Robinson Park (the Park). The revitalisation includes a substantial park enhancement and residential subdivision around the perimeter of the park to assist with funding the project and provide passive surveillance to the Park.

The Park is a large neighbourhood park, which is predominantly used by the community as a dog exercise area. Whilst there is a small amount of community infrastructure located at the Park, it is limited in its current capacity to serve any social or recreation function for the community. In the past, the site has been susceptible to anti-social behaviour. The revitalisation project aims to enhance the Park, encourage and entice positive use and overcome current challenges associated with the site.

From 2014, the City completed a comprehensive consultation process with the community regarding the revitalisation project. The City consulted firstly to gain ideas to inform a concept plan and then later for acquisition and amendment to land to allow the revitalisation project to commence.

In March 2017 the City advertised the Robinson Park revitalisation project, as part of a Major Land Transaction process as defined through the Local Government Act 1995 section 3.59 – Commercial Enterprises by Local Governments. No submissions were received through this process.

Further work was undertaken mid-2017, in relation to site investigations and a review of site investigations will be completed late 2018, inclusive with the Department of Water and Environmental Regulations' Audit Report, be completed by December 2018. Construction is expected to begin in early 2019 and be completed by mid-2019.

(ii) Revenue and Expenditure

	Project Budget \$	Project Actual \$	2018 Budget \$	2018 Actual \$
Funding Sources				
Capital Revenue				
Asset Disposal Proceeds	10,400,000	0	10,400,000	0
Other Funding Sources				
Loan Proceeds	5,600,000	0	5,600,000	0
Total funding sources	<u>16,000,000</u>	<u>0</u>	<u>16,000,000</u>	<u>0</u>
Disbursement of Funds				
Operating Expense				
Materials and Contracts	(690,000)	(340,223)	(407,483)	(40,868)
	<u>(690,000)</u>	<u>(340,223)</u>	<u>(407,483)</u>	<u>(40,868)</u>
Capital Expenditure				
Materials & Contracts	(5,600,000)	(318,308)	(5,582,677)	(6,973)
Interest Expense	(324,000)	0	(324,000)	0
	<u>(5,924,000)</u>	<u>(318,308)</u>	<u>(5,906,677)</u>	<u>(6,973)</u>
Other Expenses				
Loan Repayment	(5,600,000)	0	(5,600,000)	0
Transfer to Reserve - Local Open Space Strategy	(3,786,000)	0	(3,786,000)	0
	<u>(9,386,000)</u>	<u>0</u>	<u>(9,386,000)</u>	<u>0</u>
Total disbursement of funds	<u>(16,000,000)</u>	<u>(658,531)</u>	<u>(15,700,160)</u>	<u>(47,841)</u>
Total	<u>0</u>	<u>(658,531)</u>	<u>299,840</u>	<u>(47,841)</u>

City of Gosnells
Notes to and forming part of the Financial Report
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34. Major Land Transactions (Continued)

(a) Robinson Park Redevelopment and Subdivision (continued)

(iii) Expected Future Projections

	2019 \$	2020 \$	2021 \$	Total \$
Revenue				
Asset Disposal Proceeds	10,400,000	0	0	10,400,000
Loan Proceeds	5,600,000	0	0	5,600,000
	<u>16,000,000</u>	<u>0</u>	<u>0</u>	<u>16,000,000</u>
Expenditure				
Material & Contracts	(5,596,793)	0	0	(5,596,793)
Interest Expense	(324,000)	0	0	(324,000)
Loan Repayment	(5,600,000)	0	0	(5,600,000)
Transfer to Reserve	(3,786,000)	0	0	(3,786,000)
	<u>(15,306,793)</u>	<u>0</u>	<u>0</u>	<u>(15,306,793)</u>
Net Future Projections	<u>693,207</u>	<u>0</u>	<u>0</u>	<u>693,207</u>

(iv) Assets and Liabilities

Assets associated with this land transaction have a written down value of \$1,101,300 as at 30 June 2018.
It is anticipated assets related to the land transactions will be disposed by 30 June 2019.

There were no liabilities that exist in relation to this land transaction as at 30 June 2018.
It is anticipated a \$5,600,000 short term loan facility be established during the financial year ending 30 June 2019 to be repaid from the sale proceeds.

City of Gosnells
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34. Major Land Transactions

(b) Southern River Business Park

(i) Details

The proposed Southern River Business Park consists of Lot 21 Furley Rd, Lots 100 and Lot 1768 Southern River Rd and Lot 1767 Matison St which are owned fee simple by the City. Work commenced in January 2017 on the preparation of a suitable subdivision layout, to enable market engagement to be undertaken, which informed a market analysis and Business Case.

