

**CITY OF GOSNELLS**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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**CITY OF GOSNELLS**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the City of Gosnells being the annual financial report and other information for the financial year ended 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the City of Gosnells at 30 June 2014 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the *Local Government Act 1995* and the regulations under that Act.

Signed as authorisation for issue on the

4<sup>th</sup>

day of

November

2014



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Ian Cowie  
Chief Executive Officer

**CITY OF GOSNELLS**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
<b>Revenue</b>				
Rates	24(a)	54,875,700	54,543,066	51,889,238
Operating Grants, Subsidies and Contributions	30	4,296,208	5,517,991	5,922,460
Fees and Charges	29	19,334,821	18,020,074	18,353,788
Interest Earnings	2(a)	5,222,657	3,200,261	5,903,071
Other Revenue		389,279	100,151	2,309,909
		<u>84,118,665</u>	<u>81,381,543</u>	<u>84,378,466</u>
<b>Expenses</b>				
Employee Costs		(34,304,507)	(34,442,116)	(32,521,636)
Materials and Contracts		(21,472,499)	(24,464,287)	(20,138,568)
Utility Charges		(4,810,671)	(4,886,578)	(4,734,492)
Amortisation	2(a)	(250,051)	(285,444)	(268,543)
Depreciation on Non-Current Assets	2(a)	(15,324,698)	(14,723,909)	(14,441,982)
Interest Expenses	2(a)	(57,169)	(191,589)	(436,576)
Insurance Expenses		(1,791,937)	(1,877,376)	(1,807,544)
Other Expenditure		(2,773,669)	(1,422,657)	(1,134,210)
		<u>(80,785,201)</u>	<u>(82,293,956)</u>	<u>(75,483,551)</u>
		3,333,464	(912,413)	8,894,915
 Non-Operating Grants, Subsidies and Contributions	30	25,112,246	8,357,258	12,197,967
Revaluation of Non Current Assets				
Furniture and Equipment		(165,723)	0	0
Parks Development		(11,459,370)	0	0
Fair value adjustments to financial assets at fair value through profit or loss	4	260,356	440,000	293,092
Profit on Asset Disposals	22	211,565	6,224,015	241,263
Loss on Asset Disposals	22	<u>(3,994,058)</u>	<u>(1,188,632)</u>	<u>(785,191)</u>
<b>Net Result</b>		<b>13,298,480</b>	<b>12,920,228</b>	<b>20,842,046</b>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	14	42,600,536	0	1,068,815
<b>Total Other Comprehensive Income</b>		<u><b>42,600,536</b></u>	<u><b>0</b></u>	<u><b>1,068,815</b></u>
<b>Total Comprehensive Income</b>		<u><b>55,899,016</b></u>	<u><b>12,920,228</b></u>	<u><b>21,910,861</b></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 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
<b>Revenue</b>				
Governance		7,990	8,000	20,038
General Purpose Funding		63,171,660	62,309,077	64,465,048
Law, Order, Public Safety		764,409	521,139	400,782
Health		297,134	199,638	251,327
Education and Welfare		776,890	898,388	960,863
Community Amenities		12,779,975	12,073,595	12,107,395
Recreation and Culture		3,307,637	2,903,795	3,216,933
Transport		236,305	118,000	233,893
Economic Services		1,827,243	1,710,707	1,817,999
Other Property and Services		949,423	639,204	904,188
	2(a)	84,118,666	81,381,543	84,378,466
<b>Expenses</b>				
Governance		(4,590,922)	(5,020,622)	(3,957,158)
General Purpose Funding		(1,594,497)	(1,665,167)	(1,214,067)
Law, Order, Public Safety		(3,066,511)	(3,019,892)	(2,406,003)
Health		(1,319,541)	(1,378,337)	(1,456,372)
Education and Welfare		(3,463,364)	(3,768,756)	(3,629,694)
Community Amenities		(17,082,929)	(16,753,604)	(15,233,817)
Recreation and Culture		(27,153,061)	(27,806,842)	(25,659,241)
Transport		(18,439,108)	(18,277,038)	(17,875,625)
Economic Services		(2,783,203)	(2,924,952)	(2,705,642)
Other Property and Services		(1,072,809)	(1,487,157)	(909,356)
	2(a)	(80,565,945)	(82,102,367)	(75,046,975)
<b>Finance Costs</b>				
Law, Order, Public Safety		0	(75,000)	0
Recreation and Culture		0	0	(63,860)
Economic Services		(10,245)	(26,589)	(24,625)
Other Property and Services		(209,013)	(90,000)	(348,091)
	2(a)	(219,258)	(191,589)	(436,576)
<b>Revaluation of Non Current Assets</b>				
Furniture and Equipment		(165,723)	0	0
Parks Development		(11,459,370)	0	0
		(11,625,093)	0	0
<b>Fair Value Adjustments to Financial Assets at Fair Value through Profit or Loss</b>				
General Purpose Funding	4	260,356	440,000	293,092
<b>Non-Operating Grants, Subsidies and Contributions</b>				
Law, Order, Public Safety		17,990	1,350,000	0
Community Amenities		7,174,654	2,400,000	3,988,809
Recreation and Culture		9,076,139	1,395,317	73,945
Transport		6,349,631	3,211,941	8,048,943
Other Property and Services		2,493,833	0	86,270
	30	25,112,247	8,357,258	12,197,967
<b>Profit/(Loss) on Disposal of Assets</b>				
Governance		(518)	0	0
Law, Order, Public Safety		(9,000)	0	0
Education and Welfare		(4,565)	0	0
Community Amenities		(1,239,903)	0	0
Recreation and Culture		(1,178,783)	0	(159,986)
Transport		177,229	30,278	(624,960)
Other Property and Services		(1,526,953)	5,005,105	241,018
	22	(3,782,493)	5,035,383	(543,928)
<b>Net Result</b>		<b>13,298,480</b>	<b>12,920,228</b>	<b>20,842,046</b>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	14	42,600,536	0	1,068,815
<b>Total Other Comprehensive Income</b>		<b>42,600,536</b>	<b>0</b>	<b>1,068,815</b>
<b>Total Comprehensive Income</b>		<b>55,899,016</b>	<b>12,920,228</b>	<b>21,910,861</b>

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

**CITY OF GOSNELLS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2014**

	NOTE	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	94,103,293	90,593,111
Trade and Other Receivables	5	5,619,835	3,458,370
Inventories	6	9,018,286	3,654,395
<b>TOTAL CURRENT ASSETS</b>		<u>108,741,414</u>	<u>97,705,876</u>
<b>NON-CURRENT ASSETS</b>			
Investments	4	4,035,650	3,775,294
Other Receivables	5	997,648	999,411
Property, Plant and Equipment	7	247,243,159	204,033,857
Infrastructure	8	572,245,056	573,036,471
Intangible Assets	9	824,212	1,010,001
<b>TOTAL NON-CURRENT ASSETS</b>		<u>825,345,725</u>	<u>782,855,034</u>
<b>TOTAL ASSETS</b>		<u>934,087,139</u>	<u>880,560,910</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	10	9,300,060	10,388,001
Short Term Borrowings	11	5,300,000	1,608,385
Provisions	12	7,176,764	6,530,477
<b>TOTAL CURRENT LIABILITIES</b>		<u>21,776,824</u>	<u>18,526,863</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	11	0	5,677,687
Provisions	12	762,007	707,068
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>762,007</u>	<u>6,384,755</u>
<b>TOTAL LIABILITIES</b>		<u>22,538,831</u>	<u>24,911,618</u>
<b>NET ASSETS</b>		<u>911,548,308</u>	<u>855,649,292</u>
<b>EQUITY</b>			
Retained Surplus		337,572,396	335,179,033
Reserves - Cash/Investments Backed	13	62,850,686	51,945,569
Revaluation Surplus	14	511,125,226	468,524,690
<b>TOTAL EQUITY</b>		<u>911,548,308</u>	<u>855,649,292</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 2014**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2012		320,084,516	46,198,040	467,455,875	833,738,431
Net Result		20,842,046	0	0	20,842,046
Total Other Comprehensive Income	14	0	0	1,068,815	1,068,815
Transfer to retained Surplus	14	0	0	0	0
Reserve Transfers	13	(5,747,529)	5,747,529	0	0
<b>Balance as at 30 June 2013</b>		<b>335,179,033</b>	<b>51,945,569</b>	<b>468,524,690</b>	<b>855,649,292</b>
Net Result		13,298,480	0	0	13,298,480
Total Other Comprehensive Income	14	0	0	42,600,536	42,600,536
Reserve Transfers	13	(10,905,117)	10,905,117	0	0
<b>Balance as at 30 June 2014</b>		<b>337,572,396</b>	<b>62,850,686</b>	<b>511,125,226</b>	<b>911,548,308</b>

