

CITY OF GOSNELLS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

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Principal place of business:
2120 Albany Hwy
GOSNELLS WA 6110

**CITY OF GOSNELLS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City being the annual financial report and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the City at 30th June 2015 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 of issue on the

28th

day of

October

2015



Ian Cowie
Chief Executive Officer

CITY OF GOSNELLS
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
Rates	24	57,550,292	57,166,058	54,875,700
Operating grants, subsidies and contributions	30	8,660,526	6,325,511	4,296,208
Fees and charges	29	21,705,105	19,527,683	19,334,821
Interest earnings	2(a)	4,971,675	3,727,000	5,222,657
Other revenue	2(a)	742,819	106,000	389,279
		<u>93,630,417</u>	<u>86,852,252</u>	<u>84,118,665</u>
Expenses				
Employee costs		(37,504,888)	(37,185,391)	(34,304,507)
Materials and contracts		(22,130,315)	(27,134,482)	(21,472,499)
Utility charges		(4,441,175)	(4,791,373)	(4,810,671)
Amortisation	2(a)	(261,637)	0	(250,051)
Depreciation on non-current assets	2(a)	(15,262,997)	(15,389,875)	(15,324,698)
Interest expenses	2(a)	0	(95,000)	(57,169)
Insurance expenses		(1,844,676)	(2,012,374)	(1,791,937)
Other expenditure		(2,577,400)	(1,132,514)	(2,773,669)
		<u>(84,023,088)</u>	<u>(87,741,009)</u>	<u>(80,785,201)</u>
		9,607,329	(888,757)	3,333,464
Non-operating grants, subsidies and contributions	30	16,422,222	18,200,340	25,112,246
Fair value adjustments to financial assets at fair value through profit or loss	4	33,091	0	260,356
Revaluation of Non Current Assets				
Furniture and Equipment		0	0	(165,723)
Parks Development		0	0	(11,459,370)
Profit on asset disposals	22	1,474,159	7,357,228	211,565
Loss on asset disposals	22	(1,353,460)	(416,436)	(3,994,058)
Net result		26,183,341	24,252,375	13,298,480
Other comprehensive income				
Changes on revaluation of non-current assets	14	396,060,109	0	42,600,536
Total other comprehensive income		396,060,109	0	42,600,536
Total comprehensive income		<u>422,243,450</u>	<u>24,252,375</u>	<u>55,899,016</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 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue	2(a)			
Governance		7,247	0	7,990
General purpose funding		70,181,725	65,584,034	63,171,660
Law, order, public safety		996,403	646,185	764,409
Health		365,960	239,891	297,134
Education and welfare		785,607	745,011	776,890
Community amenities		13,871,328	13,975,847	12,779,975
Recreation and culture		3,278,775	3,196,837	3,307,637
Transport		460,939	245,000	236,305
Economic services		2,747,198	1,622,211	1,827,243
Other property and services		935,235	597,237	949,423
		<u>93,630,417</u>	<u>86,852,253</u>	<u>84,118,666</u>
Expenses	2(a)			
Governance		(5,171,585)	(4,993,055)	(4,590,922)
General purpose funding		(1,281,692)	(1,373,673)	(1,594,497)
Law, order, public safety		(3,518,338)	(3,317,354)	(3,066,511)
Health		(1,312,043)	(1,335,988)	(1,319,541)
Education and welfare		(3,855,602)	(3,946,465)	(3,463,364)
Community amenities		(17,354,063)	(19,091,381)	(17,082,929)
Recreation and culture		(29,383,576)	(30,113,021)	(27,153,061)
Transport		(18,084,028)	(18,930,367)	(18,439,108)
Economic services		(2,798,832)	(2,845,313)	(2,783,203)
Other property and services		(1,120,229)	(1,699,393)	(1,072,809)
		<u>(83,879,988)</u>	<u>(87,646,010)</u>	<u>(80,565,945)</u>
Finance costs	2(a)			
Law, order, public safety		0	(75,000)	0
Economic services		0	0	(10,245)
Other property and services		(143,100)	(20,000)	(209,013)
		<u>(143,100)</u>	<u>(95,000)</u>	<u>(219,258)</u>
Revaluation of Non Current Assets				
Furniture and Equipment		0	0	(165,723)
Parks Development		0	0	(11,459,370)
		<u>0</u>	<u>0</u>	<u>(11,625,093)</u>
Fair value adjustments to financial assets at fair value through profit or loss				
General purpose funding	4	33,091	0	260,356
		<u>33,091</u>	<u>0</u>	<u>260,356</u>
Non-operating grants, subsidies and contributions				
Law, order, public safety		0	1,350,000	17,990
Community amenities		7,418,669	3,900,000	7,174,654
Recreation and culture		2,289,671	7,281,943	9,076,139
Transport		6,639,227	5,668,397	6,349,631
Other property and services		74,655	0	2,493,833
	30	<u>16,422,222</u>	<u>18,200,340</u>	<u>25,112,247</u>
Profit/(Loss) on disposal of assets				
Governance		0	0	(518)
Law, order, public safety		0	0	(9,000)
Education and welfare		0	0	(4,565)
Community amenities		0	0	(1,239,903)
Recreation and culture		(1,454)	0	(1,178,783)
Transport		14,805	(416,436)	177,229
Other property and services		107,348	7,357,228	(1,526,953)
	22	<u>120,699</u>	<u>6,940,792</u>	<u>(3,782,493)</u>
Net result		<u>26,183,341</u>	<u>24,252,375</u>	<u>13,298,480</u>
Other comprehensive income				
Changes on revaluation of non-current assets	14	396,060,109	0	42,600,536
Total other comprehensive income		<u>396,060,109</u>	<u>0</u>	<u>42,600,536</u>
Total comprehensive income		<u>422,243,450</u>	<u>24,252,375</u>	<u>55,899,016</u>

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

**CITY OF GOSNELLS
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

	NOTE	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	3	101,009,553	94,103,293
Trade and other receivables	5	4,456,978	5,619,835
Inventories	6	11,993,542	9,018,286
Investments	4	2,038,759	0
TOTAL CURRENT ASSETS		<u>119,498,832</u>	<u>108,741,414</u>
NON-CURRENT ASSETS			
Investments	4	2,029,982	4,035,650
Other receivables	5	1,275,553	997,648
Property, plant and equipment	7	256,222,582	247,243,159
Infrastructure	8	994,298,119	572,245,056
Intangible Assets	9	748,735	824,212
TOTAL NON-CURRENT ASSETS		<u>1,254,574,971</u>	<u>825,345,725</u>
TOTAL ASSETS		<u>1,374,073,803</u>	<u>934,087,139</u>
CURRENT LIABILITIES			
Trade and other payables	10	11,026,363	9,300,060
Current portion of long term borrowings	11	0	5,300,000
Provisions	12	7,900,859	7,176,764
TOTAL CURRENT LIABILITIES		<u>18,927,222</u>	<u>21,776,824</u>
NON-CURRENT LIABILITIES			
Provisions	12	626,546	762,007
TOTAL NON-CURRENT LIABILITIES		<u>626,546</u>	<u>762,007</u>
TOTAL LIABILITIES		<u>19,553,768</u>	<u>22,538,831</u>
NET ASSETS		<u>1,354,520,035</u>	<u>911,548,308</u>
EQUITY			
Retained surplus		373,059,202	337,572,396
Reserves - cash backed	13	74,275,498	62,850,686
Revaluation surplus	14	907,185,335	511,125,226
TOTAL EQUITY		<u>1,354,520,035</u>	<u>911,548,308</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 2015**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2013		335,179,033	51,945,569	468,524,690	855,649,292
Comprehensive income					
Net result		13,298,480	0	0	13,298,480
Changes on revaluation of non-current assets	14	0	0	42,600,536	42,600,536
Total comprehensive income		13,298,480	0	42,600,536	55,899,016
Transfers to/(from) reserves	13	(10,905,117)	10,905,117	0	0
Balance as at 30 June 2014		337,572,396	62,850,686	511,125,226	911,548,308
Prior period adjustment					
Contributed / Gifted Assets	8(b)	20,728,277			20,728,277
Total prior period adjustments		20,728,277	0	0	20,728,277
Comprehensive income					
Net result		26,183,341	0	0	26,183,341
Changes on revaluation of non-current assets	14	0	0	396,060,109	396,060,109
Total comprehensive income		26,183,341	0	396,060,109	422,243,450
Transfers to/(from) reserves	13	(11,424,812)	11,424,812	0	0
Balance as at 30 June 2015		373,059,202	74,275,498	907,185,335	1,354,520,035