The market analysis was finalised mid to late 2018, and further work was undertaken early 2018 to refine the Business Case and review projected costs. A Western Power feasibility study and the preparation of a drainage strategy are planned for completion mid to late 2018. Based on the current work programme the preliminary design phase is planned for completion late 2018, with detailed design planned to commence early 2019. Upon completion of the design the project will be tendered and construction will commence upon award of tender.

(ii) Revenue and Expenditure

	Project Budget \$	Project Actual \$	2018 Budget \$	2018 Actual \$
Funding Sources				
Capital Revenue				
Asset Disposal Proceeds	28,000,000	0	0	0
Other Funding Sources				
Loan Proceeds	9,600,000	0	5,100,000	0
Total funding sources	<u>37,600,000</u>	<u>0</u>	<u>5,100,000</u>	<u>0</u>
Disbursement of Funds				
Operating Expense				
Materials and Contracts	(600,000)	(254,109)	(509,645)	(43,475)
	<u>(600,000)</u>	<u>(254,109)</u>	<u>(509,645)</u>	<u>(43,475)</u>
Capital Expenditure				
Materials & Contracts	(9,000,000)	(48,872)	(5,100,000)	(21,782)
Interest Expense	(380,000)	0	0	0
	<u>(9,380,000)</u>	<u>(48,872)</u>	<u>(5,100,000)</u>	<u>(21,782)</u>
Other Expenses				
Loan Repayment	(9,600,000)	0	0	0
Transfer to Reserve - Local Open Space Strategy	(16,500,000)	0	0	0
	<u>(26,100,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total disbursement of funds	<u>(36,080,000)</u>	<u>(302,981)</u>	<u>(5,609,645)</u>	<u>(65,257)</u>
Total	<u>1,520,000</u>	<u>(302,981)</u>	<u>(509,645)</u>	<u>(65,257)</u>

(iii) Expected Future Projections

	2019 \$	2020 \$	2021 \$	2022 \$	Total \$
Revenue					
Asset Disposal Proceeds	0	9,000,000	9,000,000	10,000,000	28,000,000
Loan Proceeds	5,100,000	4,500,000	0	0	9,600,000
	<u>5,100,000</u>	<u>13,500,000</u>	<u>9,000,000</u>	<u>10,000,000</u>	<u>37,600,000</u>
Expenditure					
Material & Contracts	(5,416,128)	(4,500,000)	0	0	(9,916,128)
Interest Expense	0	(180,000)	(200,000)	0	(380,000)
Loan Repayment	0	(4,500,000)	(5,100,000)	0	(9,600,000)
Transfer to Reserve	0	(4,320,000)	(3,700,000)	(8,480,000)	(16,500,000)
	<u>(5,416,128)</u>	<u>(13,500,000)</u>	<u>(9,000,000)</u>	<u>(8,480,000)</u>	<u>(36,396,128)</u>
Net Future Projections	<u>(316,128)</u>	<u>0</u>	<u>0</u>	<u>1,520,000</u>	<u>1,203,872</u>

(iv) Assets and Liabilities

Assets associated with this land transaction have a written down value of \$23,765,300 as at 30 June 2018.

There were no liabilities that exist in relation to this land transaction as at 30 June 2017. It is anticipated a \$9,600,000 short term loan facility be established during the financial year ending 30 June 2019. The loan is expected to be repaid from sale proceeds.

City of Gosnells
Notes to and forming part of the Financial Report
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34. Major Land Transactions

(c) Hester Park Redevelopment and Subdivision

(i) Details

In collaboration with the Department of Planning a preliminary Master Plan was developed based on feedback received through a community consultation process. The Master Plan includes amenities that the community has indicated it would like included in the development such as playgrounds, pathways, lighting, BBQ's, dog exercise areas etc. The project will be funded by subdividing a portion of the existing reserve to create residential land parcels, to be placed on the open market. The extent of the development and amenity provided will be dependent on the quantity of land developed and the subsequent revenue raised from land sales.

(ii) Revenue and Expenditure

	Project Budget \$	Project Actual \$	2018 Budget \$	2018 Actual \$
Funding Sources				
Capital Revenue				
Asset Disposal Proceeds	46,000,000	0	0	0
Other Funding Sources				
General Purpose Revenue	650,000	67,462	582,538	0
Total funding sources	<u>46,650,000</u>	<u>67,462</u>	<u>582,538</u>	<u>0</u>
Disbursement of Funds				
Operating Expense				
Materials and Contracts	<u>(650,000)</u>	<u>(67,462)</u>	<u>(582,538)</u>	<u>0</u>
	(650,000)	(67,462)	(582,538)	0
Capital Expenditure				
Materials & Contracts	<u>(46,000,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
	(46,000,000)	0	0	0
Total disbursement of funds	<u>(46,650,000)</u>	<u>(67,462)</u>	<u>(582,538)</u>	<u>0</u>
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

(iii) Expected Future Projections

	2019 \$	2020 \$	2021 \$	Total \$
Revenue				
Asset Disposal Proceeds	0	46,000,000	0	46,000,000
Municipal Funds	<u>582,538</u>	<u>0</u>	<u>0</u>	<u>582,538</u>
	582,538	46,000,000	0	46,582,538
Expenditure				
Material & Contracts	<u>(582,538)</u>	<u>(46,000,000)</u>	<u>0</u>	<u>(46,582,538)</u>
	(582,538)	(46,000,000)	0	(46,582,538)
Net Future Projections	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

(iv) Assets and Liabilities

The City has no assets associated with this land transaction as at 30 June 2018.