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 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		54,800,177	54,751,791	52,415,395
Operating Grants, Subsidies and Contributions		3,507,665	5,717,991	5,916,706
Fees and Charges		17,808,632	18,020,074	18,234,742
Interest Earnings		5,222,657	3,940,261	6,867,269
Goods and Services Tax		5,166,424	4,550,000	4,235,486
Other Revenue		389,279	100,150	2,309,909
		<u>86,894,834</u>	<u>87,080,267</u>	<u>89,979,507</u>
<b>Payments</b>				
Employee Costs		(33,579,447)	(34,942,116)	(31,237,158)
Materials and Contracts		(22,639,014)	(28,909,505)	(19,584,506)
Utility Charges		(4,810,671)	(4,886,578)	(4,734,492)
Insurance Expenses		(1,791,937)	(1,877,376)	(1,807,544)
Interest Expenses		(57,169)	(176,589)	(411,260)
Goods and Services Tax		(4,935,871)	(4,530,000)	(4,482,445)
Other Expenditure		(2,773,669)	(1,422,656)	(1,134,210)
		<u>(70,587,778)</u>	<u>(76,744,820)</u>	<u>(63,391,615)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	15(b)	<u>16,307,056</u>	<u>10,335,447</u>	<u>26,587,892</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Development of Land Held for Resale		(3,881,859)	(5,903,788)	(194,685)
Payments for Purchase of Property, Plant & Equipment & Intangibles		(11,858,445)	(23,900,230)	(7,925,615)
Payments for Construction of Infrastructure		(22,479,761)	(22,718,325)	(18,953,640)
Non-Operating Grants, Subsidies and Contributions		25,112,246	8,357,258	12,197,967
Proceeds from Sale of Property, Plant & Equipment		993,672	1,480,000	814,009
Proceeds from Sale of Land Held for Resale		1,303,345	10,909,455	746,776
<b>Net Cash Provided By (Used In) Investing Activities</b>		<u>(10,810,802)</u>	<u>(31,775,630)</u>	<u>(13,315,188)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Loans		(1,986,072)	(6,908,385)	(5,325,828)
Proceeds from New Loans		0	5,500,000	0
<b>Net Cash Provided By (Used In) Financing Activities</b>		<u>(1,986,072)</u>	<u>(1,408,385)</u>	<u>(5,325,828)</u>
<b>Net Increase (Decrease) in Cash Held</b>		3,510,182	(22,848,568)	7,946,876
Cash at Beginning of Year		90,593,111	79,297,541	82,646,235
<b>Cash and Cash Equivalents at the End of the Year</b>	15(a)	<u><u>94,103,293</u></u>	<u><u>56,448,973</u></u>	<u><u>90,593,111</u></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 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
<b>Revenue</b>				
Governance		7,990	8,000	20,038
General Purpose Funding		8,556,316	7,433,672	12,868,905
Law, Order, Public Safety		764,409	521,139	400,782
Health		297,134	199,638	251,327
Education and Welfare		776,890	898,388	960,863
Community Amenities		12,779,975	12,073,595	12,107,395
Recreation and Culture		3,307,637	3,236,134	3,216,933
Transport		483,809	232,560	316,316
Economic Services		1,827,243	1,710,707	1,817,999
Other Property and Services		1,015,880	6,748,659	1,145,451
		<u>29,817,283</u>	<u>33,062,492</u>	<u>33,106,009</u>
<b>Expenses</b>				
Governance		(4,591,441)	(5,020,622)	(3,957,158)
General Purpose Funding		(1,594,497)	(1,665,167)	(1,214,067)
Law, Order, Public Safety		(3,075,511)	(3,094,892)	(2,406,003)
Health		(1,319,541)	(1,378,337)	(1,456,372)
Education and Welfare		(3,467,928)	(3,768,756)	(3,629,694)
Community Amenities		(18,322,831)	(16,753,604)	(15,233,818)
Recreation and Culture		(28,331,844)	(27,806,842)	(25,883,086)
Transport		(18,509,383)	(18,361,320)	(18,583,008)
Economic Services		(2,793,448)	(2,951,541)	(2,730,267)
Other Property and Services		(2,875,233)	(2,681,506)	(1,257,692)
		<u>(84,881,657)</u>	<u>(83,482,587)</u>	<u>(76,351,165)</u>
<b>Net Result Excluding Rates</b>		(55,064,374)	(50,420,095)	(43,245,156)
<b>Adjustments for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure and Revenue</b>				
(Profit)/Loss on Asset Disposals	22	3,782,493	(5,035,383)	543,928
Fair Value Adjustment to Financial Assets		(260,356)	440,000	(293,092)
Movement in Non Current Assets		1,763	378,978	439,331
Movement in Non Current Liabilities		54,938	0	707,069
Depreciation and Amortisation on Assets	2(a)	15,714,302	15,117,769	14,845,159
<b>Capital Expenditure and Revenue</b>				
Purchase Land Held for Resale	6	(3,881,859)	(5,903,788)	(194,685)
Purchase Land and Buildings	7a	(6,282,617)	(17,506,906)	(4,086,787)
Purchase Infrastructure Assets	8a	(22,619,314)	(22,718,325)	(19,088,276)
Purchase Plant and Equipment	7a	(3,762,052)	(5,284,500)	(3,281,966)
Purchase Furniture, Equipment and Intangible Assets		(1,813,776)	(1,108,824)	(556,861)
Contribution/Grants for the construction of Assets	30	25,112,246	8,357,258	12,197,967
Proceeds from Disposal of Assets	22	2,297,017	12,389,455	1,560,785
Repayment of Loans	23a	(1,986,072)	(6,908,385)	(5,325,828)
Proceeds from New Loans	23b	0	5,500,000	0
Transfers to Reserves (Restricted Assets)	13	(16,301,347)	(7,123,776)	(11,593,033)
Transfers from Reserves (Restricted Assets)	13	5,396,230	5,858,566	5,845,505
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	24(b)	25,457,726	19,824,890	25,094,428
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	24(b)	20,720,648	400,000	25,457,726
<b>Total Amount Raised from General Rates</b>	24(a)	<u>(54,875,700)</u>	<u>(54,543,066)</u>	<u>(51,889,238)</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 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of Preparation**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations.

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

**Critical Accounting Estimates**

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

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

**(b) The Local Government Reporting Entity**

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at **Note 21** to these financial statements.

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

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

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

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

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

**(d) Cash and Cash Equivalents**

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

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

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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

**(e) Trade and Other Receivables**

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

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

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

**(f) Inventories**

***General***

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

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

***Land Held for Resale***

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

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

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

**(g) Fixed Assets**

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

***Mandatory Requirement to Revalue Non-Current Assets***

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

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

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

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

(i) that are plant and equipment; and

(ii) that are -

(a) land and buildings; or

(b) infrastructure;

and

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

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

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

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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

**(g) Fixed Assets (Continued)**

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

***Land Under Control***

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

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

***Initial Recognition***

All assets are initially recognised at cost 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 Council 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 subsequent 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.

***Fair Value of Assets and Liabilities***

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following as a guide: Fair Value is the price that Council 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. 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 (i.e. the market with the greatest volume and level of activity for the asset 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:

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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

**(g) Fixed Assets (Continued)**

**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 Council 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 Council 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.

**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 Council 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 and 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

***Transitional Arrangement***

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

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

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

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fixed Assets (Continued)**

**Early Adoption of AASB 13 - Fair Value Measurement**

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

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

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

***Land under Roads***

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

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

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

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

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

***Depreciation of Non-Current Assets***

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

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.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

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

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
IT Equipment	3 to 5 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	70 to 110 years
seal	20 - 30 years

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fixed Assets (Continued)**

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

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

***Capitalisation Threshold***

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

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

**(h) Intangible Assets**

**Easements**

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

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

**(i) Financial Instruments**

***Initial Recognition and Measurement***

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

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

***Classification and Subsequent Measurement***

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

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

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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

**(i) Financial Instruments (Continued)**

Amortised cost is calculated as:

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

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current. They are subsequently measured at fair value with changes to carrying amount being included in profit or loss.

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

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

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

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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

**(i) Financial Instruments (Continued)**

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

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

**(v) Financial liabilities**

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

***Impairment***

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

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

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

***Derecognition***

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

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

**(j) Impairment**

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

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

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

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



**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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

**(k) Trade and Other Payables**

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

**(l) Employee Benefits**

**Short-Term Employee Benefits**

Provision is made for the Council'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 Council'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 Council'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.

**(m) Borrowing Costs**

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

**(n) Provisions**

Provisions are recognised when:

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

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

**(o) Leases**

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

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

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

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

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

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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

**(p) Investments in Associates**

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

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

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

**(q) Joint Venture**

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(p) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 18.

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

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

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

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

**CITY OF GOSNELLS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2014**

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

**(s) Superannuation**

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

**(t) Current and Non-Current Classification**

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

**(u) Rounding Off Figures**

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

**(v) Comparative Figures**

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

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

**(w) Budget Comparative Figures**

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

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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

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

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

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

<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(i) AASB 9 – Financial Instruments	December 2013	1 January 2017	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	December 2013	1 January 2017	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]			

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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

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

<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(iii) AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities]  [AASB 1, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	December 2012	1 January 2014	Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128.  It is not expected to have a significant impact on Council.
(iv) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities  [AASB 132]	June 2012	1 January 2014	This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.  This Standard is not expected to significantly impact the Council's financial statements.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(v) AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	June 2013	1 January 2014	This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets.
(vi) AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	October 2013	1 January 2014	It is not expected to have a significant impact on Council.  This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities.  It is not expected to have a significant impact on Council.
(vii) AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments  [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]	December 2013	Refer Title column	Part A of this standard makes various editorial corrections to Australian Accounting Standards.  Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031.  Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.  As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council.

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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

**(y) Adoption of New and Revised Accounting Standards**

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

These new and revised standards were:

AASB 10	AASB 128	AASB 2012 - 2
AASB 11	AASB 2011 - 7	AASB 2012 - 3
AASB 12	AASB 2011 - 9	AASB 2012 - 5
AASB 119	AASB 2011 - 10	AASB 2012 - 10
AASB 127		

Most of the standards adopted had a minimal effect on the accounting and reporting practices of the Council as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

2. REVENUE AND EXPENSES		2014	2013
		\$	\$
(a) Net Result			
The Net Result includes:			
(i) Charging as an Expense:			
<b>Auditors Remuneration</b>			
- Audit of the financial report		31,000	29,000
- Audit of Grants		1,844	922
		<u>32,844</u>	<u>29,922</u>
<b>Amortisation</b>			
Intangible Assets		<u>250,051</u>	<u>268,543</u>
Total Amortisation		<u>250,051</u>	<u>268,543</u>
<b>Depreciation</b>			
<b>Depreciation Expense</b>			
Buildings		1,909,377	1,871,877
Furniture and Equipment		397,072	322,998
Plant and Equipment		1,877,635	1,790,119
Roads & Footpaths		6,627,066	6,551,097
Bridges		233,067	220,361
Drainage		980,738	945,170
Park Development		2,454,780	2,365,646
Other Infrastructure		844,963	374,714
		<u>15,324,698</u>	<u>14,441,982</u>
<b>Depreciation Capitalised</b>			
Plant & Equipment		<u>139,553</u>	<u>134,634</u>
		139,553	134,634
Total Depreciation		<u>15,464,251</u>	<u>14,576,616</u>
<b>Interest Expenses (Finance Costs)</b>			
- Operating Interest Loan Facilities		57,169	436,576
- Capital Interest Loan Facilities		162,089	0
		<u>219,258</u>	<u>436,576</u>
<b>Rental Charges</b>			
- Operating Leases		<u>68,336</u>	<u>69,536</u>
(ii) Crediting as Revenue:			
	2014	2014	2013
	\$	Budget	\$
		\$	
<b>Interest Earnings</b>			
Investments			
- Reserve Funds	2,733,682	1,180,000	2,649,623
- Other Funds	1,842,126	1,478,661	2,619,266
Other Interest Revenue (refer note 28)	646,849	541,600	634,182
	<u>5,222,657</u>	<u>3,200,261</u>	<u>5,903,071</u>



**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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

**(b) Statement of Objective**

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis and for each of its broad activities/programs.

**Our Vision for 2021**

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

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

**GOVERNANCE**

**Objective:**

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

**Activities:**

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

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to finance Council activities.

**Activities:**

Rates, government grants, interest revenue collection and administration.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

To provide services to ensure a safer community.

**Activities:**

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

**HEALTH**

**Objective:**

To provide an operational framework for good community health.

**Activities:**

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

**CITY OF GOSNELLS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2014**

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

**EDUCATION AND WELFARE**

**Objective:**

To assist in meeting the education needs of the community.

**Activities:**

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

**COMMUNITY AMENITIES**

**Objective:**

To provide services required by the community.

**Activities:**

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

**RECREATION AND CULTURE**

**Objective:**

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

**Activities:**

Ensure availability of halls, aquatic centre, recreation sportsgrounds and libraries.

**TRANSPORT**

**Objective:**

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

**Activities:**

Construction and maintenance of roads and bridges and lighting and clearing of streets.

**ECONOMIC SERVICES**

**Objective:**

To promote the City and improve its economic base.

**Activities:**

Promotion of tourism in the area together with regulation of building.

**OTHER PROPERTY AND SERVICES**

**Objective:**

To provide services required by the community.