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 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		56,779,631	57,366,058	54,800,177
Operating grants, subsidies and contributions		10,446,376	6,525,511	3,507,665
Fees and charges		21,610,752	19,527,683	17,808,632
Interest earnings		4,971,675	4,427,000	5,222,657
Goods and services tax		5,664,094	4,619,797	5,166,424
Other revenue		742,819	106,000	389,279
		<u>100,215,347</u>	<u>92,572,049</u>	<u>86,894,834</u>
Payments				
Employee costs		(36,618,577)	(36,021,532)	(33,579,447)
Materials and contracts		(20,657,599)	(26,355,272)	(22,639,014)
Utility charges		(4,441,175)	(4,791,373)	(4,810,671)
Interest expenses		0	(96,255)	(57,169)
Insurance expenses		(1,844,676)	(2,012,374)	(1,791,937)
Goods and services tax		(5,749,735)	(4,535,049)	(4,935,871)
Other expenditure		(2,577,400)	(1,132,514)	(2,773,669)
		<u>(71,889,162)</u>	<u>(74,944,369)</u>	<u>(70,587,778)</u>
Net cash provided by (used in) operating activities	15(b)	<u>28,326,185</u>	<u>17,627,680</u>	<u>16,307,056</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of Land held for resale		(3,679,478)	(5,167,888)	(3,881,859)
Payments for purchase of property, plant & equipment		(16,746,653)	(35,111,546)	(11,858,445)
Payments for construction of infrastructure		(15,485,467)	(23,901,296)	(22,479,761)
Non-operating grants, Subsidies and contributions		16,422,222	18,200,340	25,112,246
Proceeds from sale of assets		3,369,451	13,545,697	2,297,017
Net cash provided by (used in) investment activities		<u>(16,119,925)</u>	<u>(32,434,693)</u>	<u>(10,810,802)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of loan facilities		(5,300,000)	(6,250,000)	(1,986,072)
Proceeds from loan facilities		0	7,371,412	0
Net cash provided by (used in) financing activities		<u>(5,300,000)</u>	<u>1,121,412</u>	<u>(1,986,072)</u>
Net increase (decrease) in cash held		6,906,260	(13,685,601)	3,510,182
Cash at beginning of year		94,103,293	97,668,622	90,593,111
Cash and cash equivalents at the end of the year	15(a)	<u><u>101,009,553</u></u>	<u><u>83,983,021</u></u>	<u><u>94,103,293</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 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
Governance		7,247	0	7,990
General purpose funding		12,631,433	8,417,976	8,556,316
Law, order, public safety		996,403	646,185	764,409
Health		365,960	239,891	297,134
Education and welfare		785,607	745,011	776,890
Community amenities		13,871,328	13,975,847	12,779,975
Recreation and culture		3,278,775	3,196,837	3,307,637
Transport		591,372	316,933	483,809
Economic services		2,747,198	1,622,211	1,827,243
Other property and services		2,278,962	7,954,465	1,015,880
		<u>37,554,285</u>	<u>37,115,356</u>	<u>29,817,283</u>
Expenses				
Governance		(5,171,585)	(4,993,055)	(4,591,441)
General purpose funding		(1,281,692)	(1,373,673)	(1,594,497)
Law, order, public safety		(3,518,338)	(3,392,354)	(3,075,511)
Health		(1,312,043)	(1,335,988)	(1,319,541)
Education and welfare		(3,855,602)	(3,946,465)	(3,467,928)
Community amenities		(17,354,063)	(19,091,381)	(18,322,831)
Recreation and culture		(29,385,030)	(30,113,021)	(28,331,844)
Transport		(18,199,656)	(19,418,736)	(18,509,383)
Economic services		(2,798,832)	(2,845,313)	(2,793,448)
Other property and services		(2,499,707)	(1,719,393)	(2,875,233)
		<u>(85,376,548)</u>	<u>(88,229,379)</u>	<u>(84,881,657)</u>
Net result excluding rates		(47,822,263)	(51,114,023)	(55,064,374)
Adjustments for cash budget requirements:				
Non-cash expenditure and revenue				
(Profit)/Loss on asset disposals	22	(120,699)	(6,940,792)	3,782,493
Fair Value Adjustment to Financial Assets	4	33,091	0	(260,356)
Movement in Non Current Assets		1,727,763	0	1,763
Movement in Non Current Liabilities		(135,461)	0	54,938
Depreciation and amortisation on assets	2(a)	15,673,646	15,493,630	15,714,302
Capital Expenditure and Revenue				
Purchase land held for resale	6	(3,679,479)	(5,167,888)	(3,881,859)
Purchase of Intangible Assets	9(b)	(186,160)	(318,528)	(62,668)
Purchase of Property, Plant and Equipment	7(b)	(16,560,493)	(35,111,546)	(11,795,777)
Purchase of Infrastructure Assets	8(b)	(15,634,479)	(23,582,768)	(22,619,314)
Grants/Contributions for construction of assets	30	16,422,222	18,200,340	25,112,246
Proceeds from disposal of assets	22	3,369,451	13,545,697	2,297,017
Repayment of loan facilities	23(a)	(5,300,000)	(6,250,000)	(1,986,072)
Proceeds from new loan facilities	23(b)	0	7,371,412	0
Transfers to reserves (restricted assets)	13	(16,090,551)	(8,706,659)	(16,301,347)
Transfers from reserves (restricted assets)	13	4,665,739	6,393,407	5,396,230
ADD Estimated surplus/(deficit) July 1 b/fwd	24(b)	20,720,648	19,821,660	25,457,726
LESS Estimated surplus/(deficit) June 30 c/fwd	24(b)	14,633,267	800,000	20,720,648
Total amount raised from general rate	24(a)	<u>(57,550,292)</u>	<u>(57,166,058)</u>	<u>(54,875,700)</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 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report comprises general purpose financial statements which have been prepared in accordance with 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. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

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

Critical accounting estimates

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

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

The local government reporting entity

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

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

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

(b) Goods and Services Tax (GST)

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

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

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

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

(c) Cash and Cash Equivalents

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

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land held for sale

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

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

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

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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 -
 - (I) land and buildings; or-
 - (II) 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.

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

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

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

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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 AASB 1051 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 City.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

Bridges	60 to 100	years
Buildings	15 to 75	years
Drains	90 to 100	years
Footpaths	40 to 75	years
Furniture and Equipment	2 to 60	years
Intangible Assets	2 to 20	years
Other Infrastructure	10 to 75	years
Bus Shelters	40	years
Street Lights	25 to 50	years
Park Development	5 to 40	years
Plant and Equipment	5 to 10	years
Sealed Roads and Streets		
- Formation	Not Depreciated	
Pavement		
- Access Roads	Not Depreciated	
- Distributor Roads	65 to 85	years
Seal		
- Bituminous Seal	18 to 20	years
- Asphalt Surfaces	18 to 30	years
Kerbs	60	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 in the period in which they arise.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Capitalisation threshold

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

Land	Nil
Buildings	2,000
Furniture and Equipment	2,000
Infrastructure Asset	5,000
Intangible Asset	2,000
Park Development	2,000
Plant and Equipment	2,000

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

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

(h) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(l) Borrowing Costs

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

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

An associate is an entity over which the City has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. 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 City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the City'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 City and the associate are eliminated to the extent of the City's interest in the associate.

When the City's share of losses in an associate equals or exceeds its interest in the associate, the City discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the City will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(p) Interests in Joint Arrangements

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(o) 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 City'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.

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

**CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

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

(v) 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 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the City, it is not anticipated the Standard will have any material effect.
(ii) AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	September 2012	1 January 2018	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 City (refer (i) above).
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the City has with those third parties it has dealings with. It may or may not be significant.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv)	AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer title column	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 relate either to editorial or reference changes it is not expected to have a significant impact on the City.
(v)	AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the City's financial statements.
(vi)	AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. Given the City currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii)	AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.
(viii)	AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column. It is not anticipated it will have any significant impact on disclosures.
(ix)	AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn. It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(x)	AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the City as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

(x) Adoption of New and Revised Accounting Standards

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

These new and revised Standards were:

AASB 2011-7
AASB 2012-3
AASB 2013-3
AASB 2013-8
AASB 2013-9 Parts A & B

Most of the Standards adopted had a minimal effect on the accounting and reporting practices of the City 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 2015

2. REVENUE AND EXPENSES	2015	2014
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Other Expenditure		
Elected Members Remuneration	497,611	505,447
Election Expenditure	0	180,103
Community Sponsorship & Donations	417,661	334,743
Rate Waivers	20,830	32,891
Refund of Fees & Charges	41,605	50,215
Land donated to crown & Land acquisition costs	1,447,245	1,580,013
ESL Council Properties	48,927	52,993
Other	103,521	37,264
	<u>2,577,400</u>	<u>2,773,669</u>
Auditors remuneration		
- Audit of the annual financial report		
Macri Partners	19,165	31,000
Grant Thornton	6,500	0
Bank Confirmation and Legal Representation Letters	663	854
- Audit of grant acquittals		
Macri Partners	3,122	2,766
Amortisation		
Intangible Assets	261,637	250,051
Total Amortisation	<u>261,637</u>	<u>250,051</u>
Depreciation		
Buildings	2,417,583	1,909,377
Furniture and Equipment	393,516	397,072
Plant and Equipment	2,082,096	1,877,635
Roads, Footpaths and Kerbs	6,374,820	6,627,066
Bridges	269,712	233,067
Drainage	1,001,498	980,738
Park Development	2,188,552	2,454,780
Other Infrastructure	535,220	844,963
	<u>15,262,997</u>	<u>15,324,698</u>
Depreciation Capitalised		
Plant and Equipment	149,012	139,553
	<u>149,012</u>	<u>139,553</u>
Total Depreciation	<u>15,412,009</u>	<u>15,464,251</u>
Interest expenses (finance costs)		
- Operating interest loan facilities	0	57,169
- Capital interest loan facilities	143,100	162,089
	<u>143,100</u>	<u>219,258</u>
Rental charges		
- Operating leases	60,430	68,336
	<u>60,430</u>	<u>68,336</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