There were no liabilities that exist in relation to this land transaction as at 30 June 2018.

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35. Trading Undertakings and Major Trading Undertakings

Council did not participate in any trading undertakings or major trading undertakings during the 2017/18 financial year.

36. Major Project

(a) Operations Centre Redevelopment

(i) Details

The City is investigating the suitability of land at Lot 801 Corfield Street, Kelmscott for the development of a new Operations Centre to replace the existing Operations Centre in Maddington, which is nearing the end of its useful life. As of 30 June 2017, an environmental investigation had been undertaken and further investigative work has continued through to 2018, including a geotechnical investigation, ground water monitoring and preliminary site planning. In the event investigations support the development of a new Operations Centre at the site, the project will progress to the next phase, being high level design and into detailed design phase, with tender and construction.

(ii) Revenue and Expenditure

	Project Budget \$	Project Actual \$	2018 Budget \$	2018 Actual \$
Funding Sources				
Other Revenue Sources				
Transfer from Reserve				
Operations Centre	16,500,000	0	0	0
Loan Proceeds	16,500,000	0	1,500,000	0
General Purpose Revenue	1,060,000	0	0	0
Total funding sources	<u>34,060,000</u>	<u>0</u>	<u>1,500,000</u>	<u>0</u>
Disbursement of Funds				
Capital Expenditure				
Materials & Contracts	(16,500,000)	(130,507)	(1,488,493)	(117,755)
Interest Expense	(1,060,000)	0	(60,000)	0
	<u>(17,560,000)</u>	<u>(130,507)</u>	<u>(1,548,493)</u>	<u>(117,755)</u>
Other Expenses				
Loan Repayment	(16,500,000)	0	0	0
	<u>(16,500,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total disbursement of funds	<u>(34,060,000)</u>	<u>(130,507)</u>	<u>(1,548,493)</u>	<u>(117,755)</u>
Total	<u>0</u>	<u>(130,507)</u>	<u>(48,493)</u>	<u>(117,755)</u>

(iii) Expected Future Projections

	2019 \$	2020 \$	2021 \$	2022 \$	Total \$
Revenue					
Transfer to Reserve	0	0	0	16,500,000	16,500,000
Loan Proceeds	1,500,000	5,000,000	10,000,000	0	16,500,000
General Purpose Revenue	0	200,000	600,000	200,000	1,000,000
	<u>1,500,000</u>	<u>5,200,000</u>	<u>10,600,000</u>	<u>16,700,000</u>	<u>34,000,000</u>
Expenditure					
Material & Contracts	(1,478,645)	(5,000,000)	(10,000,000)	0	(16,478,645)
Interest Expense	(60,000)	(200,000)	(600,000)	(200,000)	(1,060,000)
Loan Repayment	0	0	0	(16,500,000)	(16,500,000)
	<u>(1,538,645)</u>	<u>(5,200,000)</u>	<u>(10,600,000)</u>	<u>(16,700,000)</u>	<u>(34,038,645)</u>
Net Future Projections	<u>(38,645)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(38,645)</u>

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36. Major Project (Continued)

(b) Streatham Street Subdivision Stage 2

(i) Details

The Streatham Street Subdivision Stage 2 commenced development in January 2017, on the site formerly occupied by the Beckenham Community Centre, located at Lot 9001 Railway Parade, Beckenham. The new subdivision consists of 18 lots and the construction works relating to the subdivision were completed in May 2017. Marketing of the lots commenced in March 2017 and as of the end of June 2017, most of the lots were under contract. The proceeds of the sale of the lots were completed by January 2018. The net proceeds of the development will be allocated to the cost of the Mills Park Redevelopment project.