**Activities:**

Private works operations, plant repairs and general operations costs.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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

<b>(c) Conditions Over Grants/Contributions</b>		<b>Opening Balance (1) 1-Jul-12 \$</b>	<b>Received (2) 2012/13 \$</b>	<b>Expended (3) 2012/13 \$</b>	<b>Closing Balance (1) 30-Jun-13 \$</b>	<b>Received (2) 2013/14 \$</b>	<b>Expended (3) 2013/14 \$</b>	<b>Closing Balance 30-Jun-14 \$</b>
<b>Grant/Contribution</b>								
<b>Non Operating</b>								
<b>Bridge Rehabilitation</b>								
Bridge 925 - Nicholson Rd Langford		0	1,440,000	(318,411)	1,121,589	0	(1,042,811)	78,778
		0	1,440,000	(318,411)	1,121,589	0	(1,042,811)	78,778
<b>Bridge Rehabilitation</b>								
Bridge 925 - Nicholson Rd Langford		40,909	16,000	0	56,909	0	(56,909)	0
		40,909	16,000	0	56,909	0	(56,909)	0
<b>Drainage Construction</b>								
Drain - Boardwalk Estate Modification Work		0	0	0	0	80,000	0	80,000
		0	0	0	0	80,000	0	80,000
<b>Footpath Construction</b>								
Pioneer Park - Duel Use Paths		43,000	0	0	43,000	0	(43,000)	0
		43,000	0	0	43,000	0	(43,000)	0
<b>Information technology</b>								
Graffiti - Proclaim Upgrade		0	0	0	0	17,990	0	17,990
		0	0	0	0	17,990	0	17,990
<b>National Black Spot</b>								
Austin Ave - Install roundabout		351,173	0	(294,567)	56,606	0	(56,606)	0
		351,173	0	(294,567)	56,606	0	(56,606)	0
<b>Park Development Construction</b>								
Pioneer Park Rotunda		0	0	0	0	20,000	0	20,000
Walking and Cycle Path Link		0	32,000	0	32,000	0	0	32,000
Lakey St Road - Verge Landscaping		5,454	0	0	5,454	0	(5,454)	0
		5,454	32,000	0	37,454	20,000	(5,454)	52,000
<b>Road Improvements</b>								
SR Rd Duplication - Ranford to Holmes		0	0	0	0	1,760,000	(62)	1,759,938
Nicholson Rd Duplication - Ranford to Clontarf		0	666,667	(7,153)	659,514	2,320,540	(2,980,054)	0
		0	666,667	(7,153)	659,514	4,080,540	(2,980,116)	1,759,938
<b>Road Rehabilitation</b>								
River Ave - Albany Hwy to Attfield St		0	0	0	0	46,834	(46,193)	641
Olga Rd Left Lane - Attfield/Philip St		0	0	0	0	61,484	0	61,484
Austin Ave - Carol Rd to Church Rd Road Rehab		0	0	0	0	8,990	0	8,990
Bridge 925 - Nicholson Rd Langford		0	7,584	0	7,584	0	(7,584)	0
		0	7,584	0	7,584	117,308	(53,777)	71,115
<b>State Black Spot</b>								
Spring Rd & Thornlie Av - Lighting		0	15,600	(5,398)	10,202	13,788	(23,990)	0
William St Roundabout - Lighting		0	12,000	(5,574)	6,426	4,817	(11,243)	0
Dorothy St Wheatley St - Traffic Signals		378,315	0	(373,019)	5,296	10,084	(15,380)	0
Yale Rd to Murdoch Rd - Upgrade Street Lighting		16,770	32,000	(54)	48,716	203,600	(252,316)	0
Roundabout - Stage 1 & 2 - Yale & Murdoch Rds		0	272,000	(55,002)	216,998	120,000	(336,998)	0
Watton Rd - Garden St to Ranford Rd		395,085	431,621	(183,728)	247,893	0	(247,893)	0
			763,221	(622,775)	535,531	352,289	(887,820)	0
<b>Total Non Operating</b>		<b>835,621</b>	<b>2,925,472</b>	<b>(1,242,906)</b>	<b>2,518,187</b>	<b>4,668,127</b>	<b>(5,126,493)</b>	<b>2,059,821</b>

CITY OF GOSNELLS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2014

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Opening Balance (1) 1-Jul-12 \$	Received (2) 2012/13 \$	Expended (3) 2012/13 \$	Closing Balance (1) 30-Jun-13 \$	Received (2) 2013/14 \$	Expended (3) 2013/14 \$	Closing Balance 30-Jun-14 \$
<b>Operating</b>							
<b>Community Engagement</b>							
STR8 Talking Project	131,674	78,000	(162,883)	46,791	0	(46,791)	0
Switched on Homes	0	0	0	0	201,623	(134,903)	66,720
Community Garden Initiative	0	0	0	0	20,000	0	20,000
Meals on Wheels	23,057	48,144	(40,136)	31,065	51,845	(47,206)	35,704
Film Box	0	0	0	0	10,000	0	10,000
Proper Art Music	0	0	0	0	2,950	0	2,950
CRE8 Leadership Program	0	25,000	0	25,000	0	(25,000)	0
Inclusive Recreation	28,274	113,366	(118,919)	22,721	94,614	(115,753)	1,582
Kidsport Sponsorship	17,722	165,000	(126,872)	55,850	167,500	(163,108)	60,242
Kidsport 2014	0	0	0	0	77,500	(26,302)	51,198
	200,727	429,510	(448,810)	181,427	626,032	(559,063)	248,396
<b>Reform Planning</b>							
Chief Executive Officer	0	0	0	0	50,000	(16,853)	33,147
	0	0	0	0	50,000	(16,853)	33,147
<b>State Emergency Service</b>							
State Emergency Service	1,036	41,500	(37,283)	5,253	41,964	(40,262)	6,955
	1,036	41,500	(37,283)	5,253	41,964	(40,262)	6,955
<b>Total Operating</b>	<b>201,763</b>	<b>471,010</b>	<b>(486,093)</b>	<b>186,680</b>	<b>717,996</b>	<b>(616,178)</b>	<b>288,498</b>
<b>Total</b>	<b>1,037,384</b>	<b>3,396,482</b>	<b>(1,728,999)</b>	<b>2,704,867</b>	<b>5,386,123</b>	<b>(5,742,671)</b>	<b>2,348,319</b>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>3. CASH AND CASH EQUIVALENTS</b>		
Unrestricted	27,952,573	33,585,326
Restricted	<u>66,150,720</u>	<u>57,007,785</u>
	<u><u>94,103,293</u></u>	<u><u>90,593,111</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Reserves (Refer Note 13)	62,850,686	51,945,567
less Investment backed reserves	<u>0</u>	<u>(2,313,289)</u>
Total Cash Backed Reserves	<u><u>62,850,686</u></u>	<u><u>49,632,278</u></u>
<b>Restricted Cash</b>		
Cash Backed Reserves	62,850,686	49,632,278
Unspent Grants (Refer Note 2(c))	2,348,319	2,704,867
Unspent Loans (Refer Note 23(c))	<u>951,715</u>	<u>4,670,640</u>
Total Restricted Cash	<u><u>66,150,720</u></u>	<u><u>57,007,785</u></u>
<b>4. INVESTMENTS</b>		
<b>Non Current</b>		
<b>Financial assets at</b>		
<b>fair value through profit or loss</b>		
At beginning of the year	3,775,294	3,482,202
Revaluation to Statement of Comprehensive Income	<u>260,356</u>	<u>293,092</u>
At end of the year	<u><u>4,035,650</u></u>	<u><u>3,775,294</u></u>
<b>Total Non Current</b>	<u><u>4,035,650</u></u>	<u><u>3,775,294</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Various Reserve Funds	<u>0</u>	<u>2,313,289</u>
	<u><u>0</u></u>	<u><u>2,313,289</u></u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>5. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates, ESL and Charges outstanding	916,506	839,220
GST Receivable	384,203	614,756
Accrued Revenue	2,070,271	1,281,728
Sundry Debtors	2,248,855	722,666
	<u>5,619,835</u>	<u>3,458,370</u>
<b>Non-Current</b>		
Rates Outstanding - Pensioners	997,648	999,411
	<u>997,648</u>	<u>999,411</u>
<b>6. INVENTORIES</b>		
<b>Current</b>		
Fuel and Materials	325,030	270,290
Land Held for Resale - Cost		
Cost of Acquisition	3,384,106	3,694,951
Development Costs	3,881,859	194,685
Disposals	(1,812,709)	(505,531)
Reclassification of Land to		
Land Held for Resale	3,240,000	0
	<u>9,018,286</u>	<u>3,654,395</u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	2014 \$	2013 \$
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Land		
- Independent Valuation 2011	0	101,264,217
- Cost	0	3,334,743
- Independent Valuation 2014	<u>141,175,900</u>	<u>0</u>
	141,175,900	104,598,960
 Buildings		
- Independent Valuation 2011	0	87,826,601
- Cost	0	4,217,818
- Independent Valuation 2014	163,559,000	0
- Work in Progress	1,098,842	0
Less Accumulated Depreciation	<u>(71,895,000)</u>	<u>(4,035,246)</u>
	92,762,842	88,009,173
 Total Land and Buildings	<u>233,938,742</u>	<u>192,608,133</u>
 Furniture and Equipment		
- Cost	0	4,300,126
- Independent Valuation 2014	10,035,040	0
Less Accumulated Depreciation	<u>(8,015,800)</u>	<u>(3,196,641)</u>
	2,019,240	1,103,485
 Plant and Equipment		
- Management Valuation 2013	10,306,775	10,306,775
- At cost	2,980,127	0
- Less Accumulated Depreciation	<u>(2,017,189)</u>	<u>0</u>
	11,269,713	10,306,775
 Local Government House - at cost	15,464	15,464
	<u>247,243,159</u>	<u>204,033,857</u>

**Land and Buildings:**

The City's Land and Buildings asset classes were revalued at 30 June 2014 by independent valuers, Griffin Valuation Advisory.

The revaluation of Land resulted in an overall increase of \$39,989,333 in the net value of the City's land assets. This increase was credited to the revaluation surplus in the City's equity (refer Note 14) and was recognised as Changes on Revaluation of Non Current Assets in the Statement of Comprehensive Income.

The revaluation of the Buildings resulted in an overall increase of \$2,400,498 in the net value of the City's buildings. This increase was credited to the revaluation surplus in the City's equity (refer Note 14) and was recognised as Changes on Revaluation of Non Current Assets in the Statement of Comprehensive Income.

**Furniture and Equipment**

The City's Land and Buildings asset classes were revalued at 30 June 2014 by independent valuers, Griffin Valuation Advisory.