2. REVENUE AND EXPENSES (Continued)	2015	2014
	\$	\$
(ii) Crediting as revenue:		
Other revenue		
Advertising Rebate	14,360	15,608
Discount Received	108,593	100,829
ATO Reimbursements	131,199	0
Insurance refund	378,298	182,599
Other	110,369	90,243
	<u>742,819</u>	<u>389,279</u>
	2015	2015
	Actual	Budget
	\$	\$
Interest earnings		
- Reserve funds	2,763,623	1,442,000
- Other funds	1,551,017	1,722,000
Other interest revenue (refer note 28)	657,035	563,000
	<u>4,971,675</u>	<u>3,727,000</u>
		2014
		Actual
		\$
		<u>5,222,657</u>

(b) Statement of Objective

Our Vision for 2021 - as outlined in the City's 10 Year Community Plan

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

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

GOVERNANCE

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to finance Council activities.

Activities:

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

**CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to ensure a safer community.

Activities:

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

HEALTH

Objective:

To provide an operational framework for good community health.

Activities:

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

EDUCATION AND WELFARE

Objective:

To assist in meeting the education needs of the community.

Activities:

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

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

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

Activities:

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

**CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

TRANSPORT

Objective:

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

Activities:

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

ECONOMIC SERVICES

Objective:

To promote the City and improve its economic base.

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

To provide services required by the community.

Activities:

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance ⁽¹⁾ 30/06/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance 30/06/15 \$
<u>Non - Operating</u>							
Bridge Construction							
Burslem Dr Bridge Phase 1	1,121,589	0	(1,042,811)	78,778	0	(78,778)	0
	1,121,589	0	(1,042,811)	78,778	0	(78,778)	0
Bridge Rehabilitation							
Station Street Bridge	0	0	0	0	150,000	0	150,000
	0	0	0	0	150,000	0	150,000
Drainage Construction							
Drain Modification - Boardwalk Estate	0	80,000	0	80,000	0	(38,344)	41,656
	0	80,000	0	80,000	0	(38,344)	41,656
Information technology							
Graffiti - Proclaim Upgrade	0	17,990	0	17,990	0	(13,090)	4,900
	0	17,990	0	17,990	0	(13,090)	4,900
National Black Spot							
Canning Mills Rd - Road Rehabilitation	0	0	0	0	520,000	(214,641)	305,359
Forest Lakes Dr Upgrade Street Lighting	0	0	0	0	280,000	(13,559)	266,441
Nicholson Rd/Spencer Rd - extend left turn lane	0	0	0	0	100,000	(53,064)	46,936
	0	0	0	0	900,000	(281,264)	618,736
Park Development Construction							
Walking and Cycle Path Link	32,000	0	0	32,000	0	0	32,000
Pioneer Park Rotunda	0	20,000	0	20,000	0	0	20,000
	32,000	20,000	0	52,000	0	0	52,000
Road Improvements							
Southern River Rd Duplication - Ranford to Holmes	0	1,760,000	(62)	1,759,938	2,496,992	(3,537,928)	719,002
	0	1,760,000	(62)	1,759,938	2,496,992	(3,537,928)	719,002

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance ⁽¹⁾ 30/06/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance 30/06/15 \$
<u>Non - Operating (Continued)</u>							
Road Rehabilitation							
River Ave - Albany Hwy to Attfield St	0	46,834	(46,193)	641	0	(641)	0
Olga Rd Left Lane - Attfield St to Phillip St	0	61,484	0	61,484	92,226	(153,710)	0
Austin Ave - Carol Rd to Church Rd	0	8,990	0	8,990	13,485	(22,475)	0
Nicholson Rd - Railway Pde to Yale Rd	0	0	0	0	75,480	0	75,480
	0	117,308	(46,193)	71,115	181,191	(176,826)	75,480
State Black Spot							
Stage 1 - Spencer/Yale - light/slip lane	0	0	0	0	186,667	(125,151)	61,516
Brixton / Wanaping pre-deflection	0	0	0	0	26,667	0	26,667
Clapham St Shared Footpath, line mark	0	0	0	0	15,333	0	15,333
Huntingdale Rd (Forest Lakes-Warton)	0	0	0	0	114,666	0	114,666
Nicholson - Langford Intersection	0	0	0	0	118,667	0	118,667
Burslem Drive & Attfield Roundabout install pre-deflections	0	0	0	0	53,334	(51,093)	2,241
Eudoria St and Verna St Roundabout install pre-deflections	0	0	0	0	80,000	(23,078)	56,922
	0	0	0	0	595,334	(199,322)	396,012
Total Non - Operating	1,153,589	1,995,298	(1,089,066)	2,059,821	4,323,517	(4,325,552)	2,057,786

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance ⁽¹⁾ 30/06/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance 30/06/15 \$
<u>Operating</u>							
Technical Services							
Roadwise Program	0	0	0	0	7,400	0	7,400
	0	0	0	0	7,400	0	7,400
Community Engagement							
Community Garden Initiative	0	20,000	0	20,000	6,208	(26,208)	0
Industrial Area Graffiti Audits	0	0	0	0	20,000	0	20,000
Meals on Wheels	31,065	51,845	(47,206)	35,704	54,549	(49,540)	40,713
Film Box	0	10,000	0	10,000	10,000	(10,000)	10,000
Propel Art Music	0	2,950	0	2,950	0	(2,950)	0
Kidsport Sponsorship	55,850	167,500	(163,108)	60,242	0	(25,643)	34,599
Kidsport 2014	0	77,500	(26,302)	51,198	105,000	(156,198)	0
Switched on Homes	0	201,623	(134,903)	66,720	198,000	(264,720)	0
MKSEA Planning	0	0	0	0	21,450	0	21,450
Inclusive Recreation	22,721	94,614	(115,753)	1,582	137,025	(98,607)	40,000
	109,636	626,032	(487,272)	248,396	552,232	(633,866)	166,762
Reform Planning							
Chief Executive Officer	0	50,000	(16,853)	33,147	0	(33,147)	0
	0	50,000	(16,853)	33,147	0	(33,147)	0
State Emergency Service							
State Emergency Service	5,253	41,964	(40,262)	6,955	42,483	(39,490)	9,948
Bush Fire Brigade	0	0	0	0	146,584	(117,114)	29,470
	5,253	41,964	(40,262)	6,955	189,067	(156,604)	39,418
Total Operating	114,889	717,996	(544,387)	288,498	748,699	(823,617)	213,580
Total	1,268,478	2,713,294	(1,633,453)	2,348,319	5,072,216	(5,149,169)	2,271,366

Notes:

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

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

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	Note	2015 \$	2014 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		24,462,689	27,952,573
Restricted		<u>76,546,864</u>	<u>66,150,720</u>
		<u><u>101,009,553</u></u>	<u><u>94,103,293</u></u>
Cash Balances			
Cash on Hand		9,495	9,345
Cash in Bank		5,000,058	12,093,948
Term Deposits		<u>96,000,000</u>	<u>82,000,000</u>
		<u><u>101,009,553</u></u>	<u><u>94,103,293</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Restricted Cash			
Reserves - cash backed		74,275,498	62,850,686
Unspent grants	2(c)	2,271,366	2,348,319
Unspent loans	23(c)	<u>0</u>	<u>951,715</u>
		<u><u>76,546,864</u></u>	<u><u>66,150,720</u></u>
4. INVESTMENTS			
Financial assets at fair value through profit and loss		<u>4,068,741</u>	<u>4,035,650</u>
Financial assets at fair value through profit and loss			
At the beginning of the year		4,035,650	3,775,294
Revaluation to income statement		<u>33,091</u>	<u>260,356</u>
At the end of the year		<u><u>4,068,741</u></u>	<u><u>4,035,650</u></u>
Current			
Investments		<u>2,038,759</u>	<u>0</u>
		2,038,759	0
Non-current			
Investments		<u>2,029,982</u>	<u>4,035,650</u>
		2,029,982	4,035,650
5. TRADE AND OTHER RECEIVABLES			
Current			
Rates outstanding		1,667,877	916,506
Sundry debtors		261,231	2,248,855
GST receivable		469,844	384,203
Accrued Revenue		2,013,430	2,070,271
Prepayments		<u>44,596</u>	<u>0</u>
		<u><u>4,456,978</u></u>	<u><u>5,619,835</u></u>
Non-current			
Rates outstanding - pensioners		1,016,938	997,648
Sundry Debtor		<u>258,615</u>	<u>0</u>
		<u><u>1,275,553</u></u>	<u><u>997,648</u></u>
6. INVENTORIES			
Current			
Fuel and materials		330,697	325,030
Land held for resale - cost			
Cost of acquisition		4,180,000	3,384,106
Development costs		8,192,734	3,881,859
Disposals*		(1,484,701)	(1,812,709)
Reclassification of Land to Land Held for Resale		<u>774,812</u>	<u>3,240,000</u>
		<u><u>11,993,542</u></u>	<u><u>9,018,286</u></u>