(ii) Revenue and Expenditure

	Project Budget \$	Project Actual \$	2018 Budget \$	2018 Actual \$
Funding Sources				
Capital Revenue				
Asset Disposal Proceeds	<u>4,045,000</u>	<u>3,933,461</u>	<u>4,045,000</u>	<u>3,933,461</u>
	4,045,000	3,933,461	4,045,000	3,933,461
Other Revenue Sources				
General Purpose Revenue	<u>200,000</u>	<u>200,000</u>	<u>0</u>	<u>0</u>
	200,000	200,000	0	0
Total funding sources	<u>4,245,000</u>	<u>4,133,461</u>	<u>4,045,000</u>	<u>3,933,461</u>
Disbursement of Funds				
Operating Expense				
Materials and Contracts	<u>(72,000)</u>	<u>0</u>	<u>(72,000)</u>	<u>0</u>
	(72,000)	0	(72,000)	0
Capital Expenditure				
Materials & Contracts	<u>(2,032,000)</u>	<u>(1,101,839)</u>	<u>(1,231,660)</u>	<u>0</u>
	(2,032,000)	(1,101,839)	(1,231,660)	0
Other Expenses				
Allocation of net proceeds to Mills Park	<u>(2,141,000)</u>	<u>(2,141,000)</u>	<u>(2,141,000)</u>	<u>(2,141,000)</u>
	(2,141,000)	(2,141,000)	(2,141,000)	(2,141,000)
Total disbursement of funds	<u>(4,245,000)</u>	<u>(3,242,839)</u>	<u>(3,444,660)</u>	<u>(2,141,000)</u>
Total	<u>0</u>	<u>890,622</u>	<u>600,340</u>	<u>1,792,461</u>

(iii) Expected Future Projections

	2019 \$	2020 \$	2021 \$	Total \$
Revenue				
Asset Disposal Proceeds	0	0	0	0
General Purpose Revenue	0	0	0	0
	0	0	0	0
Expenditure				
Material & Contracts	(72,000)	0	0	(72,000)
Allocation of net proceeds to Mills Park	0	0	0	0
	(72,000)	0	0	(72,000)
Net Future Projections	<u>(72,000)</u>	<u>0</u>	<u>0</u>	<u>(72,000)</u>

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37. Financial Risk Management

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

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

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

The City held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	124,582,731	117,850,936	124,582,731	117,850,936
Investments	0	2,145,080	0	2,145,080
Receivables	8,743,990	8,816,951	8,743,990	8,816,951
	<u>133,326,721</u>	<u>128,812,967</u>	<u>133,326,721</u>	<u>128,812,967</u>
Financial liabilities				
Payables	10,665,997	12,972,488	10,665,997	12,972,488
Borrowings	12,144,672	20,891,377	8,889,750	16,352,459
	<u>22,810,669</u>	<u>33,863,865</u>	<u>19,555,747</u>	<u>29,324,947</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Investments - based on quoted market prices at the reporting date or independent valuation.

(a) Cash and Cash Equivalents

The City's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk - the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the City.

The City manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

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37. Financial Risk Management (Continued)

(a) Cash and Cash Equivalents (Continued)

	2018	2017
	\$	\$
Impact of a 10% ⁽¹⁾ movement in price of investments		
- Equity	125,130	197,230
- Statement of Comprehensive Income	125,130	197,230
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	1,402,403	1,332,261
- Statement of Comprehensive Income	1,402,403	1,332,261

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements.

(b) Receivables

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

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

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

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

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

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37. Financial Risk Management (Continued)

(b) Receivables (Continued)

Ageing analysis of receivables

	Carrying Amount	Not Past due and not impaired	Past due and not impaired					Impaired Receivables
			Up to 1 month	1 - 3 months	3 Months to 1 Year	1 - 5 Years	More than 5 Years	
	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2018								
Receivables*	8,183,390	2,110,241	0	0	3,963,610	1,371,080	636,251	102,208
	<u>8,183,390</u>	<u>2,110,241</u>	<u>0</u>	<u>0</u>	<u>3,963,610</u>	<u>1,371,080</u>	<u>636,251</u>	<u>102,208</u>
Year ended 30 June 2017								
Receivables*	8,272,832	3,338,714	0	0	3,165,639	1,086,010	580,261	102,208
	<u>8,272,832</u>	<u>3,338,714</u>	<u>0</u>	<u>0</u>	<u>3,165,639</u>	<u>1,086,010</u>	<u>580,261</u>	<u>102,208</u>

*The amount of receivables exclude the GST recoverable from the ATO (statutory receivable)

City of Gosnells
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37. Financial Risk Management (Continued)

(c) Payables
Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2018					
Payables	10,665,997	0	0	10,665,997	10,665,997
Borrowings	1,599,624	11,536,778	0	13,136,402	12,144,672
	<u>12,265,621</u>	<u>11,536,778</u>	<u>0</u>	<u>23,802,399</u>	<u>22,810,669</u>
2017					
Payables	12,972,488	0	0	12,972,488	12,972,488
Borrowings	9,142,242	11,484,299	1,601,648	22,228,189	20,891,377
	<u>22,114,730</u>	<u>11,484,299</u>	<u>1,601,648</u>	<u>35,200,677</u>	<u>33,863,865</u>

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

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37. Financial Risk Management (Continued)

(d) Liquidity Risk and Interest Rate Exposure

The following tables details the City's interest rate exposure and the contractual maturity analysis of financial assets and liabilities. The interest rate exposure section analyses only the carrying amounts of each item.