The revaluation of Furniture and Equipment resulted in an overall decrease of \$165,723 in the net value of the City's furniture and equipment assets. This decrease was recognised as Changes on Revaluation of Non Current Assets in the Statement of Comprehensive Income.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**Movements in Carrying Amounts**

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Other Movements \$	Depreciation (Expense) \$	Carrying Amount at the end of Year \$
Land	104,598,960	2,058,000	(2,230,393)	39,989,333	0	(3,240,000)	0	141,175,900
Buildings	88,009,173	3,125,775	(62,666)	2,400,498	0	100,597	(1,909,377)	91,664,000
Work in Progress	0	1,098,842	0	0	0	0	0	1,098,842
<b>Total Land and Buildings</b>	<b>192,608,133</b>	<b>6,282,617</b>	<b>(2,293,059)</b>	<b>42,389,831</b>	<b>0</b>	<b>(3,139,403)</b>	<b>(1,909,377)</b>	<b>233,938,742</b>
Furniture & Equipment	1,103,485	1,751,108	(168,737)	(165,723)	0	(103,821)	(397,072)	2,019,240
Plant & Equipment	10,306,775	3,762,052	(781,925)	0	0	0	(2,017,189)	11,269,713
Local Government House	15,464	0	0	0	0	0	0	15,464
<b>Total</b>	<b>204,033,857</b>	<b>11,795,777</b>	<b>(3,243,721)</b>	<b>42,224,108</b>	<b>0</b>	<b>(3,243,224)</b>	<b>(4,323,638)</b>	<b>247,243,159</b>



**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	2014 \$	2013 \$
<b>8. INFRASTRUCTURE</b>		
Roads & Footpaths		
- Management Valuation 2012	484,935,928	484,935,928
- Cost	22,524,669	10,490,080
Less Accumulated Depreciation	<u>(13,178,163)</u>	<u>(6,551,097)</u>
	494,282,434	488,874,911
 Bridges		
- Cost	13,043,601	11,566,917
Less Accumulated Depreciation	<u>(2,540,225)</u>	<u>(2,301,901)</u>
	10,503,376	9,265,016
 Drainage		
- Cost	50,098,127	48,975,950
Less Accumulated Depreciation	<u>(10,805,087)</u>	<u>(9,824,349)</u>
	39,293,040	39,151,601
 Park Development		
- Independent Valuation 2014	41,181,000	0
- Cost	0	47,679,983
Less Accumulated Depreciation	<u>(20,173,600)</u>	<u>(17,627,086)</u>
	21,007,400	30,052,897
 Other Infrastructure		
- Management Valuation 2013	5,692,046	5,692,046
- Cost	2,311,723	0
Less Accumulated Depreciation	<u>(844,963)</u>	<u>0</u>
	7,158,806	5,692,046
	<u>572,245,056</u>	<u>573,036,471</u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**8. INFRASTRUCTURE (Continued)**

**Movements in Carrying Amounts**

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

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Other Movements \$	Depreciation (Expense) \$	Carrying Amount at the end of Year \$
Roads & Footpaths	488,874,911	9,117,751	0	0	0	2,916,838	(6,627,066)	494,282,434
Bridges	9,265,016	1,383,570	0	0	0	87,857	(233,067)	10,503,376
Drainage	39,151,601	1,122,176	0	0	0	0	(980,737)	39,293,040
Park Development	30,052,897	9,943,278	(988,744)	(11,459,370)	0	(4,085,881)	(2,454,780)	21,007,400
Other Infrastructure	5,692,046	1,052,539	(34,337)	210,706	0	1,082,815	(844,963)	7,158,806
<b>Total</b>	<b>573,036,471</b>	<b>22,619,314</b>	<b>(1,023,081)</b>	<b>(11,248,664)</b>	<b>0</b>	<b>1,629</b>	<b>(11,140,613)</b>	<b>572,245,056</b>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	2014 \$	2013 \$
<b>9. INTANGIBLE ASSETS</b>		
Computer Software at:		
- Management Valuation 2013	1,010,001	1,010,001
- At Cost	64,262	0
- Less Accumulated Amortisation	(250,051)	0
	<u>824,212</u>	<u>1,010,001</u>

**Movements in Carrying Amounts**

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

	<b>Computer Software \$</b>
Balance at the beginning of the year	1,010,001
Additions	62,668
Revaluation - Increments / (Decrements)	0
Other Movements	1,594
Amortisation (Expense)	(250,051)
<b>Carrying amount at the end of year</b>	<u><b>824,212</b></u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	2014 \$	2013 \$
<b>10. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	3,772,440	4,019,831
Bonds & Deposits	3,953,229	4,731,318
Accruals	1,100,644	1,189,995
Income in Advance	314,291	290,457
Deferred Salaries	159,456	156,400
	<u>9,300,060</u>	<u>10,388,001</u>

**11. BORROWINGS**

<b>Current</b>		
Loans	5,300,000	1,608,385
	<u>5,300,000</u>	<u>1,608,385</u>
<b>Non-Current</b>		
Loans	0	5,677,687
	<u>0</u>	<u>5,677,687</u>

Additional detail on borrowings is provided in Note 23.

**12. PROVISIONS**

Analysis of Total Provisions

<b>Current</b>		
Provision for Annual Leave	3,417,362	3,274,420
Provision for Long Service Leave	3,759,402	3,256,057
	<u>7,176,764</u>	<u>6,530,477</u>
<b>Non-Current</b>		
Provision for Long Service Leave	762,007	707,068
	<u>762,007</u>	<u>707,068</u>
Total Provisions	<u>7,938,771</u>	<u>7,237,545</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance as at 1 July 2013	3,274,420	3,963,126	7,237,546
Additional provisions	2,722,952	876,012	3,598,964
Amounts used	(2,580,010)	(456,701)	(3,036,711)
Used amounts reversed	0	0	0
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	138,972	138,972
Balance at 30 June 2014	<u>3,417,362</u>	<u>4,521,409</u>	<u>7,938,771</u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	2014 \$	2014 Budget \$	2013 \$
<b>13. RESERVES - CASH/INVESTMENT BACKED</b>			
<b>(a) Asset Management (previously Building Construction)</b>			
Opening Balance	1,436,814	1,402,208	678,181
Amount Set Aside / Transfer to Reserve	71,460	41,022	758,633
Amount Used / Transfer from Reserve	0	0	0
	<u>1,508,274</u>	<u>1,443,230</u>	<u>1,436,814</u>
<b>(b) Developer Contributions for Future Infrastructure</b>			
Opening Balance	330,534	322,572	312,570
Amount Set Aside / Transfer to Reserve	31,806	9,437	17,964
Amount Used / Transfer from Reserve	0	0	0
	<u>362,340</u>	<u>332,009</u>	<u>330,534</u>
<b>(c) Emergency Services</b>			
Opening Balance	62,378	63,876	58,988
Amount Set Aside / Transfer to Reserve	15,566	3,413	3,390
Amount Used / Transfer from Reserve	0	0	0
	<u>77,944</u>	<u>67,289</u>	<u>62,378</u>
<b>(d) Floodlighting Levy</b>			
Opening Balance	54,435	38,106	52,603
Amount Set Aside / Transfer to Reserve	25,556	11,716	24,111
Amount Used / Transfer from Reserve	0	0	(22,279)
	<u>79,991</u>	<u>49,822</u>	<u>54,435</u>
<b>(e) Gosnells Oval Redevelopment</b>			
Opening Balance	375,158	365,277	270,116
Amount Set Aside / Transfer to Reserve	89,740	93,346	105,042
Amount Used / Transfer from Reserve	0	0	0
	<u>464,898</u>	<u>458,623</u>	<u>375,158</u>
<b>(f) Gosnells Town Centre Revitalisation</b>			
Opening Balance	554,175	530,536	465,046
Amount Set Aside / Transfer to Reserve	104,757	90,802	103,841
Amount Used / Transfer from Reserve	(1,911)	(30,228)	(14,712)
	<u>657,021</u>	<u>591,110</u>	<u>554,175</u>
<b>(g) Harmony Fields</b>			
Opening Balance	152,252	145,113	121,137
Amount Set Aside / Transfer to Reserve	32,994	25,551	31,115
Amount Used / Transfer from Reserve	0	0	0
	<u>185,246</u>	<u>170,664</u>	<u>152,252</u>
<b>(h) Heritage Condition Reward Scheme</b>			
Opening Balance	20,096	15,472	12,275
Amount Set Aside / Transfer to Reserve	13,833	13,026	13,681
Amount Used / Transfer from Reserve	(5,800)	(10,000)	(5,860)
	<u>28,129</u>	<u>18,498</u>	<u>20,096</u>

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	2014 \$	2014 Budget \$	2013 \$
<b>13. RESERVES - CASH/INVESTMENT BACKED (Continued)</b>			
<b>(i) Insurance</b>			
Opening Balance	835,451	815,329	480,156
Amount Set Aside / Transfer to Reserve	152,990	23,853	355,295
Amount Used / Transfer from Reserve	0	0	0
	<u>988,441</u>	<u>839,182</u>	<u>835,451</u>
<b>(j) Langford Oval Redevelopment</b>			
Opening Balance	213,689	208,081	169,972
Amount Set Aside / Transfer to Reserve	34,616	26,760	43,717
Amount Used / Transfer from Reserve	0	0	0
	<u>248,305</u>	<u>234,841</u>	<u>213,689</u>
<b>(k) Leisure World - Asset Management</b>			
Opening Balance	348,533	340,139	275,563
Amount Set Aside / Transfer to Reserve	114,550	107,370	72,970
Amount Used / Transfer from Reserve	(101,870)	(97,500)	0
	<u>361,213</u>	<u>350,009</u>	<u>348,533</u>
<b>(l) Local Government Elections</b>			
Opening Balance	232,203	226,610	158,244
Amount Set Aside / Transfer to Reserve	70,736	66,734	73,959
Amount Used / Transfer from Reserve	(180,103)	(185,000)	0
	<u>122,836</u>	<u>108,344</u>	<u>232,203</u>
<b>(m) Local Open Space Strategy</b>			
Opening Balance	269,692	262,102	585,519
Amount Set Aside / Transfer to Reserve	12,452	7,668	26,327
Amount Used / Transfer from Reserve	0	0	(342,154)
	<u>282,144</u>	<u>269,770</u>	<u>269,692</u>
<b>(n) Maddington/Kenwick Revitalisation</b>			
Opening Balance	2,103,203	1,972,713	2,044,371
Amount Set Aside / Transfer to Reserve	104,072	54,370	115,763
Amount Used / Transfer from Reserve	(12,292)	(111,758)	(56,931)
	<u>2,194,983</u>	<u>1,915,325</u>	<u>2,103,203</u>
<b>(o) MGB Plant &amp; Equipment</b>			
Opening Balance	3,040,205	2,298,344	2,859,050
Amount Set Aside / Transfer to Reserve	501,706	169,496	1,231,556
Amount Used / Transfer from Reserve	(608,303)	(685,000)	(1,050,401)
	<u>2,933,608</u>	<u>1,782,840</u>	<u>3,040,205</u>
<b>(p) Mills Park</b>			
Opening Balance	315,891	308,428	253,500
Amount Set Aside / Transfer to Reserve	1,762,570	57,789	62,391
Amount Used / Transfer from Reserve	0	0	0
	<u>2,078,461</u>	<u>366,217</u>	<u>315,891</u>

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	2014 \$	2014 Budget \$	2013 \$
<b>13. RESERVES - CASH/INVESTMENT BACKED (Continued)</b>			
<b>(q) Netball Courts - Resurfacing</b>			
Opening Balance	9,438	9,212	8,925
Amount Set Aside / Transfer to Reserve	470	269	513
Amount Used / Transfer from Reserve	0	0	0
	<u>9,908</u>	<u>9,481</u>	<u>9,438</u>
<b>(r) Operations Centre</b>			
Opening Balance	409,197	407,116	399,991
Amount Set Aside / Transfer to Reserve	20,351	2,867	22,514
Amount Used / Transfer from Reserve	0	(309,121)	(13,308)
	<u>429,548</u>	<u>100,862</u>	<u>409,197</u>
<b>(s) Performing Arts Centre</b>			
Opening Balance	223,681	215,805	190,127
Amount Set Aside / Transfer to Reserve	33,984	26,986	33,554
Amount Used / Transfer from Reserve	0	0	0
	<u>257,665</u>	<u>242,791</u>	<u>223,681</u>
<b>(t) Plant &amp; Equipment</b>			
Opening Balance	2,783,046	2,417,217	1,966,644
Amount Set Aside / Transfer to Reserve	1,856,430	1,670,408	1,784,034
Amount Used / Transfer from Reserve	(1,651,884)	(2,868,000)	(967,632)
	<u>2,987,592</u>	<u>1,219,625</u>	<u>2,783,046</u>
<b>(u) Public Open Space</b>			
Opening Balance	17,084,753	15,395,002	15,203,245
Amount Set Aside / Transfer to Reserve	6,495,178	2,748,345	3,237,188
Amount Used / Transfer from Reserve	(1,345,710)	(500,000)	(1,355,680)
	<u>22,234,221</u>	<u>17,643,347</u>	<u>17,084,753</u>
<b>(v) Rate Revaluation</b>			
Opening Balance	362,506	353,777	218,635
Amount Set Aside / Transfer to Reserve	143,254	132,735	143,871
Amount Used / Transfer from Reserve	(341,330)	(350,000)	0
	<u>164,430</u>	<u>136,512</u>	<u>362,506</u>
<b>(w) Recreation and Culture Infrastructure</b>			
Opening Balance	1,064,060	1,038,431	891,282
Amount Set Aside / Transfer to Reserve	48,939	30,380	172,778
Amount Used / Transfer from Reserve	(125,579)	0	0
	<u>987,420</u>	<u>1,068,811</u>	<u>1,064,060</u>
<b>(x) Refuse Disposal Site Rehabilitation</b>			
Opening Balance	563,861	496,360	461,195
Amount Set Aside / Transfer to Reserve	94,431	35,724	102,666
Amount Used / Transfer from Reserve	0	0	0
	<u>658,292</u>	<u>532,084</u>	<u>563,861</u>