* Refer to Note 35 - Events after Reporting Period

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
7 (a). PROPERTY, PLANT AND EQUIPMENT		
Land		
- Independent valuation 2014	139,337,088	141,175,900
- Additions after valuation - cost	<u>405,997</u>	<u>0</u>
	139,743,085	141,175,900
 Buildings at:		
- Independent valuation 2014	163,559,000	163,559,000
- Additions after valuation - cost	3,737,837	0
- Work in Progress	9,576,888	1,098,842
Less: accumulated depreciation	<u>(74,312,583)</u>	<u>(71,895,000)</u>
	102,561,142	92,762,842
 Total land and buildings	<u>242,304,227</u>	<u>233,938,742</u>
 Furniture and Equipment at:		
- Independent valuation 2014	10,035,040	10,035,040
- Additions after valuation - cost	709,689	0
Less accumulated depreciation	<u>(8,401,906)</u>	<u>(8,015,800)</u>
	2,342,823	2,019,240
 Plant and Equipment at:		
- Management valuation 2013	10,306,775	10,306,775
- Additions after valuation - cost	8,982,227	7,658,333
Less accumulated depreciation	<u>(7,728,934)</u>	<u>(6,695,395)</u>
	11,560,068	11,269,713
 Local Government House at:		
- At Cost	15,464	15,464
	<u>256,222,582</u>	<u>247,243,159</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) 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 at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Work in Progress \$	Carrying Amount at the End of Year \$
Land	141,175,900	405,997	(1,064,000)	0	0	0	(774,812)	0	139,743,085
Buildings	92,762,842	3,737,837	0	0	0	(2,417,583)	0	8,478,046	102,561,142
Total land and buildings	233,938,742	4,143,834	(1,064,000)	0	0	(2,417,583)	(774,812)	8,478,046	242,304,227
Furniture and Equipment	2,019,240	718,689	(1,590)	0	0	(393,516)	0	0	2,342,823
Plant and Equipment	11,269,713	3,219,924	(698,461)	0	0	(2,231,108)	0	0	11,560,068
Local Government House	15,464	0	0	0	0	0	0	0	15,464
Total property, plant and equipment	247,243,159	8,082,447	(1,764,051)	0	0	(5,042,207)	(774,812)	8,478,046	256,222,582

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
8 (a). INFRASTRUCTURE		
Roads, Footpaths and Kerbs		
- Management valuation 2012	0	604,683,598
- Management valuation 2015	749,168,370	0
- Additions after valuation - at cost	0	22,524,669
Less accumulated depreciation	<u>(153,703,313)</u>	<u>(132,925,833)</u>
	595,465,057	494,282,434
 Bridges		
- Cost	0	13,043,601
- Prior Period Recognition	20,728,277	0
- Management valuation 2015	77,576,949	0
Less accumulated depreciation	<u>(39,510,762)</u>	<u>(2,540,225)</u>
	58,794,464	10,503,376
 Drainage		
- Cost	0	50,098,127
- Management valuation 2015	418,366,815	0
Less accumulated depreciation	<u>(109,789,608)</u>	<u>(10,805,087)</u>
	308,577,207	39,293,040
 Park Development		
- Independant valuation 2014	41,181,000	41,181,000
- Additions after valuation - cost	1,106,651	0
Less accumulated depreciation	<u>(21,776,555)</u>	<u>(20,173,600)</u>
	20,511,096	21,007,400
 Other Infrastructure		
- Management valuation 2013	20,630,494	20,630,494
- Additions after valuation - cost	7,759,313	2,311,723
Less accumulated depreciation	<u>(17,439,512)</u>	<u>(15,783,411)</u>
	10,950,295	7,158,806
	<u><u>994,298,119</u></u>	<u><u>572,245,056</u></u>

Roads, Footpaths and Kerbs

The City's Roads, Footpaths and Kerbs were revalued at 30 June 2015 by independent valuers, Talis Consultants Pty Ltd.

The above revaluation of resulted in an overall increase of \$101,176,762 in the net value of the City's Roads, Footpaths and Kerb 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.

Bridges

The City's Bridges includes road bridges and pedestrian foot bridges, both assets were revalued at 30 June 2015. Road bridges were revalued by independent valuers, GHD Pty Ltd and the Pedestrian foot bridges were revalued in house by the City's parks and finance business units.

The above revaluation of resulted in an overall increase of \$25,765,025 in the net value of the City's Bridge 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.

Drainage

The City's Drainage was revalued at 30 June 2015 by independent valuers, Talis Consultants Pty Ltd.

The above revaluation of resulted in an overall increase of \$269,098,322 in the net value of the City's Drainage 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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

8. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year \$	Prior* Period Adjustment \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of the Year \$
Roads, Footpaths and Kerbs	494,282,434		9,438,384	0	101,196,762	0	(6,374,820)	(3,077,703)	595,465,057
Bridges	10,503,376	20,728,277	964,095	0	25,765,025	0	(269,712)	1,103,403	58,794,464
Drainage	39,293,040		1,187,343	0	269,098,322	0	(1,001,498)	0	308,577,207
Park Development	21,007,400		2,795,651	0	0	0	(2,188,552)	(1,103,403)	20,511,096
Other Infrastructure	7,158,806		1,249,006	0	0	0	(535,220)	3,077,703	10,950,295
Total infrastructure	<u>572,245,056</u>	<u>20,728,277</u>	<u>15,634,479</u>	<u>0</u>	<u>396,060,109</u>	<u>0</u>	<u>(10,369,802)</u>	<u>0</u>	<u>994,298,119</u>

* Bridge assets donated / gifted to the City from developers and Government agencies (Main Roads). Assets were identified during the revaluation of bridges this financial year. It was determined that the respective assets were contributed in a prior period, however the timing cannot be practically determined. Refer to Note 38(c) for the inputs used to determine its value.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
9(a). INTANGIBLE ASSETS		
Computer Software		
- Management valuation 2013	1,010,001	1,010,001
- Additions after valuation - cost	1,628,259	1,442,099
Less accumulated depreciation	<u>(1,889,525)</u>	<u>(1,627,888)</u>
	748,735	824,212

9(b). Movements in Carrying Amounts

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

	Computer Software \$
Balance at the beginning of the year	824,212
Additions	186,160
Revaluations - Increments/(Decrements)	0
Amortisation (Expense)	(261,637)
Carrying amount at the end of the year	<u><u>748,735</u></u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
10. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	2,587,902	3,772,440
Bonds and Deposits	4,008,221	3,953,229
Accrued expenditure	4,065,975	1,100,644
Income in advance	219,938	314,291
Deferred salaries	144,327	159,456
	<u>11,026,363</u>	<u>9,300,060</u>

11. LONG-TERM BORROWINGS

Current		
Loans	0	5,300,000
	<u>0</u>	<u>5,300,000</u>

Additional detail on borrowings is provided in Note 23

12. PROVISIONS

Current		
Provision for Annual Leave	3,635,511	3,417,362
Provision for Long Service Leave	4,265,348	3,759,402
	<u>7,900,859</u>	<u>7,176,764</u>