Year ended 30 June 2018									
Weighted Average Effective Interest Rate %	Carrying Amount \$	Fixed Interest Rate \$	Non- Interest Bearing \$	Nominal Amount \$	Up to 1 month \$	1 - 3 Months \$	3 Months to 1 Year \$	More than 1 Year \$	
Financial Assets									
Cash and cash equivalents	124,582,731	123,850,000	732,731	124,582,731	11,082,731	57,000,000	56,500,000	0	
Receivables*	8,183,390	0	8,183,390	8,183,390	2,110,241	0	3,963,610	2,109,539	
	132,766,121	123,850,000	8,916,121	132,766,121	13,192,972	57,000,000	60,463,610	2,109,539	
Financial Liabilities									
Payables	10,665,997	0	10,665,997	10,665,997	10,665,997	0	0	0	
Borrowings	12,144,672	12,144,672	0	12,144,673	0	0	1,385,894	10,758,779	
	22,810,669	12,144,672	10,665,997	22,810,670	10,665,997	0	1,385,894	10,758,779	
Year ended 30 June 2017									
Financial Assets									
Cash and cash equivalents	117,850,936	117,000,000	850,936	117,850,936	7,350,936	55,000,000	55,500,000	0	
Receivables*	8,272,832	0	8,272,832	8,272,832	3,338,714	0	3,165,639	1,768,479	
	126,123,768	117,000,000	9,123,768	126,123,768	10,689,650	55,000,000	58,665,639	1,768,479	
Financial Liabilities									
Payables	12,972,488	0	12,972,488	12,972,488	12,972,488	0	0	0	
Borrowings	20,891,377	20,891,377	0	20,891,377	0	0	8,746,705	12,144,672	
	33,863,865	20,891,377	12,972,488	33,863,865	12,972,488	0	8,746,705	12,144,672	

*The amount of receivables exclude the GST recoverable from the ATO (statutory receivable)

City of Gosnells
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38. Fair Value Measurements

The City measures the following Non-Current assets on a recurring basis:

Financial Assets

- Investments
- Other Financial Assets

Property Plant and Equipment

- Land
- Buildings
- Furniture and Equipment
- Plant and Equipment

Infrastructure

- Roads, Kerbs and Footpaths
- Bridges
- Drainage
- Park Development
- Other Infrastructure

Intangibles

- Intangibles

The following table provides the fair values of the City's Non-Current assets measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

Recurring Fair Value Measurements

		30-Jun-18			
	Note	Level 1	Level 2	Level 3	Total
Financial Assets					
Other Financial Assets	7	154,668			154,668
Non Financial Assets					
Plant and Equipment	9a		6,199,968	5,771,000	11,970,968
Furniture and Equipment	9a		1,648,311	979,852	2,628,163
Land	9a		127,500	145,586,165	145,713,665
Buildings	9a		936,327	102,950,113	103,886,440
Roads, Kerbs, Footpaths	10a			588,625,808	588,625,808
Bridges	10a			46,128,894	46,128,894
Drainage	10a			258,223,708	258,223,708
Parks Development	10a			75,296,922	75,296,922
Other Infrastructure	10a			18,075,867	18,075,867
Intangibles	11		504,395	2,250,976	2,755,371
Investment Property	12			3,600	3,600
		<u>154,668</u>	<u>9,416,501</u>	<u>1,243,892,905</u>	<u>1,253,464,074</u>

		30-Jun-17			
	Note	Level 1	Level 2	Level 3	Total
Financial Assets					
Investments	4	2,145,080			2,145,080
Other Financial Assets	7	15,464			15,464
Non Financial Assets					
Plant and Equipment	9a		9,163,278	3,900,303	13,063,581
Furniture and Equipment	9a		959,578	1,982,230	2,941,808
Land	9a		14,787,900	131,921,505	146,709,405
Buildings	9a		252,500	106,316,129	106,568,629
Roads, Kerbs, Footpaths	10a		35,935,732	579,257,039	615,192,771
Bridges	10a		1,828,815	55,219,061	57,047,876
Drainage	10a		13,817,089	300,232,795	314,049,884
Parks Development	10a		22,793,054	13,735,926	36,528,980
Other Infrastructure	10a		3,896,863	8,401,458	12,298,321
Intangibles	11		150,206	2,617,514	2,767,720
Investment Property	12		1,132,900	0	1,132,900
		<u>2,160,544</u>	<u>104,717,915</u>	<u>1,203,583,960</u>	<u>1,310,462,419</u>

(a) Transfers Policy

The policy of the City of Gosnells is to recognise transfers into and transfer out of the fair value hierarchy levels as at the end of the reporting period. There were no transfers in and out of Levels 1, 2 or 3 measurements.

(b) Highest and Best Use

There were no assets valued where it was assumed that the highest and best use was other than their current use.