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	2014 \$	2014 Budget \$	2013 \$
<b>13. RESERVES - CASH/INVESTMENT BACKED (Continued)</b>			
<b>(y) Southern River Contaminated Site Rehabilitation</b>			
Opening Balance	450,579	465,594	572,533
Amount Set Aside / Transfer to Reserve	21,087	10,696	28,998
Amount Used / Transfer from Reserve	(42,035)	(100,000)	(150,952)
	<u>429,631</u>	<u>376,290</u>	<u>450,579</u>
<b>(z) Staff Retention</b>			
Opening Balance	18,952	18,497	26,987
Amount Set Aside / Transfer to Reserve	398	249	31,965
Amount Used / Transfer from Reserve	(19,350)	(10,000)	(40,000)
	<u>0</u>	<u>8,746</u>	<u>18,952</u>
<b>(aa) Sutherlands Park</b>			
Opening Balance	361,462	364,707	283,397
Amount Set Aside / Transfer to Reserve	118,332	78,223	78,065
Amount Used / Transfer from Reserve	0	(300,000)	0
	<u>479,794</u>	<u>142,930</u>	<u>361,462</u>
<b>(ab) Walter Padbury Park</b>			
Opening Balance	172,082	147,554	104,858
Amount Set Aside / Transfer to Reserve	67,062	56,551	67,224
Amount Used / Transfer from Reserve	0	0	0
	<u>239,144</u>	<u>204,105</u>	<u>172,082</u>
<b>(ac) TPS 7</b>			
Opening Balance	0	0	8,145
Amount Set Aside / Transfer to Reserve	0	0	82
Amount Used / Transfer from Reserve	0	0	(8,227)
	<u>0</u>	<u>0</u>	<u>0</u>
<b>(ad) TPS 9A</b>			
Opening Balance	1,266,395	1,255,893	1,202,532
Amount Set Aside / Transfer to Reserve	129,671	62,327	68,863
Amount Used / Transfer from Reserve	(5,000)	(5,000)	(5,000)
	<u>1,391,066</u>	<u>1,313,220</u>	<u>1,266,395</u>
<b>(ae) TPS 10</b>			
Opening Balance	0	0	10,099
Amount Set Aside / Transfer to Reserve	0	0	132
Amount Used / Transfer from Reserve	0	0	(10,231)
	<u>0</u>	<u>0</u>	<u>0</u>
<b>(af) TPS 15</b>			
Opening Balance	406,114	416,334	389,005
Amount Set Aside / Transfer to Reserve	19,979	37,765	22,109
Amount Used / Transfer from Reserve	(5,000)	(5,000)	(5,000)
	<u>421,093</u>	<u>449,099</u>	<u>406,114</u>
<b>(ag) TPS 17</b>			
Opening Balance	299,572	312,357	288,254
Amount Set Aside / Transfer to Reserve	253,716	29,577	16,318
Amount Used / Transfer from Reserve	(5,000)	(5,000)	(5,000)
	<u>548,288</u>	<u>336,934</u>	<u>299,572</u>



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	2014 \$	2014 Budget \$	2013 \$
<b>13. RESERVES - CASH/INVESTMENT BACKED (Continued)</b>			
<b>(ah) TPS 20</b>			
Opening Balance	1,668,407	1,539,733	1,457,493
Amount Set Aside / Transfer to Reserve	162,480	122,501	215,914
Amount Used / Transfer from Reserve	(5,000)	(166,959)	(5,000)
	<u>1,825,887</u>	<u>1,495,275</u>	<u>1,668,407</u>
<b>(ai) ODP Canning Vale</b>			
Opening Balance	799,940	234,619	373,030
Amount Set Aside / Transfer to Reserve	46,180	201,984	441,910
Amount Used / Transfer from Reserve	(23,285)	(15,000)	(15,000)
	<u>822,835</u>	<u>421,603</u>	<u>799,940</u>
<b>(aj) ODP West Canning Vale (Campbell Estate)</b>			
Opening Balance	4,530,251	4,426,269	5,756,375
Amount Set Aside / Transfer to Reserve	1,058,230	283,149	463,263
Amount Used / Transfer from Reserve	(232,685)	(25,000)	(1,689,387)
	<u>5,355,796</u>	<u>4,684,418</u>	<u>4,530,251</u>
<b>(ak) ODP Southern River Precinct 1</b>			
Opening Balance	1,448,346	1,040,825	923,733
Amount Set Aside / Transfer to Reserve	851,617	81,474	539,613
Amount Used / Transfer from Reserve	(15,000)	(15,000)	(15,000)
	<u>2,284,963</u>	<u>1,107,299</u>	<u>1,448,346</u>
<b>(al) ODP Southern River Precinct 2</b>			
Opening Balance	5,640,996	6,148,250	5,253,145
Amount Set Aside / Transfer to Reserve	279,459	384,989	412,851
Amount Used / Transfer from Reserve	(25,000)	(25,000)	(25,000)
	<u>5,895,455</u>	<u>6,508,239</u>	<u>5,640,996</u>
<b>(am) ODP Southern River Precinct 3</b>			
Opening Balance	1,336,099	1,803,919	1,303,187
Amount Set Aside / Transfer to Reserve	857,385	257,455	72,912
Amount Used / Transfer from Reserve	(40,000)	(40,000)	(40,000)
	<u>2,153,484</u>	<u>2,021,374</u>	<u>1,336,099</u>
<b>(an) ODP Southern River Precinct 3A</b>			
Opening Balance	59,311	107,883	56,088
Amount Set Aside / Transfer to Reserve	30,147	54,619	3,223
Amount Used / Transfer from Reserve	0	0	0
	<u>89,458</u>	<u>162,502</u>	<u>59,311</u>
<b>(ao) ODP Southern River Precinct 3E</b>			
Opening Balance	0	10,000	0
Amount Set Aside / Transfer to Reserve	0	10,585	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>20,585</u>	<u>0</u>
<b>(ap) ODP Southern River Precinct 5</b>			
Opening Balance	54,824	53,503	51,844
Amount Set Aside / Transfer to Reserve	71,807	1,565	2,980
Amount Used / Transfer from Reserve	(250)	0	0
	<u>126,381</u>	<u>55,068</u>	<u>54,824</u>

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	2014 \$	2014 Budget \$	2013 \$
<b>13. RESERVES - CASH/INVESTMENT BACKED (Continued)</b>			
<b>(aq) Homestead Road ODP</b>			
Opening Balance	586,988	0	0
Amount Set Aside / Transfer to Reserve	322,005	0	589,738
Amount Used / Transfer from Reserve	(603,843)	0	(2,750)
	<u>305,150</u>	<u>0</u>	<u>586,988</u>
<b>(ar) ODP Maddington A&amp;B</b>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	179,351	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>179,351</u>	<u>0</u>	<u>0</u>
<b>TOTAL CASH BACKED RESERVES</b>	<u><u>62,850,686</u></u>	<u><u>49,258,973</u></u>	<u><u>51,945,569</u></u>

**Summary of Cash / Investment Backed Reserves**

Opening Balance	51,945,569	47,993,763	46,198,040
Amount Set Aside / Transfer to Reserve	16,301,347	7,123,776	11,593,033
Amount Used / Transfer from Reserve	(5,396,230)	(5,858,566)	(5,845,504)
<b>Total Summary of Cash / Investment Backed Reserves</b>	<u><u>62,850,686</u></u>	<u><u>49,258,973</u></u>	<u><u>51,945,569</u></u>

All of the cash/investment backed reserve accounts are supported by money held in financial institutions or in separate investments and match the amounts shown as restricted cash in Note 3 and Note 4.

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

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

**Building Construction**

- new or refurbished building activity and major building plant replacement.

**Developer Contributions for Future Infrastructure**

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

**Emergency Services**

- to fund excess Bushfire and SES expenditure from prior year over budget reimbursements.

**Floodlighting Levy**

- to upgrade the City's active reserve floodlighting

**Gosnells Oval Redevelopment**

- to fund Council's expenditure on Gosnells Oval funded from Telco Tower leases.

**Gosnells Town Centre Revitalisation**

- to fund the cost of redeveloping and additional operational expenses of Gosnells Town Centre.

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

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

**Heritage Condition Reward Scheme**

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

**Insurance**

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

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**13. RESERVES - CASH/INVESTMENT BACKED (Continued)**

**Langford Oval Redevelopment**

- to assist with the development of Langford Oval funded from Telco Tower leases.

**Leisure World - Mechanical/Plant Services**

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

**Local Government Elections**

- for expenditure associated with holding of Local Government elections.

**Local Open Space Strategy**

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

**Maddington / Kenwick Revitalisation**

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

**MGB Plant and Equipment**

- acquisition of rubbish plant and associated equipment (including bins).

**Mills Park**

- to assist with the development of Mills Park funded from Telco Tower leases.

**Netball Courts - Resurfacing**

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

**Operations Centre**

- to fund Council's expenditure on redeveloping Gosnells Operations Centre .

**Performing Arts Centre**

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

**Plant and Equipment**

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

**Public Open Space**

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

**Recreation and Culture Infrastructure**

- to fund future expenditure on Recreational and Cultural Infrastructure.

**Rate Revaluation**

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

**Refuse Disposal Site Rehabilitation**

- rehabilitation of the Kelvin Road Refuse Disposal Site following future closure funded from Telco Tower leases.

**Southern River Contaminated Site Rehabilitation**

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

**Staff Retention**

- to fund future director bonuses.

**Sutherlands Park**

- to fund future works at Sutherlands Park funded from Telco Tower leases.

**Walter Padbury Park**

- to provide future works at Walter Padbury Park funded from Telco Tower leases.

**TPS 7**

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

**TPS 9A**

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

**TPS 10**

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

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**13. RESERVES - CASH/INVESTMENT BACKED (Continued)**

**TPS 15**

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

**TPS 17**

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

**TPS 20**

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

**ODP Canning Vale**

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

**ODP West Canning Vale (Campbell Estate)**

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

**ODP Southern River Precinct 1**

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

**ODP Southern River Precinct 2**

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

**ODP Southern River Precinct 3**

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

**ODP Southern River Precinct 3A**

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

**ODP Southern River Precinct 3E**

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

**ODP Southern River Precinct 5**

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

**Homestead Road ODP**

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

**ODP Maddington A&B**

- to fund expenditure on infrastructure and administrative items within the ODP site with contributions from developers.