Non Current		
Provision for Long Service Leave	626,546	762,007
	<u>626,546</u>	<u>762,007</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2014	<u>3,417,362</u>	<u>4,521,409</u>	<u>7,938,771</u>
	3,417,362	4,521,409	7,938,771
Additional provision	3,038,549	749,127	3,787,676
Amounts used	(2,820,400)	(433,601)	(3,254,001)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	54,959	54,959
Balance at 30 June 2015	<u>3,635,511</u>	<u>4,891,894</u>	<u>8,527,405</u>
Comprises			
Current	3,635,511	4,265,348	7,900,859
Non-current	0	626,546	626,546
	<u>3,635,511</u>	<u>4,891,894</u>	<u>8,527,405</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2015 Budget \$	2014 \$
13. RESERVES - CASH BACKED			
Ordinary Reserves			
(a) Asset Management			
Opening balance	1,508,274	1,466,881	1,436,814
Amount set aside / transfer to reserve	59,296	30,551	71,460
Amount used / transfer from reserve	0	0	0
	<u>1,567,570</u>	<u>1,497,432</u>	<u>1,508,274</u>
(b) Developer Contributions for Future Infrastructure			
Opening balance	362,340	337,451	330,534
Amount set aside / transfer to reserve	59,858	7,028	31,806
Amount used / transfer from reserve	0	0	0
	<u>422,198</u>	<u>344,479</u>	<u>362,340</u>
(c) Emergency Services			
Opening balance	77,944	65,215	62,378
Amount set aside / transfer to reserve	5,026	2,889	15,566
Amount used / transfer from reserve	0	0	0
	<u>82,970</u>	<u>68,104</u>	<u>77,944</u>
(d) Floodlighting Levy			
Opening balance	79,991	66,090	54,435
Amount set aside / transfer to reserve	22,130	12,095	25,556
Amount used / transfer from reserve	(29,825)	0	0
	<u>72,296</u>	<u>78,185</u>	<u>79,991</u>
(e) Gosnells Oval Redevelopment			
Opening balance	464,898	465,000	375,158
Amount set aside / transfer to reserve	122,134	102,658	89,740
Amount used / transfer from reserve	0	0	0
	<u>587,032</u>	<u>567,658</u>	<u>464,898</u>
(f) Gosnells Town Centre Revitalisation			
Opening balance	657,021	610,460	554,175
Amount set aside / transfer to reserve	108,762	94,380	104,757
Amount used / transfer from reserve	(1,505)	(29,135)	(1,911)
	<u>764,278</u>	<u>675,705</u>	<u>657,021</u>
(g) Harmony Fields			
Opening balance	185,246	176,571	152,252
Amount set aside / transfer to reserve	7,563	28,941	32,994
Amount used / transfer from reserve	0	0	0
	<u>192,809</u>	<u>205,512</u>	<u>185,246</u>
(h) Heritage Condition Reward Scheme			
Opening balance	28,129	23,069	20,096
Amount set aside / transfer to reserve	13,943	13,241	13,833
Amount used / transfer from reserve	(6,400)	(10,000)	(5,800)
	<u>35,672</u>	<u>26,310</u>	<u>28,129</u>
Total Ordinary Reserves C/Fwd	<u>3,724,825</u>	<u>3,463,385</u>	<u>3,363,843</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2015 Budget \$	2014 \$
13. RESERVES - CASH BACKED (Continued)			
Total Ordinary Reserves B/Fwd	<u>3,724,825</u>	<u>3,463,385</u>	<u>3,363,843</u>
(i) Insurance			
Opening balance	988,441	961,919	835,451
Amount set aside / transfer to reserve	38,860	20,034	152,990
Amount used / transfer from reserve	0	0	0
	<u>1,027,301</u>	<u>981,953</u>	<u>988,441</u>
(j) Langford Oval Redevelopment			
Opening balance	248,305	238,666	213,689
Amount set aside / transfer to reserve	29,819	27,429	34,616
Amount used / transfer from reserve	(116,000)	0	0
	<u>162,124</u>	<u>266,095</u>	<u>248,305</u>
(k) Leisure World - Asset Management			
Opening balance	361,213	351,365	348,533
Amount set aside / transfer to reserve	13,916	7,318	114,550
Amount used / transfer from reserve	(8,200)	0	(101,870)
	<u>366,929</u>	<u>358,683</u>	<u>361,213</u>
(l) Local Government Elections			
Opening balance	122,836	118,177	232,203
Amount set aside / transfer to reserve	73,278	69,836	70,736
Amount used / transfer from reserve	0	0	(180,103)
	<u>196,114</u>	<u>188,013</u>	<u>122,836</u>
(m) Local Open Space Strategy			
Opening balance	282,144	275,336	269,692
Amount set aside / transfer to reserve	21,343	5,734	12,452
Amount used / transfer from reserve	(100,246)	0	0
	<u>203,241</u>	<u>281,070</u>	<u>282,144</u>
(n) Maddington/Kenwick Revitalisation			
Opening balance	2,194,983	2,126,478	2,103,203
Amount set aside / transfer to reserve	86,295	44,288	104,072
Amount used / transfer from reserve	0	(107,993)	(12,292)
	<u>2,281,278</u>	<u>2,062,773</u>	<u>2,194,983</u>
(o) MGB Plant & Equipment			
Opening balance	2,933,608	2,828,754	3,040,205
Amount set aside / transfer to reserve	2,054,551	183,455	501,706
Amount used / transfer from reserve	(861,139)	(1,435,000)	(608,303)
	<u>4,127,020</u>	<u>1,577,209</u>	<u>2,933,608</u>
(p) Mills Park			
Opening balance	2,078,461	1,500,654	315,891
Amount set aside / transfer to reserve	900,709	89,346	1,762,570
Amount used / transfer from reserve	0	(1,590,000)	0
	<u>2,979,170</u>	<u>0</u>	<u>2,078,461</u>
Total Ordinary Reserves C/Fwd	<u>15,068,002</u>	<u>9,179,181</u>	<u>12,573,834</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2015 Budget \$	2014 \$
13. RESERVES - CASH BACKED (Continued)			
Total Ordinary Reserves B/Fwd	<u>15,068,002</u>	<u>9,179,181</u>	<u>12,573,834</u>
(q) Netball Courts - Resurfacing			
Opening balance	9,908	9,636	9,438
Amount set aside / transfer to reserve	389	201	470
Amount used / transfer from reserve	0	0	0
	<u>10,297</u>	<u>9,837</u>	<u>9,908</u>
(r) Operations Centre			
Opening balance	429,548	366,714	409,197
Amount set aside / transfer to reserve	16,888	7,638	20,351
Amount used / transfer from reserve	0	(50,000)	0
	<u>446,436</u>	<u>324,352</u>	<u>429,548</u>
(s) Performing Arts Centre			
Opening balance	257,665	248,867	223,681
Amount set aside / transfer to reserve	16,310	26,620	33,984
Amount used / transfer from reserve	0	0	0
	<u>273,975</u>	<u>275,487</u>	<u>257,665</u>
(t) Plant & Equipment			
Opening balance	2,987,592	3,750,468	2,783,046
Amount set aside / transfer to reserve	2,286,345	2,175,139	1,856,430
Amount used / transfer from reserve	(1,422,632)	(2,259,762)	(1,651,884)
	<u>3,851,305</u>	<u>3,665,845</u>	<u>2,987,592</u>
(u) Rate Revaluation			
Opening balance	164,430	144,319	362,506
Amount set aside / transfer to reserve	144,399	138,776	143,254
Amount used / transfer from reserve	0	0	(341,330)
	<u>308,829</u>	<u>283,095</u>	<u>164,430</u>
(v) Recreation and Culture Infrastructure			
Opening balance	987,420	1,002,973	1,064,060
Amount set aside / transfer to reserve	141,853	122,972	48,939
Amount used / transfer from reserve	(34,090)	(7,992)	(125,579)
	<u>1,095,183</u>	<u>1,117,953</u>	<u>987,420</u>
(w) Refuse Disposal Site Rehabilitation			
Opening balance	658,292	637,900	563,861
Amount set aside / transfer to reserve	51,344	37,224	94,431
Amount used / transfer from reserve	0	0	0
	<u>709,636</u>	<u>675,124</u>	<u>658,292</u>
(x) Southern River Contaminated Site Rehabilitation			
Opening balance	429,631	430,059	450,579
Amount set aside / transfer to reserve	16,821	8,957	21,087
Amount used / transfer from reserve	(1,893)	(100,000)	(42,035)
	<u>444,559</u>	<u>339,016</u>	<u>429,631</u>
Total Ordinary Reserves C/Fwd	<u>22,208,222</u>	<u>15,869,890</u>	<u>18,498,320</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2015 Budget \$	2014 \$
13. RESERVES - CASH BACKED (Continued)			
Total Ordinary Reserves B/Fwd	<u>22,208,222</u>	<u>15,869,890</u>	<u>18,498,320</u>
(y) Staff Retention			
Opening balance	0	0	18,952
Amount set aside / transfer to reserve	0	0	398
Amount used / transfer from reserve	0	0	(19,350)
	<u>0</u>	<u>0</u>	<u>0</u>
(z) Sutherlands Park			
Opening balance	479,794	444,738	361,462
Amount set aside / transfer to reserve	126,121	91,429	118,332
Amount used / transfer from reserve	0	(300,000)	0
	<u>605,915</u>	<u>236,167</u>	<u>479,794</u>
(aa) Walter Padbury Park			
Opening balance	239,144	216,032	172,082
Amount set aside / transfer to reserve	78,345	63,088	67,062
Amount used / transfer from reserve	0	0	0
	<u>317,489</u>	<u>279,120</u>	<u>239,144</u>
Total Ordinary Reserves	<u>23,131,626</u>	<u>16,385,177</u>	<u>19,217,258</u>
Planning Reserves			
(ab) Public Open Space			
Opening balance	22,234,221	21,458,483	17,084,753
Amount set aside / transfer to reserve	5,645,418	3,941,290	6,495,178
Amount used / transfer from reserve	(1,331,475)	(8,283)	(1,345,710)
	<u>26,548,164</u>	<u>25,391,490</u>	<u>22,234,221</u>
(ac) TPS 9A			
Opening balance	1,391,066	1,295,811	1,266,395
Amount set aside / transfer to reserve	43,632	47,404	129,671
Amount used / transfer from reserve	(405,500)	(5,000)	(5,000)
	<u>1,029,198</u>	<u>1,338,215</u>	<u>1,391,066</u>
(ad) TPS 15			
Opening balance	421,093	409,508	406,114
Amount set aside / transfer to reserve	16,370	28,945	19,979
Amount used / transfer from reserve	(5,000)	(5,000)	(5,000)
	<u>432,463</u>	<u>433,453</u>	<u>421,093</u>
(ae) TPS 17			
Opening balance	548,288	370,930	299,572
Amount set aside / transfer to reserve	34,200	28,142	253,716
Amount used / transfer from reserve	(20,500)	(5,000)	(5,000)
	<u>561,988</u>	<u>394,072</u>	<u>548,288</u>
Total Planning Reserves C/Fwd	<u>28,571,813</u>	<u>27,557,230</u>	<u>24,594,668</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2015 Budget \$	2014 \$
13. RESERVES - CASH BACKED (Continued)			
Total Planning Reserves B/Fwd	<u>28,571,813</u>	<u>27,557,230</u>	<u>24,594,668</u>
(af) TPS 20			
Opening balance	1,825,887	1,733,457	1,668,407
Amount set aside / transfer to reserve	256,403	87,144	162,480
Amount used / transfer from reserve	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>
	<u>2,077,290</u>	<u>1,815,601</u>	<u>1,825,887</u>
(ag) ODP Canning Vale			
Opening balance	822,835	868,471	799,940
Amount set aside / transfer to reserve	110,228	69,129	46,180
Amount used / transfer from reserve	<u>(54,278)</u>	<u>(60,600)</u>	<u>(23,285)</u>
	<u>878,785</u>	<u>877,000</u>	<u>822,835</u>
(ah) ODP West Canning Vale (Campbell Estate)			
Opening balance	5,355,796	5,311,696	4,530,251
Amount set aside / transfer to reserve	312,143	161,668	1,058,230
Amount used / transfer from reserve	<u>(92,556)</u>	<u>(41,088)</u>	<u>(232,685)</u>
	<u>5,575,383</u>	<u>5,432,276</u>	<u>5,355,796</u>
(ai) ODP Southern River Precinct 1			
Opening balance	2,284,963	2,229,037	1,448,346
Amount set aside / transfer to reserve	1,237,311	66,841	851,617
Amount used / transfer from reserve	<u>(25,000)</u>	<u>(25,000)</u>	<u>(15,000)</u>
	<u>3,497,274</u>	<u>2,270,878</u>	<u>2,284,963</u>
(aj) ODP Southern River Precinct 2			
Opening balance	5,895,455	5,733,521	5,640,996
Amount set aside / transfer to reserve	231,034	272,536	279,459
Amount used / transfer from reserve	<u>(20,000)</u>	<u>(20,000)</u>	<u>(25,000)</u>
	<u>6,106,489</u>	<u>5,986,057</u>	<u>5,895,455</u>
(ak) ODP Southern River Precinct 3			
Opening balance	2,153,484	2,143,453	1,336,099
Amount set aside / transfer to reserve	1,049,416	197,766	857,385
Amount used / transfer from reserve	<u>(67,000)</u>	<u>(67,000)</u>	<u>(40,000)</u>
	<u>3,135,900</u>	<u>2,274,219</u>	<u>2,153,484</u>
(al) ODP Southern River Precinct 3A			
Opening balance	89,458	87,388	59,311
Amount set aside / transfer to reserve	43,829	52,861	30,147
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>133,287</u>	<u>140,249</u>	<u>89,458</u>
(am) ODP Southern River Precinct 3E			
Opening balance	0	0	0
Amount set aside / transfer to reserve	0	20,417	0
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>20,417</u>	<u>0</u>
Total Planning Reserves C/Fwd	<u>49,976,221</u>	<u>46,373,927</u>	<u>43,022,546</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2015 Budget \$	2014 \$
13. RESERVES - CASH BACKED (Continued)			
Total Planning Reserves B/Fwd	<u>49,976,221</u>	<u>46,373,927</u>	<u>43,022,546</u>
(an) ODP Southern River Precinct 5			
Opening balance	126,381	55,971	54,824
Amount set aside / transfer to reserve	4,969	1,166	71,807
Amount used / transfer from reserve	0	0	(250)
	<u>131,350</u>	<u>57,137</u>	<u>126,381</u>
(ao) Homestead Road ODP			
Opening balance	305,150	487,296	586,988
Amount set aside / transfer to reserve	11,440	30,565	322,005
Amount used / transfer from reserve	(15,000)	(15,000)	(603,843)
	<u>301,590</u>	<u>502,861</u>	<u>305,150</u>
(ap) ODP Maddington A&B			
Opening balance	179,351	176,974	0
Amount set aside / transfer to reserve	133,994	34,311	179,351
Amount used / transfer from reserve	(17,000)	(17,000)	0
	<u>296,345</u>	<u>194,285</u>	<u>179,351</u>
(aq) ODP Central Maddington 1			
Opening balance	0	0	0
Amount set aside / transfer to reserve	463,545	255,207	0
Amount used / transfer from reserve	(25,500)	(229,554)	0
	<u>438,045</u>	<u>25,653</u>	<u>0</u>
(ar) ODP Central Maddington 2			
Opening balance	0	0	0
Amount set aside / transfer to reserve	321	0	0
Amount used / transfer from reserve	0	0	0
	<u>321</u>	<u>0</u>	<u>0</u>
Total Planning Reserves	<u>51,143,872</u>	<u>47,153,863</u>	<u>43,633,428</u>
TOTAL RESERVES	<u>74,275,498</u>	<u>63,539,040</u>	<u>62,850,686</u>
Total Opening balance	62,850,686	61,225,788	51,945,569
Total Amount set aside / transfer to reserve	16,090,551	8,706,659	16,301,347
Total Amount used / transfer from reserve	(4,665,739)	(6,393,407)	(5,396,230)
TOTAL RESERVES	<u>74,275,498</u>	<u>63,539,040</u>	<u>62,850,686</u>