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38. Fair Value Measurements (Continued)

(c) Valuation techniques and inputs used to derive fair values

The following table summarises valuation inputs and techniques used to determine the fair value for each asset class.

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Property Plant and Equipment					
Land	Level 2	Market Approach	Independent	30 June 2017	Price per square metre
	Level 3	Cost Approach	Independent	30 June 2017	Price per square metre
Buildings	Level 2	Market Approach	Independent	30 June 2017	Estimates of useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
	Level 3	Cost Approach	Independent	30 June 2017	Estimates of useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Furniture and Equipment	Level 2	Market approach	Management	30 June 2016	Estimates of useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
	Level 3	Cost Approach	Management	30 June 2016	Estimates of useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Plant and Equipment	Level 2	Market Approach	Management	30 June 2016	Make, size, year of manufacture and condition.
	Level 3	Market Approach	Management	30 June 2016	Make, size, year of manufacture and condition.
Infrastructure					
Roads, Footpaths and Kerbs	Level 3	Cost Approach	Management	30 June 2018	Determination of gross cost replacement cost for each component, after adjusting for the differences in service potential between the existing asset and a modern equivalent. Estimates of useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Bridges	Level 3	Cost Approach	Independent	30 June 2018	Determination of gross cost replacement cost for each component, after adjusting for the differences in service potential between the existing asset and a modern equivalent. Estimates of useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
	Level 2	Cost Approach	Management	30 June 2018	

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38. Fair Value Measurements (Continued)

(c) Valuation techniques and inputs used to derive fair values (Continued)

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Drainage	Level 3	Cost Approach	Management	30 June 2018	Determination of gross cost replacement cost for each component, after adjusting for the differences in service potential between the existing asset and a modern equivalent. Estimates of useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Park Development	Level 3	Cost Approach	Management	30 June 2018	Determination of gross cost replacement cost for each component, after adjusting for the differences in service potential between the existing asset and a modern equivalent. Estimates of useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Other Infrastructure	Level 3	Cost Approach	Management	30 June 2018	Determination of gross cost replacement cost for each component, after adjusting for the differences in service potential between the existing asset and a modern equivalent. Estimates of useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Intangibles					
Intangibles	Level 3	Cost Approach	Management	30 June 2016	Estimates of remaining useful life, pattern of consumption and asset obsolescence to assess level of remaining service potential of the depreciable amount.
Investment Properties					
Investment Properties	Level 2	Market Approach	Independent	30 June 2017	Estimates of remaining useful life, pattern of consumption and asset obsolescence to assess level of remaining service potential of the depreciable amount.

The timing of valuation(s) complies with the statutory requirement of regulation 17A of the Local Government (Financial Management) Regulations 1996; which requires specific asset classes to be revalued by a specific date.

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of the above asset classes using either level 2 or level 3 inputs.

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38. Fair Value Measurements (Continued)

(c) Valuation techniques and inputs used to derive fair values (Continued)

Recurring fair value measurements

In order to estimate the price implied by the appropriate basis of value, the valuer will need to apply one or more valuation approaches. A valuation approach or method refers to generally accepted analytical methodologies that are in common use.

Roads Kerbs and Footpaths

The City's Asset Management Team, assisted by the Asset Custodians, undertook the valuation for the road networks asset, kerbs and footpaths, using the cost approach to determine amount for replacement with new value, less an amount for depreciation due to physical wear and tear, economic and functional obsolescence. Replacement costs are determined for each asset component, unit rates have been developed on actual historical costing and first principles based approaches using current contractor rates, current internal labour rates and current plant and equipment rates. Market rates have been applied in the instances that no current tender or contract exists. Visual condition assessments were used to determine the remaining useful life of the asset component and its subsequent depreciated replacement cost.

Bridges

The City's Asset Management Team, assisted by the Asset Custodians and specialist road bridge consultants GHD & B&E undertook the valuation of road bridges using the cost approach to determine the amount for replacement with new value, less an amount for depreciation due to physical wear and tear, economic and functional obsolescence. Replacement costs are determined for each bridge structure, adjusted for differences in service potential between the existing asset and modern equivalent. Visual condition assessments were used to determine the remaining useful life of the asset component and its subsequent depreciated replacement cost.

Drainage

The City's Asset Management Team performed the valuation of drainage assets, using the cost approach to determine the amount for replacement with new value, less an amount for depreciation due to physical wear and tear, economic and functional obsolescence. Replacement costs are determined for each asset component, unit rates have been developed on a first principles based approach using current contractor rates, current internal labour rates and current plant and equipment rates. Market rates have been applied in the instances that no current tender or contract exists. In the absence of more detailed drainage asset condition data, the total useful life of drainage infrastructure asset was set to 50 to 100 years and remaining useful life is determined based on date of construction.