**CITY OF GOSNELLS**  
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<b>14. REVALUATION SURPLUS</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
<b>(a) Land</b>		
Opening balance	132,774,316	132,774,316
Revaluation Increment	39,989,332	0
Revaluation Decrement	0	0
	<u>172,763,648</u>	<u>132,774,316</u>
<b>(b) Buildings</b>		
Opening balance	0	0
Revaluation Increment	2,400,498	0
Revaluation Decrement	0	0
	<u>2,400,498</u>	<u>0</u>
<b>(c) Roads &amp; Footpaths</b>		
Opening Balance	334,681,559	334,681,559
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>334,681,559</u>	<u>334,681,559</u>
<b>(d) Other Infrastructure Assets</b>		
Opening Balance	518,441	0
Revaluation Increment	210,706	518,441
Revaluation Decrement	0	0
	<u>729,147</u>	<u>518,441</u>
<b>(e) Plant &amp; Equipment</b>		
Opening Balance	156,614	0
Revaluation Increment	0	156,614
Revaluation Decrement	0	0
	<u>156,614</u>	<u>156,614</u>
<b>(f) Intangible Assets</b>		
Opening Balance	393,760	0
Revaluation Increment	0	393,760
Revaluation Decrement	0	0
	<u>393,760</u>	<u>393,760</u>
<b>TOTAL REVALUATION SURPLUS</b>	<u><u>511,125,226</u></u>	<u><u>468,524,690</u></u>
<b>Summary of Revaluation Surplus</b>		
Opening Balance	468,524,690	467,455,875
Revaluation Increment	42,600,536	1,068,815
Revaluation Decrement	0	0
<b>Total Summary of Revaluation Surplus</b>	<u><u>511,125,226</u></u>	<u><u>468,524,690</u></u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**15. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	<b>2014</b> <b>\$</b>	<b>2014</b> <b>Budget</b> <b>\$</b>	<b>2013</b> <b>\$</b>
Cash and Cash Equivalents	<u>94,103,293</u>	<u>56,448,973</u>	<u>90,593,111</u>
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net Result	13,298,480	12,920,228	20,842,046
Depreciation & Amortisation	15,574,749	15,009,353	14,710,525
(Profit)/Loss on Sale of Asset	3,782,493	(5,035,383)	543,928
Revaluation of Non Current Assets	11,625,093	0	0
Movement in Fair Value of Investments	(260,356)	(400,000)	(293,092)
(Increase)/Decrease in Receivables	(2,159,702)	1,158,725	1,168,689
(Increase)/Decrease in Inventories	(54,740)	(34,126)	(38,196)
Increase/(Decrease) in Payables	(1,111,775)	(4,426,092)	672,755
Increase/(Decrease) in Employee Provisions	725,060	(500,000)	1,179,204
Grants/Contributions for the Development of Assets	(25,112,246)	(8,357,258)	(12,197,967)
Net Cash from Operating Activities	<u>16,307,056</u>	<u>10,335,447</u>	<u>26,587,892</u>
<b>(c) Undrawn Borrowing Facilities</b>			
<b>Credit Standby Arrangements</b>			
Credit Card limit	105,000		105,000
Credit Card Balance at Balance Date	(26,785)		(18,280)
<b>Total Amount of Credit Unused</b>	<u>78,215</u>		<u>86,720</u>
<b>Loan Facilities</b>			
Loan Facilities - Current	5,300,000		1,608,385
Loan Facilities - Non-Current	0		5,677,687
<b>Total Facilities in Use at Balance Date</b>	<u>5,300,000</u>		<u>7,286,072</u>
<b>Unused Loan Facilities at Balance Date</b>			
Restricted*	<u>12,630,000</u>		<u>20,788,928</u>

\* funds only available for the purpose detailed in Note 23(a)

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**16. CONTINGENT LIABILITIES**

Nil

	2014	2013
	\$	\$
<b>17. CAPITAL AND LEASING COMMITMENTS</b>		
<b>(a) Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	32,600	69,536
- later than one year but not later than five years	10,562	34,952
	<u>43,162</u>	<u>104,488</u>

**18. EVENTS AFTER THE REPORTING PERIOD**

On 22nd October 2014, the State Government of Western Australia announced the amalgamation of the City of Canning with the City of Gosnells effective from 1 July 2015. The impact on the City of Gosnells has not yet been quantified.

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

Governance	19,101,693	19,947,805
General Purpose Funding	8,005,685	3,584,745
Law, Order, Public Safety	1,112,262	1,235,496
Health	2,328,467	1,926,926
Education and Welfare	4,340,958	4,618,365
Community Amenities	72,056,849	46,361,533
Recreation and Culture	131,508,328	126,734,874
Transport	543,567,210	539,648,620
Economic Services	704,280	628,028
Other Property and Services	56,858,446	40,615,903
Unallocated	94,502,961	95,258,615
	<u>934,087,139</u>	<u>880,560,910</u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013	2012
<b>20. FINANCIAL RATIOS</b>			
Current Ratio	1.96	2.20	2.11
Asset Sustainability Ratio	0.74	0.42	0.26
Debt Service Cover Ratio	1.73	4.13	2.80
Operating Surplus Ratio	(0.15)	0.11	0.08
Own Source Revenue Coverage Ratio	0.83	1.03	0.98

The above ratios are calculated as follows:

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

The following information relates to these ratios which only require attention they have been checked and are supported by verifiable information.

	2014	2013	2012
Asset Consumption Ratio	0.71	0.79	N/A
Asset Renewal Funding Ratio	0.80	0.72	N/A

The above ratios are calculated as follows:

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

**N/A: - In keeping with amendments to Local Government (Financial Management) Regulation 50, comparatives for the preceding year (being 2013) have not been reported as financial information is not available.**



**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**21. TRUST FUNDS**

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

	Balance 1-Jul-13 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-14 \$
Unclaimed Monies	50,599	1,282	0	51,881
Construction Training Fund	33,699	488,288	(521,987)	0
Building Commission	63,895	301,179	(321,400)	43,674
ECM User Group	4,770	0	(326)	4,444
	<u>152,963</u>	<u>790,749</u>	<u>(843,713)</u>	<u>99,999</u>

**22. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant & Equipment	781,925	1,449,722	993,490	1,480,000	211,565	30,278
Land Held for Resale	1,812,708	5,904,350	1,303,345	10,909,455	(509,363)	5,005,105
Land	2,230,393	0	0	0	(2,230,393)	0
Buildings	62,666	0	0	0	(62,666)	0
Furniture & Equipment	168,737	0	182	0	(168,555)	0
Park Development	988,744	0	0	0	(988,744)	0
Other Infrastructure	34,337	0	0	0	(34,337)	0
	<u>6,079,510</u>	<u>7,354,072</u>	<u>2,297,017</u>	<u>12,389,455</u>	<u>(3,782,493)</u>	<u>5,035,383</u>

<u>Summary</u>	2014 \$	2014 Budget \$
Profit on Asset Disposals	211,565	6,224,015
Loss on Asset Disposals	(3,994,058)	(1,188,632)
	<u>(3,782,493)</u>	<u>5,035,383</u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**23. INFORMATION ON BORROWINGS**

(a) Repayments - Loan Facilities

Particulars	Principal 1-Jul-13 \$	New Loans \$	Facility Limit \$	30-Jun-14					
				Principal Repayments		Principal Outstanding		Interest Repayments	
				Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Law, Order &amp; Public Safety</b>									
FESA Building	0	0	0	0	0	0	2,850,000	0	75,000
<b>Recreation &amp; Culture</b>									
Orange Grove Redevelopment	0	0	0	0	0	0	1,000,000	0	30,000
Leisure World Fitness Extension	0	0	0	0	0	0	700,000	0	26,000
Pioneer Park	249,015	0	0	249,015	249,015	0	0	7,031	10,000
<b>Other Property &amp; Services</b>									
Civic Centre	1,358,079	0	12,630,000	1,358,079	980,392	0	377,687	39,893	80,000
<b>Economic Services</b>									
Underground Power Project	378,978	0	0	378,978	378,978	0	0	10,245	26,589
<b>Unclassified</b>									
Streatham Street Subdivision*	5,300,000	0	5,300,000	0	5,300,000	5,300,000	0	162,089	200,000
Harpenden Street Subdivision*	0	0	0	0	0	0	950,000	0	20,000
	7,286,072	0	17,930,000	1,986,072	6,908,385	5,300,000	5,877,687	219,258	467,589

(\*) Repayment funded by 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**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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

(b) New Loan Facilities - 2013/14

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
<b>Law, Order &amp; Public Safety</b>										
FESA Building	0	2,850,000	WA Treasury Corporation	Short Term Loan Facility	5	75,000	4	0	2,850,000	0
<b>Recreation &amp; Culture</b>										
Orange Grove Redevelopment	0	1,000,000	WA Treasury Corporation	Short Term Loan Facility	10	30,000	4	0	1,000,000	0
Leisure World Fitness Extension	0	700,000	WA Treasury Corporation	Short Term Loan Facility	10	26,000	4	0	700,000	0
<b>Unclassified</b>										
Harpenden Street Subdivision	0	950,000	WA Treasury Corporation	Short Term Loan Facility	2	20,000	4	0	950,000	0
	0	5,500,000				151,000		0	5,500,000	0

(c) Unspent Loan Funds

Particulars	Date Borrowed	Balance 1-Jul-13 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-14 \$
<b>Unclassified</b>					
Streatham Street	01-Dec-11	4,670,640	0	(3,718,925)	951,715
		4,670,640	0	(3,718,925)	951,715

All other loan funds were fully expended.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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

(d) Refinanced Loan Facilities

Particulars	Loan Facility Limit		Loan Facility Expiry		Institution
	Original	New	Original	New	
<b>Unclassified</b>					
Streatham Street	5,300,000	5,300,000	30-Apr-14	30-Jun-15	WA Treasury Corporation

**Streatham Street Loan**

Due to ongoing issues with the detailed design of the Streatham Street Subdivision project and the finalisation of the Urban Water Management Plan the original projected date for the tender and construction of the project was considerable delayed which means that the loan facility date was extended for one year.