All of the above reserve accounts are to be supported by money held in financial institutions.
The total sum matches the shown as restricted cash in Note 3 to this financial report.

**CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015**

13. RESERVES - CASH BACKED (Continued)

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

Ordinary Reserves

(a) Asset Management

- new or refurbished assets.

(b) Developer Contributions for Future Infrastructure

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

(c) Emergency Services

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

(d) Floodlighting Levy

- to upgrade the City's active reserve floodlighting.

(e) Gosnells Oval Redevelopment

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

(f) Gosnells Town Centre Revitalisation

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

(g) Harmony Fields

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

(h) Heritage Condition Reward Scheme

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

(i) Insurance

- to provide funds in case of calls on Council's participating in the self-insurance scheme.

(j) Langford Oval Redevelopment

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

(k) Leisure World - Asset Management

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

(l) Local Government Elections

- for expenditure associated with holding of local government elections.

(m) Local Open Space Strategy

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

(n) Maddington/Kenwick Revitalisation

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

(o) MGB Plant & Equipment

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

(p) Mills Park

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

(q) Netball Courts - Resurfacing

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

13 RESERVES - CASH BACKED (Continued)

(r) Operations Centre

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

(s) Performing Arts Centre

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

(t) Plant & Equipment

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

(u) Rate Revaluation

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

(v) Recreation and Culture Infrastructure

- to fund future expenditure on Recreational and Cultural Infrastructure.

(w) Refuse Disposal Site Rehabilitation

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

(x) Southern River Contaminated Site Rehabilitation

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

(y) Staff Retention

- to fund future director bonuses.

(z) Sutherlands Park

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

(aa) Walter Padbury Park

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

Planning Reserves

(ab) Public Open Space

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

(ac) TPS 9A

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

(ad) TPS 15

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

(ae) TPS 17

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

(af) TPS 20

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

(ag) ODP Canning Vale

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

(ah) ODP West Canning Vale (Campbell Estate)

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

(ai) ODP Southern River Precinct 1

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

**CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015**

13. RESERVES - CASH BACKED (Continued)

- (aj) ODP Southern River Precinct 2**
- to fund expenditure on developments within the ODP site with contributions from developers.
- (ak) ODP Southern River Precinct 3**
- to fund expenditure on infrastructure and administrative items within the ODP site with contributions from developers.
- (al) ODP Southern River Precinct 3A**
- to fund expenditure on infrastructure and administrative items within the ODP site with contributions from developers.
- (am) ODP Southern River Precinct 3E**
- to fund expenditure on infrastructure and administrative items within the ODP site with contributions from developers.
- (an) ODP Southern River Precinct 5**
- to fund expenditure on infrastructure and administrative items within the ODP site with contributions from developers.
- (ao) Homestead Road ODP**
- to fund expenditure on infrastructure and administrative items within the ODP site with contributions from developers.
- (ap) ODP Maddington A&B**
- to fund expenditure on infrastructure and administrative items within the ODP site with contributions from developers.
- (aq) ODP Central Maddington 1**
- to fund expenditure on infrastructure and administrative items within the ODP site with contributions from developers.
- (ar) ODP Central Maddington 2**
- to fund expenditure on infrastructure and administrative items within the ODP site with contributions from developers.