Land

Level 2 inputs refer to a comparative approach that considers the sales of similar or substitute properties and related market data, and establishes a value estimate by processes involving comparison. In general, a property being valued (a subject property) is compared with sales of similar properties that have been transacted in the market. Listing and offerings may also be considered.

Level 3 inputs are used to value land held in freehold title as well as land used for special purposes that are restricted in use under current zoning rules (i.e. Commercial, Recreation or Parks). Professional judgement from a registered valuer, was engaged to investigate land value within a wider a general area of the region, where traditionally land values are at their lowest. The appropriate sales of this marginal land was then applied to the subject property after making due allowances for location, size and utility. The most significant inputs in this valuation approach were price per square metre.

Buildings

Building assets were revalued in 2017 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A. Whilst the additions since 1 July 2017 have been brought in the books at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered that the recorded written down values approximate fair values. Thus, the value of the class of assets in the City's asset register is considered to be in accordance with Local Government (Financial Management) Regulations 17A(2) which requires these assets to be shown at fair value.

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38. Fair Value Measurements (Continued)

(c) Valuation techniques and inputs used to derive fair values (Continued)

The City's building and improvement assets are considered to be of a "specialised nature" (non - market type properties which are not readily traded in the market place), such assets are valued by a professionally qualified registered valuer using the cost approach. This approach is commonly referred to as the current replacement cost (CRC).

The "CRC" approach considers the cost (sourced from cost guides such as Rawlinson's, Cordell, professional quantity surveyors and recent construction costs for similar projects throughout Western Australia) to reproduce or replace similar assets with an asset in new condition, including allowance for installation, less an amount for depreciation in the form of accrued physical wear and tear, economic and functional obsolescence. The depreciation consists of a combination of unit rates based on square metres and quantification of the component parts of the asset. Other inputs (i.e. remaining useful life, asset condition and utility) required extensive professional judgement and impacted significantly on the final determination of fair value. Therefore all the City's building and improvement assets were classified as having been valued using Level 3 valuation inputs.

Furniture and Equipment

Furniture and Equipment assets were revalued in 2016 by management in accordance with the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A. During the previous revaluation of this asset class in 2014, The City engaged a professionally qualified registered valuer to perform a 'walk through' of the City's buildings and facilities in order to accurately pick up and recognise all asset inventory. The valuer used the cost approach to determine amounts for replacement with new value, less an amount for depreciation due to physical wear and tear, economic and functional obsolescence.

The City's is confident the asset register has been kept up to date and all additions since 1 July 2014 have been brought in the books at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered that the recorded written down values approximate fair values. Thus, the value of the class of assets in the City's asset register is considered to be in accordance with Local Government (Financial Management) Regulations 17A(2) which requires these assets to be shown at fair value.

In addition the written down value of Furniture and Equipment represent less than 1% of The City's total fixed asset value, which lacks materiality. Without allocating additional resources to perform an in-depth valuation, The City deemed that a management basis of valuation was appropriate for Furniture and Equipment.

Parks Development

The City's Asset Management Team, assisted by the Asset Custodians, performed the valuation of drainage assets, using the cost approach to determine the amount for replacement with new value, less an amount for depreciation due to physical wear and tear, economic and functional obsolescence. Replacement costs are determined for each asset component, unit rates have been developed on a first principles based approach using current contractor rates, current internal labour rates and current plant and equipment rates. Market rates have been applied in the instances that no current tender or contract exists. Visual condition assessments were used to determine the remaining useful life of the asset component and its subsequent depreciated replacement cost.

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

38. Fair Value Measurements (Continued)

(c) Valuation techniques and inputs used to derive fair values (Continued)

Plant and Equipment

Plant and equipment assets were revalued in 2016 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A.

Most plant and equipment assets are generally valued using the market and cost approach using comparable sales and relevant industry market price reference guides, and have been classified as being valued at Level 2 and 3 of the fair value hierarchy. The most significant inputs into this valuation approach are the make, size, year of manufacture and condition.

Other Infrastructure

The City's Asset Management Team assisted by the Asset Custodians, performed the valuation of drainage assets, using the cost approach to determine the amount for replacement with new value, less an amount for depreciation due to physical wear and tear, economic and functional obsolescence. Replacement costs are determined for each asset component, unit rates have been developed actual historical costing based approach using current contractor rates, current internal labour rates and current plant and equipment rates. Market rates have been applied in the instances that no current tender or contract exists. Visual condition assessments were used to determine the remaining useful life of the asset component and its subsequent depreciated replacement cost.

The City's Street Art reflects written down value (WDV) of less than 0.03% of the City's total fixed asset value. On that basis the City determined it was not feasible to allocate significant resources to perform a detailed valuation through an independent valuer, it regarded the exercise as expensive for an asset class that lack materiality. As a result the basis of valuation was a management valuation, where the City's Asset Management Coordinator, Financial Accountant, in close consultation with The City's Auditors undertook a valuation based on the cost approach to determine amount for replacement with new value, less an amount for depreciation due to physical wear and tear, economic and functional obsolescence.