(e) Overdraft

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

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**24. RATING INFORMATION - 2013/14 FINANCIAL YEAR**

(a)

<b>RATE TYPE</b>	<b>Rate in \$ cents</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>Differential General Rate</b>											
<b>Gross Rental Value (GRV)</b>											
Extractive Industry	12.5630	3	405,500	50,942	0	0	50,942	50,943	0	0	50,943
General GRV	6.6120	31,483	636,864,246	42,109,463	1,056,525	0	43,165,988	42,109,464	776,445	0	42,885,909
Rural GRV	7.9340	887	19,884,642	1,577,647	11,897	0	1,589,544	1,577,647	0	0	1,577,647
Tenancy Agreements	7.1120	50	2,172,812	154,530	13,976	0	168,506	154,530	0	0	154,530
Gosnells Town Centre	7.6040	76	7,943,418	604,018	(5,693)	0	598,325	604,018	0	0	604,018
<b>Unimproved Value (UV)</b>											
Rural UV	0.2190	44	66,540,000	145,723	32,376	0	178,099	145,723	0	0	145,723
Rural UV Agricultural Concession	0.1752	9	73,000,000	127,896	0	0	127,896	127,896	0	0	127,896
<b>Sub-Totals</b>	<b>Minimum \$</b>	32,552	806,810,618	44,770,219	1,109,081	0	45,879,300	44,770,221	776,445	0	45,546,666
<b>Minimum Rates</b>											
<b>Gross Rental Value (GRV)</b>											
General GRV	850	10,515	116,940,112	8,937,750	0	0	8,937,750	8,937,750	0	0	8,937,750
Rural GRV	850	54	503,219	45,900	0	0	45,900	45,900	0	0	45,900
Tenancy Agreements	850	5	22,185	4,250	0	0	4,250	4,250	0	0	4,250
Gosnells Town Centre	850	8	63,733	6,800	0	0	6,800	6,800	0	0	6,800
<b>Unimproved Value (UV)</b>											
Rural UV	850	2	645,000	1,700	0	0	1,700	1,700	0	0	1,700
<b>Sub-Totals</b>		10,584	118,174,249	8,996,400	0	0	8,996,400	8,996,400	0	0	8,996,400
<b>Total Amount Raised from General Rate</b>							54,875,700				54,543,066
Specified Area Rate (refer note 25)							54,875,700				54,543,066
<b>Total Rates</b>							340,598				332,339
							55,216,298				54,875,405

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**24. RATING INFORMATION - 2013/14 FINANCIAL YEAR (Continued)**

(b) Information on Surplus/(Deficit) Brought Forward	<b>2014</b> <b>(30 June 2014</b> <b>Carried</b> <b>Forward)</b> <b>\$</b>	<b>2014</b> <b>(1 July 2013</b> <b>Brought</b> <b>Forward)</b> <b>\$</b>	<b>2013</b> <b>(30 June 2013</b> <b>Carried</b> <b>Forward)</b> <b>\$</b>
<b>Surplus/(Deficit) - Rate Setting Statement</b>	<u>20,720,648</u>	<u>25,457,726</u>	<u>25,457,726</u>
<b>Comprises:</b>			
Cash and Cash Equivalents			
Unrestricted	27,952,573	33,585,326	33,585,326
Restricted	66,150,720	57,007,785	57,007,785
Receivables			
Rates, ESL & Charges outstanding	916,506	839,220	839,220
Sundry Debtors	2,248,855	722,666	722,666
GST Receivables	384,203	614,756	614,756
Accrued Revenue	2,070,271	1,281,728	1,281,728
Inventories			
Fuel and Materials	325,030	270,290	270,290
	<u>100,048,158</u>	<u>94,321,771</u>	<u>94,321,771</u>
<b>Less:</b>			
Trade and Other Payables			
Sundry Creditors	(3,772,440)	(4,019,831)	(4,019,831)
Bonds & Deposits	(3,953,229)	(4,731,318)	(4,731,318)
Accrued Expenses	(1,100,644)	(1,189,995)	(1,189,995)
Income in Advance	(314,291)	(290,457)	(290,457)
Deferred Salaries	(159,456)	(156,400)	(156,400)
Provisions			
Annual Leave Provision	(3,417,362)	(3,274,420)	(3,274,420)
Long Service Leave Provision	(3,759,402)	(3,256,057)	(3,256,057)
	<u>(16,476,824)</u>	<u>(16,918,478)</u>	<u>(16,918,478)</u>
<b>Net Current Assets</b>	<u>83,571,334</u>	<u>77,403,293</u>	<u>77,403,293</u>
<b>Less:</b>			
Restricted Cash - Reserves	(62,850,686)	(51,945,567)	(51,945,567)
<b>Surplus/(Deficit)</b>	<u>20,720,648</u>	<u>25,457,726</u>	<u>25,457,726</u>
<b>Difference:</b>			

There was no difference between the Surplus/(Deficit) 1 July 2013 Brought Forward position used in the 2014 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2013 audited financial report.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**25. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR**

	Rate in \$ cents	Basis of Rate	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
The Avenues	0.5631	GRV	498	9,858,160	55,511	92	55,511	55,603	55,511
Sanctuary Waters	0.4657	GRV	685	14,970,680	69,718	275	69,718	69,993	69,718
The Reserve	0.3330	GRV	342	7,729,306	25,739	1,112	25,739	26,851	25,739
Brookland Greens	0.4491	GRV	559	13,408,948	60,220	79	60,220	60,299	60,220
The Boardwalk	0.4019	GRV	624	15,432,676	62,025	105	62,024	62,130	62,024
Bletchley Park	0.3690	GRV	944	16,023,670	59,127	6,595	59,127	65,722	59,127
					332,340	8,258	332,339	340,598	332,339

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

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

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

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

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**26. SERVICE CHARGES - 2013/14 FINANCIAL YEAR**

NIL

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2013/14 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Rates Incentive A	Incentive	N/A	5,000	5,000
Leisure World	Discount	Various	54,217	45,500
Leisure Programs	Discount	Various	262	2,000
Don Russell Performing Arts Centre	Discount	Various	258	3,600
Ranger Services	Discount	Various	38,833	17,950
Library & Heritage Services	Discount	10	232	22
Health Services	Discount	Various	14,640	15,045
Rates Concessions	Concession	N/A	32,892	31,700
Sundry Debtors Write-off	Write-Off	N/A	14,320	0

**Rates Incentive A**

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

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

Westpac Bank Corporation also provided a \$2,000 savings account.

Inclusion in the draw is automatic for all ratepayers who have paid their rates in full by the advertised due date of the first instalment.

Winners are notified by mail. The winners suburb was published in a newspaper circulating the district.

**Councillors and employees of the City of Gosnells and their immediate families are ineligible to enter.**

**Rates Incentive B**

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

Forest Lakes Shopping Centre offered the chance for 4 residents to have their rates paid, up to a maximum value of \$1,000 per ratepayer. With a bonus \$750 shopping voucher if rates are paid in full by the due date.

**Councillors and employees of the City of Gosnells and their immediate families are ineligible to enter.**



**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2013/14 FINANCIAL YEAR (Continued)**

**Leisure World**

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

10% Discount (general offer)

30% 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 ticket with every 10 purchased)

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

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

**Leisure Programs**

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

15% Discount (general offer)

30% Discount (special offer)

50% Discount (2 for 1 Offer)

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

A membership discount of 25% is given to the Council's staff

**Don Russell Performing Art Centre**

Various discounts on ticket prices are provided to Council's staff and non-staff to enhance the financial viability of the program or show.

5% Discount (Subsequent children)

15% Discount (General offer)

30% Discount (Special offer)

50% Discount (2 for 1 offer)

Group Bookings (1 free ticket with every 10 purchased)

**Ranger Services**

In relation to the Dog Act 1976 a discount has been granted to the following registration types;

Guide Dogs - 100% Concession

Dogs used for Droving or tendering stock - 25% concession

Dogs owned by pensioners - 50% concession

Foxhounds, bona fide kept together in a kennelled pack of not less than ten (per pack)

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

**Library & Heritage Services**

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

**Health Services**

In relation to Food Businesses (Food Act 2008) a discount has been granted to School Canteens in recognition of their community benefit.

Charitable organisations received 100% concession on stallholder permit fees.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2013/14 FINANCIAL YEAR (Continued)**

**Rate Concessions**

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

	\$
Addie Mills Senior Citizens' Social Club Incorporated	213
Gosnells Memorial Park Lawn Tennis Club Inc	1,250
Starick Services Inc	6,860
Police & Citizens Youth Club Gosnells Branch	8,285
Hurry Curry Pty Ltd	1,690
Business Station INC (Agonis)	10,718
Gosnells Junior Football Club Inc	2,596
Darling Range Wildlife Shelter Inc	1,280
	<u>32,892</u>

**Sundry Debt Write-off**

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

**28. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	N/A	187,554	161,600
Interest on Deferred Rates & ESL		N/A	52,243	63,465
Interest on Instalments Plan	5.50%	N/A	395,691	380,000
Interest on MUPP Instalments		N/A	11,361	26,589
			646,849	631,654
Charges on Instalment Plan & Special Arrangements	N/A	\$12	225,605	240,000
			872,454	871,654

Ratepayers had the option of paying rates in four equal instalments, due on 23 August 2013, 25 October 2013, 10 January 2014, 7 March 2014. Administration charges and interest applied for the final three instalments.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

<b>29. FEES &amp; CHARGES</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Governance	104	209
General Purpose Funding	680,273	642,095
Law, Order, Public Safety	551,919	220,749
Health	286,008	238,900
Education and Welfare	264,147	352,992
Community Amenities	12,357,767	11,855,799
Recreation and Culture	2,907,669	2,791,250
Transport	119,985	104,777
Economic Services	1,808,000	1,783,073
Other Property and Services	358,949	363,944
	<u>19,334,821</u>	<u>18,353,788</u>

**30. GRANT REVENUE**

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

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature and Type:</b>		
Operating Grants, Subsidies and Contributions	4,296,208	5,922,460
Non-Operating Grants, Subsidies and Contributions	<u>25,112,246</u>	<u>12,197,967</u>
	<u>29,408,454</u>	<u>18,120,427</u>
<b>By Program:</b>		
Governance	6,445	19,830
General Purpose Funding	2,174,746	3,873,060
Law, Order, Public Safety	230,480	180,033
Health	11,126	12,427
Education and Welfare	512,744	607,465
Community Amenities	7,596,359	4,240,404
Recreation and Culture	9,475,923	499,475
Transport	6,465,950	8,178,060
Economic Services	7,881	9,375
Other Property and Services	<u>2,926,800</u>	<u>500,298</u>
	<u>29,408,454</u>	<u>18,120,427</u>

**CITY OF GOSNELLS**  
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<b>31. ELECTED MEMBERS REMUNERATION</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	361,521	420,000	86,332
Mayor's Allowance	85,000	145,000	60,082
Deputy Mayor's Allowance	21,250	60,000	9,012
State Council Allowance*	1,550	3,000	1,550
Travelling Expenses*	11,870	18,000	12,676
Telecommunications Allowance	24,256	18,000	16,898
	<u>505,447</u>	<u>664,000</u>	<u>186,550</u>

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

<b>32. EMPLOYEE NUMBERS</b>	<b>2014</b>	<b>2013</b>
The number of full-time equivalent employees at balance date	<u>446</u>	<u>434</u>

**33. MAJOR LAND TRANSACTIONS**

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

(a) Details

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

<b>(b) Current year transactions</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
<b>Operating Revenue</b>			
- Profit on sale	0	0	241,245
<b>Capital Revenue</b>			
- Sale Proceeds	0	0	746,776
<b>Capital Expenditure</b>			
- Development Costs	0	(5,901)	0
<b>Operating Expenditure</b>			
- Sales Incentives	0	(213,000)	0

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

There are no liabilities in relation to this land transaction as at 30 June 2014.

**CITY OF GOSNELLS**  
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**33. MAJOR LAND TRANSACTIONS (Continued)**

(c) Expected Future Cash Flows

	2015 \$	2016 \$	2017 \$	2018 \$	Total \$
<b>Cash Outflows</b>					
- Development Costs	0	0	0	0	0
- Loan Repayments	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash Inflows</b>					
- Loan Proceeds	0	0	0	0	0
- Sale Proceeds	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Cash Flows</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

(a) Details

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

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

	2014 \$	2014 Budget \$	2013 \$
(b) Current year transactions			
<b>Operating Revenue</b>			
- Profit on sale	0	5,617,000	0
<b>Capital Revenue</b>			
- Sale Proceeds	0	9,797,000	0
<b>Operating Expense</b>			
- Interest Expense	0	0	(193,706)
<b>Capital Expenditure</b>			
- Development Costs	(3,556,836)	(4,627,887)	(189,771)
- Interest Capitalised	(162,089)	(200,000)	0

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

There is a loan liability in relation to this land transaction as at 30 June 2014 (refer to Note 23(a) in this financial report).