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

14. REVALUATION SURPLUS	2015	2014
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land & Buildings		
Opening balance	175,164,146	132,774,316
Revaluation increment	0	42,389,830
Revaluation decrement	0	0
Revaluation write back on disposals		
	<u>175,164,146</u>	<u>175,164,146</u>
(b) Plant & Equipment		
Opening balance	156,614	156,614
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>156,614</u>	<u>156,614</u>
(c) Roads, Footpaths and Kerbs		
Opening balance	334,681,559	334,681,559
Revaluation increment	101,196,762	0
Revaluation decrement	0	0
	<u>435,878,321</u>	<u>334,681,559</u>
(d) Bridges		
Opening balance	0	0
Revaluation increment	25,765,025	0
Revaluation decrement	0	0
	<u>25,765,025</u>	
(e) Drainage		
Opening balance	0	0
Revaluation increment	269,098,322	0
Revaluation decrement	0	0
	<u>269,098,322</u>	
(f) Other Infrastructure		
Opening balance	729,147	518,441
Revaluation increment	0	210,706
Revaluation decrement	0	0
	<u>729,147</u>	<u>729,147</u>
(g) Intangible Assets		
Opening balance	393,760	393,760
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>393,760</u>	<u>393,760</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>907,185,335</u></u>	<u><u>511,125,226</u></u>
Summary of Revaluation Surplus		
Opening Balance	511,125,226	468,524,690
Revaluation Increment	396,060,109	42,600,536
Revaluation Decrement	0	0
Revaluation write back on disposals	0	0
Total Summary of Revaluation Surplus	<u><u>907,185,335</u></u>	<u><u>511,125,226</u></u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

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:

	2015 \$	2015 Budget \$	2014 \$
Cash and cash equivalents	<u>101,009,553</u>	<u>83,983,021</u>	<u>94,103,293</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	26,183,341	24,252,375	13,298,480
Non-cash flows in Net result:			
Depreciation	15,524,634	15,389,875	15,574,749
(Profit)/Loss on sale of asset	(120,699)	(6,940,792)	3,782,493
Fair value adjustments to financial assets at fair value through profit or loss	(33,091)	0	(260,356)
Revaluation of fixed assets	0	0	11,625,093
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	884,952	1,219,797	(2,159,702)
(Increase)/Decrease in inventories	(5,667)	12,384	(54,740)
Increase/(Decrease) in payables	1,726,303	730,522	(1,111,775)
Increase/(Decrease) in provisions	588,634	1,163,859	725,060
Grants contributions for the development of assets	<u>(16,422,222)</u>	<u>(18,200,340)</u>	<u>(25,112,246)</u>
Net cash from operating activities	<u>28,326,185</u>	<u>17,627,680</u>	<u>16,307,056</u>
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements	2015 \$		2014 \$
Credit card limit	105,000		105,000
Credit card balance at balance date	<u>(22,812)</u>		<u>(26,785)</u>
Total amount of credit unused	<u>82,188</u>		<u>78,215</u>
Loan facilities			
Loan facilities - current	0		5,300,000
Loan facilities - non-current	<u>0</u>		<u>0</u>
Total facilities in use at balance date	<u>0</u>		<u>5,300,000</u>
Unused loan facilities at balance date			
Restricted*	<u>29,876,000</u>		<u>12,630,000</u>

* Funds only available for the purposes detailed in Note 23 (b)

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

16. CONTINGENT LIABILITIES

Nil

	2015	2014
	\$	\$
17. CAPITAL AND LEASING COMMITMENTS		
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	46,583	32,600
- later than one year but not later than five years	95,152	10,562
	<u>141,735</u>	<u>43,162</u>

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

(b) Capital Expenditure Commitments*

Contracted for:		
- capital expenditure projects	31,828,067	7,645,691
- plant & equipment purchases	0	612,404
Payable:		
- not later than one year	31,828,067	8,258,095

* Commitments greater than \$250,000

18. JOINT VENTURE ARRANGEMENTS

The City is not involved in any joint venture arrangements.

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2015	2014
	\$	\$
Governance	18,701,689	19,101,693
General purpose funding	8,466,862	8,005,685
Law, order, public safety	1,151,258	1,112,262
Health	2,354,242	2,328,467
Education and welfare	4,472,611	4,340,958
Community amenities	70,350,313	72,056,849
Recreation and culture	133,968,585	131,508,328
Transport	930,700,626	543,567,210
Economic services	584,410	704,280
Other property and services	101,447,394	56,858,446
Unallocated	101,875,813	94,502,961
	<u>1,374,073,803</u>	<u>934,087,139</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014	2013
20. FINANCIAL RATIOS			
Current ratio	2.27	1.96	2.20
Asset sustainability ratio	0.77	0.74	0.42
Debt service cover ratio	4.65	1.73	4.13
Operating surplus ratio	0.11	(0.15)	0.11
Own source revenue coverage ratio	1.01	0.83	1.03

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

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

	2015	2014	2013
Asset consumption ratio	0.72	0.71	0.79
Asset renewal funding ratio	0.72	0.80	0.72

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	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

21. TRUST FUNDS

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

	Balance 1 July 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
Unclaimed Money	51,881	20,225	(6,032)	66,074
Construction Training Fund	0	569,672	(569,672)	0
Building Commission	43,674	350,040	(349,893)	43,821
ECM User Group	4,444	0	0	4,444
Development Applications	0	60,515	(60,515)	0
	<u>99,999</u>	<u>1,000,452</u>	<u>(986,112)</u>	<u>114,339</u>

22. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR

The following assets were disposed of during the year.

Asset Class / Program	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Transport	698,461	1,778,905	713,266	1,362,469	14,805	(416,436)
Land Held for Resale						
Other Properties and Services	1,484,701	4,826,000	1,897,689	12,183,228	412,988	7,357,228
Land						
Community Amenities	730,000	0	250,879	0	(479,121)	0
Other Properties and Services	334,000	0	507,481	0	173,481	0
	<u>1,064,000</u>	<u>0</u>	<u>758,360</u>	<u>0</u>	<u>(305,640)</u>	<u>0</u>
Furniture & Equipment						
Other Properties and Services	1,590	0	136	0	(1,454)	0
	<u>3,248,752</u>	<u>6,604,905</u>	<u>3,369,451</u>	<u>13,545,697</u>	<u>120,699</u>	<u>6,940,792</u>

Profit	1,474,159	7,357,228
Loss	(1,353,460)	(416,436)
	<u>120,699</u>	<u>6,940,792</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

23. INFORMATION ON BORROWINGS

(a) Loan Repayments

Particulars	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Law, Order, Public Safety								
Emergency Operations Centre	0	0	0	0	0	2,850,000	0	75,000
Recreation and Culture								
Mills Park - Short Term Facility	0	0	0	0	0	3,571,412	0	250,000
Mills Park - Long Term Facility	0	0	0	0	0	0	0	0
Other Property and Services								
Streatham Street Subdivision*	5,300,000	0	5,300,000	5,300,000	0	0	143,100	200,000
Harpenden Street Subdivision*	0	0	0	950,000	0	0	0	20,000
	5,300,000	0	5,300,000	6,250,000	0	6,421,412	143,100	545,000

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

All other loan repayments were financed by general purpose revenue.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

23. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2014/15

Particulars/Purpose	Established Facility Limit	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
		Actual \$	Budget \$						Actual \$	Budget \$	
Law, Order, Public Safety											
Emergency Operations Centre	2,850,000	0	0	WA Treasury Corporation	Short Term Facility	3	0	N/A	0	2,850,000	0
Recreation and Culture											
Mills Park - Short Term Facility*	17,026,000	0	3,571,412	WA Treasury Corporation	Short Term Facility	3	0	N/A	0	3,571,412	0
Mills Park - Long Term Facility	10,000,000	0	0	WA Treasury Corporation	Long Term Facility	8	0	N/A	0	0	0
Other Property and Services											
Harpenden Street Subdivision*	0	0	950,000	WA Treasury Corporation	Short Term Facility	3	0	N/A	0	950,000	0
	29,876,000	0	4,521,412				0		0	7,371,412	0

(c) Unspent Debentures

The City did not have any unspent loan funds as at 30 June 2015.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year.