It is considered that the recorded written down values approximate fair values. Thus, the value of the class of assets in the City's asset register is considered to be in accordance with Local Government (Financial Management) Regulations 17A(2) which requires these assets to be shown at fair value.

Intangibles

Intangible asset were revalued in 2016 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A.

At sampling date the written down value (WDV) of Intangible assets comprised of less than 1% of the City's total fixed asset value. On that basis the City determined it was not feasible to allocate significant resources to perform a detailed valuation through an independent valuer, it regarded the exercise as expensive for an asset class that lack materiality. As a result the basis of valuation was a management valuation, where the City's Financial Accountant in close consultation with the Manager of Information Systems and The City's Auditors undertook a valuation based on the cost approach to determine amount for replacement with new value, less an amount for depreciation due to physical wear and tear, economic and functional obsolescence.

It is considered that the recorded written down values approximate fair values. Thus, the value of the class of assets in the City's asset register is considered to be in accordance with Local Government (Financial Management) Regulations 17A(2) which requires these assets to be shown at fair value.

Investment Properties

Level 2 inputs refer to a comparative approach that considers the sales of similar or substitute properties and related market data, and establishes a value estimate by processes involving comparison.

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2018

38. Fair Value Measurements (Continued)

(d) Valuation Processes

There are two basis of valuations the City undertakes;

1. Independent
2. Management

Independent

The City engages an external, independent and qualified valuer to determine the fair value of the City's non current assets. The City and the valuer(s) have regular discussions regarding the valuation methodology, assumptions, completeness of asset data and asset information. The relevance of valuation methodology is reviewed with the valuer to ensure that the valuations and the output from the valuer would be fully compliant with the related Accounting Standards. In accordance with the mandatory asset measurement framework detailed at Note 1(g) the City prepare the revaluation of its non current assets on a regular basis.

Management

Valuation process undertaken by The City in close consultation with industry experts and auditors to determine the fair value of the City's non current assets. The City and its auditors have regular discussions regarding the valuation methodology, assumptions, completeness of asset data and asset information. The relevance of valuation methodology is reviewed with the valuer to ensure that the valuations and the output from the valuer would be fully compliant with the related Accounting Standards. In accordance with the mandatory asset measurement framework detailed at Note 1(g) the City prepare the revaluation of its non current assets on a regular basis.

An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. If any variation is considered material, a revaluation is undertaken either by comprehensive revaluation or by applying an interim revaluation using appropriate indices.

As at 30 June 2018 revaluations were undertaken by The City for the following non current asset classes:

- Bridges
- Drainage
- Other Infrastructure
- Park Developments
- Roads, Kerbing and Footpaths

Relationship between asset consumption rating scale and the level of consumed service potential

Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. In order to achieve this, the valuer determines an asset consumption rating scale for each asset type based on legal and commercial obsolescence and the determination of the depreciation related assumptions such as useful life and pattern of consumption of the future economic benefit. The consumption rating scales were based initially on the past experience of the valuation firm, City's inhouse expertise and industry guides and were then updated to take into account the experience and understanding of the City's own engineers, asset management and finance staff. The results of the valuation were further evaluated by confirmation against the City's own understanding of the assets and the level of remaining service potential.

39. Events after the reporting period

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the City, the results of those operations, or the state of affairs of the City in future financial years.

INDEPENDENT AUDITOR'S REPORT

TO: RATEPAYERS OF CITY OF GOSNELLS

Report on the Financial Report

Opinion

We have audited the financial report of **City of Gosnells** (the Council), which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity and Statement of Cash Flows and Rate Setting Statement for the year then ended, and a summary of significant accounting policies and other explanatory information and Statement by Chief Executive Officer.

In our opinion, the annual financial report of the **City of Gosnells** is:

- (i) is based on proper accounts and records ; and
- (ii) fairly represents, in all material respects, the results of the operations of the Council for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not consistent with the Act, Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the auditor independence and ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Council is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Council.

The Council is responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

Report on Other Legal and Regulatory Requirements

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


- (a) In our opinion, the following matter indicates significant adverse trends in the financial position or the financial management practices of the Council:

The Asset Sustainability Ratio and the Operating Surplus Ratio have been below the Department of Local Government, Sport and Cultural Industries standard for the last three years. The financial ratios are reported at note 23 to the financial report.


- (b) In our opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions:
- (c) All required information and explanations were obtained by us.
- (d) All audit procedures were satisfactorily completed.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the **City of Gosnells** for the year ended 30 June 2018 included on the Council's website. Management is responsible for the integrity of the Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.


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

PERTH
DATED THIS 6TH DAY OF NOVEMBER 2018.


A MACRI
PARTNER