**CITY OF GOSNELLS**  
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**33. MAJOR LAND TRANSACTIONS (Continued)**

(c) Expected Future Cash Flows

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cash Outflows</b>					
- Development Costs	(2,723,402)	0	0	0	<b>(2,723,402)</b>
- Capital Interest Expense	(200,000)	0	0	0	<b>(200,000)</b>
- Loan Repayments	(5,300,000)	0	0	0	<b>(5,300,000)</b>
	<b>(8,223,402)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(8,223,402)</b>
<b>Cash Inflows</b>					
- Loan Proceeds	0	0	0	0	<b>0</b>
- Sale Proceeds	9,627,000	0	0	0	<b>9,627,000</b>
	<b>9,627,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,627,000</b>
<b>Net Cash Flows</b>	<b>1,403,598</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,403,598</b>

**34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2013/14 financial year.

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**35. FINANCIAL RISK MANAGEMENT**

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

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

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

The Council held the following financial instruments at balance date:

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>				
Cash and cash equivalents	94,103,293	90,593,111	94,103,293	90,593,111
Receivables	6,617,483	4,457,781	6,617,483	4,457,781
Financial Assets at fair value through profit of loss	4,035,650	3,775,294	4,035,650	3,775,294
	<u>104,756,426</u>	<u>98,826,186</u>	<u>104,756,426</u>	<u>98,826,186</u>
<b>Financial Liabilities</b>				
Payables	9,300,060	10,388,001	9,300,060	10,388,001
Borrowings	5,300,000	7,286,072	5,004,721	7,051,636
	<u>14,600,060</u>	<u>17,674,073</u>	<u>14,304,781</u>	<u>17,439,637</u>

Fair value is determined as follows:

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

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

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

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

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

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Impact of a 10% (*) movement in interest rates on cash and investments:		
- Equity	400,126	373,254
- Statement of Comprehensive Income	400,126	373,254

**Notes:**

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

Recent market volatility has seen large market movements for certain types of investments.

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

- Equity	1,141,886	1,083,173
- Statement of Comprehensive Income	1,141,886	1,083,173



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**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Receivables**

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

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

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

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

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

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

	<b>2014</b>	<b>2013</b>
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	98.73%	96.62%
- Overdue	1.27%	3.38%

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables**  
**Borrowings**

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

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

	<u>2014</u>				
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	9,300,060	0	0	9,300,060	9,300,060
Borrowings	2,202,006	5,457,410	0	7,659,416	5,300,000
	<u>11,502,066</u>	<u>5,457,410</u>	<u>0</u>	<u>16,959,476</u>	<u>14,600,060</u>
	<u>2013</u>				
Payables	10,388,001	0	0	10,388,001	10,388,001
Borrowings	6,162,523	1,398,303	0	7,560,826	7,286,072
	<u>16,550,524</u>	<u>1,398,303</u>	<u>0</u>	<u>17,948,827</u>	<u>17,674,073</u>

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables**  
**Borrowings (Continued)**

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

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

						Weighted Average Effective Interest Rate %	
	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$
<b>Year Ended 30 June 2014</b>							
Payables							
Borrowings							
<b>Fixed Rate</b>							
Debentures	5,300,000	0	0	0	0	0	5,300,000
Weighted Average Effective Interest Rate	2.87%	0.00%	0.00%	0.00%	0.00%	0.00%	2.87%
<b>Year Ended 30 June 2013</b>							
Payables							
Borrowings							
<b>Fixed Rate</b>							
Debentures	5,927,993	1,358,079	0	0	0	0	7,286,072
Weighted Average Effective Interest Rate	3.19%	2.87%	0.00%	0.00%	0.00%	0.00%	3.13%

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**36. FAIR VALUE MEASUREMENTS**

The City measures the following non current assets on a recurring basis:

- Land and Buildings
- Parks Development
- Furniture and Equipment
- Plant and Equipment
- Other Infrastructure
- 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**

<b>30-Jun-14</b>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Land		40,480,400	100,695,500	141,175,900
Buildings			91,664,000	91,664,000
Furniture and Equipment			2,019,240	2,019,240
Parks Development			21,007,400	21,007,400
Plant and Equipment		2,980,127		2,980,127
Other Infrastructure			2,311,723	2,311,723
Intangibles			64,262	64,262
	<u>0</u>	<u>43,460,527</u>	<u>217,762,125</u>	<u>261,222,652</u>

  

<b>30-Jun-13</b>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Plant and Equipment		10,306,775		10,306,775
Other Infrastructure			5,692,046	5,692,046
Intangibles			1,010,001	1,010,001
	<u>0</u>	<u>10,306,775</u>	<u>6,702,047</u>	<u>17,008,822</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.

**CITY OF GOSNELLS**  
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**36. 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.

<b>Asset Class</b>	<b>Level of Valuation Input</b>	<b>Fair Value at 30 June 2014</b>	<b>Valuation Technique(s)</b>	<b>Inputs Used</b>
Land	2	40,480,400	Market Approach	Price per square metre
	3	100,695,500	Cost Approach	Price per square metre
Buildings	3	91,664,000	Cost Approach	Estimates of residual value, 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	3	2,019,240	Cost Approach	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount
Parks Development	3	21,007,400	Cost Approach	Estimates of residual value, 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	2	2,980,127	Market Approach	Make, size, year of manufacture and condition.
Other Infrastructure	3	2,311,723	Cost Approach	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount
Intangibles	3	64,262	Cost Approach	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount
<b>Total</b>		<b>261,222,652</b>		

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**36. 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.

**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**

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 valued by a professionally qualified registered valuer using the cost approach. This approach is commonly referred to as the depreciated replacement cost (DRC).

The "DRC" 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 improvements assets were classified as having been valued using Level 3 valuation inputs.

**Furniture and Equipment**

The City's furniture and equipment were valued by a professionally qualified registered valuer, using 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. Market research has been carried out into costs for the same or similar assets from manufacturers, agents and or suppliers. Where information is not available to source the replacement cost of an asset due to the specialised nature or the asset being purpose built, the replacement cost of the asset has been established by applying quantity surveying techniques in breaking down the components of the asset. Construction rates (sourced from various cost guides such as Rawlinson's, Cordell's, Quantity Surveyors, material suppliers, construction companies etc) have been used as the basis for replacing assets.

**Parks Development**

The City's parks development assets, were valued by a professionally qualified registered valuer, using 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. Market research has been carried out into costs for the same or similar assets from manufacturers, agents and or suppliers. Where information is not available to source the replacement cost of an asset due to the specialised nature or the asset being purpose built, the replacement cost of the asset has been established by applying quantity surveying techniques in breaking down the components of the asset. Construction rates (sourced from various cost guides such as Rawlinson's, Cordell's, Quantity Surveyors, material suppliers, construction companies etc) have been used as the basis for replacing assets.

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**36. 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 2013 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A. Whilst the additions since 1 July 2013 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. Plant and equipment will be revalued during the year ended 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1(g).

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 of the fair value hierarchy. The most significant inputs into this valuation approach are the make, size, year of manufacture and condition.

**Other Infrastructure**

Other infrastructure assets were revalued in 2013 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A. Whilst the additions since 1 July 2013 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. Other infrastructure will be revalued during the year ended 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1(g).

**Intangibles**

Intangible asset were revalued in 2013 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A. Whilst the additions since 1 July 2013 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. Intangibles will be revalued during the year ended 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1(g).

**Roads and Footpaths**

Roads and footpaths were revalued in 2011. The additions since 1 July 2011 have been brought in the books at cost and 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. Roads and footpaths will be revalued during the year ending 30 June 2015 in accordance with the mandatory asset measurement framework detailed at Note 1(g).

**CITY OF GOSNELLS**  
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**36. FAIR VALUE MEASUREMENTS (Continued)**

**(d) Quantitative Information about significant unobservable inputs and relationship to fair value**

The following table summarises the quantitative information about the key significant unobservable inputs (level 3 fair value hierarchy), the ranges of those inputs and the relationships of unobservable inputs to the fair value measurements.

Description and Fair Value as at 30 June 2014	Valuation Technique(s)	Unobservable Inputs	Range of Inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Land (\$100,695,500)	Cost Approach	Price per square metre	+/- 10%	A change of 10% would result in a change in fair value by \$10,069,550
Buildings and Improvements (\$91,664,000)	Depreciated Replacement Cost	Cost to reproduce or replace asset in new condition, less an amount for depreciation	+/- 10%	A change of 10% would result in a change in fair value by \$9,116,400
Parks Development (\$21,007,400)	Depreciated Replacement Cost	Cost to reproduce or replace asset in new condition, less an amount for depreciation	+/- 10%	A change of 10% would result in a change in fair value by \$2,100,740
Furniture and Equipment (\$2,019,240)	Cost Approach	Price per square metre	+/- 10%	A change of 10% would result in a change in fair value by \$201,924
Other Infrastructure (\$2,311,723)	Depreciated Replacement Cost	Cost to reproduce or replace asset in new condition, less an amount for depreciation	+/- 10%	A change of 10% would result in a change in fair value by \$231,172
Intangibles (\$64,262)	Depreciated Replacement Cost	Cost to reproduce or replace asset in new condition, less an amount for depreciation	+/- 10%	A change of 10% would result in a change in fair value by \$6,426

**(e) Valuation Processes**

The City engaged an external, independent and qualified valuer to determine the fair value of the City's non current assets (Griffin Valuation Advisory). The City and the valuer had regular discussions regarding the valuation methodology, assumptions, completeness of asset data and asset information. The relevance of valuation methodology was 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.



**CITY OF GOSNELLS**  
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**36. FAIR VALUE MEASUREMENTS (Continued)**

**(e) Valuation Processes (Continued)**

As at 30 June 2014 a comprehensive revaluation was undertaken by Griffin Valuation Advisory for the following non current asset classes:

- Land and Buildings
- Parks Development
- Furniture and Equipment

The main Level 3 inputs used are derived and evaluated as follows:

**Cost for land restricted in use (non saleable)**

This is the cost estimate to replace the existing land if the City had to acquire is on the open market in competition with other market participants. Because of the restricted nature and unique characteristics of this land, there was insufficient market evidence of directly comparable sales. Professional judgement was used by the valuer who investigated land value within a wider 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. This provided only a low level of comparability.

**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 residual value, 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 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.

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

We have audited the financial report of the City of Gosnells, which comprises the Statement of Financial Position as at 30 June 2014 and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity and Statement of Cash Flows and Rate Setting Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information and the Statement by Chief Executive Officer.

**Management's Responsibility for the Financial Report**

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

**Auditor's Responsibility**

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

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

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

**Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional accounting bodies.

## **INDEPENDENT AUDITOR'S REPORT (Cont'd)**

### **Auditor's Opinion**

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

- (a) gives a true and fair view of the financial position of the City of Gosnells as at 30 June 2014 and of its financial performance for the year ended on that date; and
- (b) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards.

### **Report on Other Legal and Regulatory Requirements**

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

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

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

This auditor's report relates to the financial report of City of Gosnells for the year ended 30 June 2014 included on the City of Gosnells' website. Management is responsible for the integrity of the City of Gosnells' website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



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CERTIFIED PRACTISING ACCOUNTANTS  
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BURSWOOD WA 6100

PERTH  
DATED THIS 4<sup>th</sup> DAY OF NOVEMBER 2014.



A MACRI  
PARTNER