It is not anticipated that this facility will be required to be utilised during 2014/15.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

24. RATING INFORMATION - 2014/15 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$ cents	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
Gross Rental Value valuations (GRV)											
Extractive Industry	10.7830	3	415,000	44,749	0	0	44,749	44,749	0	0	44,749
General GRV	5.6750	33,082	796,371,541	45,194,085	1,260,990	0	46,455,075	45,194,085	821,000	0	46,015,085
Rural GRV	6.8100	899	23,368,620	1,591,403	(20,544)	0	1,570,859	1,591,403	0	0	1,591,403
Tenancy Agreements	6.1750	54	2,369,715	146,330	(4,856)	0	141,474	146,330	0	0	146,330
Town Centre	6.5260	74	9,573,868	624,791	(14,920)	0	609,871	624,791	0	0	624,791
Unimproved Value valuations (UV)											
Rural UV	0.2260	27	38,460,000	86,920	(15,436)	0	71,484	86,920	0	0	86,920
Rural UV Agricultural Concession	0.1800	9	74,600,000	134,280	0	0	134,280	134,280	0	0	134,280
Sub-Totals		34,148	945,158,744	47,822,558	1,205,234	0	49,027,792	47,822,558	821,000	0	48,643,558
Minimum payment	Minimum \$										
Gross rental value valuations											
Extractive Industry	875	0	0	0	0	0	0	0	0	0	0
General GRV	875	9,658	128,006,423	8,450,750	0	0	8,450,750	8,450,750	0	0	8,450,750
Rural GRV	875	64	708,399	56,000	0	0	56,000	56,000	0	0	56,000
Tenancy Agreements	875	7	46,880	6,125	0	0	6,125	6,125	0	0	6,125
Town Centre	875	9	75,781	7,875	0	0	7,875	7,875	0	0	7,875
Unimproved value valuations											
Rural UV	875	2	645,000	1,750	0	0	1,750	1,750	0	0	1,750
Rural UV Agricultural Concession	875	0	0	0	0	0	0	0	0	0	0
Sub-Totals		9,740	129,482,483	8,522,500	0	0	8,522,500	8,522,500	0	0	8,522,500
Total amount raised from general rate							57,550,292				57,166,058
							57,550,292				57,166,058
<i>Specified Area Rate (refer note 25)</i>							382,239				376,976
<i>Discounts / Concessions (refer note 27)</i>							(5,000)				(5,000)
<i>Ex-gratia Rates</i>							53,788				45,000
Total Rates							57,981,319				57,583,034

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

24. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)

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

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
Surplus/(Deficit) - Rate Setting Statement	<u>14,633,267</u>	<u>20,720,648</u>	<u>20,720,648</u>
<u>Comprises:</u>			
Cash and cash equivalents			
Unrestricted	24,462,689	27,952,573	27,952,573
Restricted	76,546,864	66,150,720	66,150,720
Receivables			
Rates outstanding	1,667,877	916,506	916,506
Sundry debtors	261,231	2,248,855	2,248,855
GST receivable	469,844	384,203	384,203
Accrued Revenue	2,013,430	2,070,271	2,070,271
Prepayments	44,596	0	0
Inventories			
Fuel and materials	330,697	325,030	325,030
Land Held for Resale	11,662,845	8,693,256	8,693,256
Investments			
Investments Current Portion	2,038,759	0	0
<u>Less:</u>			
Trade and other payables			
Sundry creditors	(2,587,902)	(3,772,440)	(3,772,440)
Bonds and Deposits	(4,008,221)	(3,953,229)	(3,953,229)
Accrued expenditure	(4,065,975)	(1,100,644)	(1,100,644)
Income in advance	(219,938)	(314,291)	(314,291)
Deferred salaries	(144,327)	(159,456)	(159,456)
Loans	0	(5,300,000)	(5,300,000)
Provisions			
Provision for annual leave	(3,635,511)	(3,417,362)	(3,417,362)
Provision for long service leave	(4,265,348)	(3,759,402)	(3,759,402)
Net current assets	<u>100,571,610</u>	<u>86,964,590</u>	<u>86,964,590</u>
<u>Less:</u>			
Reserves - restricted cash	(74,275,498)	(62,850,686)	(62,850,686)
Land Held for Resale	(11,662,845)	(8,693,256)	(8,693,256)
<u>Add:</u>			
Loans	0	5,300,000	5,300,000
Surplus/(deficit)	<u>14,633,267</u>	<u>20,720,648</u>	<u>20,720,648</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2014 audited financial report.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

25. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

Gross Rental Value (GRV)	Rate in \$ Cents	Number of Properties	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Bletchley Park	0.3359	989	21,999,060	78,194	73,894	78,194	73,894
Brooklands Greens	0.3961	560	15,926,971	63,450	63,088	63,450	63,088
Sanctuary Waters	0.4303	687	17,883,538	77,109	76,953	77,109	76,953
The Avenues	0.5276	498	11,870,270	62,641	62,627	62,641	62,627
The Boardwalk	0.3796	624	18,439,740	70,096	69,997	70,096	69,997
The Reserve	0.3189	347	9,538,171	30,749	30,417	30,749	30,417
				382,239	376,976	382,239	376,976

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 as they are maintained to a higher standard.

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

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

26. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

The City did not impose any service charges in 2014/15.

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2014/15 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Rates Incentive A	Incentive	N/A	5,000	5,000
Rates Incentive B	Incentive	N/A	0	0
Leisure World	Discount	Various	84,984	40,000
Leisure Programs	Discount	Various	275	350
Don Russell Performing Arts Centre	Discount	Various	1,205	250
Rangers Services	Discount	Various	43,216	27,000
Library & Heritage Services	Discount	Various	39	230
Health Services	Discount	Various	9,660	15,930
Facility Hire Charges	Discount	100%	929	971
Rates Waiver	Concession	N/A	20,829	19,492
Sundry Debtor Write Off	Write-Off	N/A	176	0

**CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015**

**27. DISCOUNTS, INCENTIVES, CONCESSIONS & WRITE-OFFS
- 2014/15 FINANCIAL YEAR (Continued)**

Description of Discount, Incentives, Waivers & Write-Offs

Incentive A

Five prizes of \$1,000 each, funded by the City of Gosnells, will be drawn on a random basis as an incentive for ratepayers to pay their rates in full within 35 days from the date of issue of the 2014/14 Rate Notices. Westpac Banking Corporation will also provide a \$2,000 savings account. Inclusion in the draw will be automatic for all ratepayers who have paid their rates in full by the advertised due date of the first instalment. Winners will be notified by mail.

Incentive B

A further incentive for the early payment of rates is offered as follows:
Courtesy of Forest Lakes Forum, four (4) City of Gosnells ratepayers will win up to \$1,000 each off their 2014/15 rates bill. If the selected ratepayers have paid their rates within the specified competition time, they will also receive bonus gift vouchers valued at \$750 to spend at any Forest Lakes Forum specialty store (excludes Coles, Woolworths and BWS).

Leisure World

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

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

15% 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; or targeted group marketing campaign)

25% Discount (general offer)

50% Discount (2 for 1 Offer)

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

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

Don Russell Performing Arts Centre

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

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

30% Discount (3 or more shows)

50% Discount (2 for 1 offer)

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

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

Ranger Services

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

Guide Dogs - 100% Concession

Dogs used for Droving or tendering stock - 25% concession

Dogs owned by pensioners - 50% concession

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.

City of Gosnells Councillors, staff and volunteers (up to 25% discount)

Health Services

In relation to Food Businesses (Food Act 2008) a discount (50%) 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 2015

27. DISCOUNTS, INCENTIVES, CONCESSIONS & WRITE-OFFS
- 2014/15 FINANCIAL YEAR (Continued)

Description of Discount, Incentives, Waivers & Write-Offs (Continued)

Facility Hire Charges

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

Rate Waivers

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

	2014/15
	\$
Small Business Centre South East Metro (1 July to 31 October 2014)	4,285
Hurry Curry Pty Ltd	1,601
Gosnells Junior Football Club Inc	2,501
Starick Services Inc	5,068
Kenwick Senior Football Club	5,681
Gosnells Memorial Park Lawn Tennis Club (25%)	401
Darling Range Wildlife Shelter (2011/12 rates)	1,292
	<u>20,829</u>

Sundry Debt Write-Off

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

28. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest				
Late Payment/Special Payment Arrangement	11.00%	N/A	228,223	163,000
Interest on Deferred Rates and ESL		N/A	63,640	65,000
Interest on Instalment Payment Plan	5.50%	N/A	365,172	400,000
Administration Fees				
Charges on Instalment Payment Plan	N/A	12.00	203,005	208,500
Special Payment Arrangement Plan	N/A	11.00	16,684	16,500
			<u>876,724</u>	<u>853,000</u>

Rates Instalment Options

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

Payment in full by 22 August 2014

Payment by Four Instalments:

1st Instalment due by 22 August 2014
 2nd Instalment due by 24 October 2014
 3rd Instalment due by 9 January 2015
 4th Instalment due by 13 March 2015

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

Description of Instalment Arrangement Plans and Charges

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

28. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR (Continued)

Special Payment Arrangement Plan

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

Four Instalment Arrangement Plan

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

	2015	2014
	\$	\$
29. FEES & CHARGES		
Governance	179	104
General purpose funding	711,492	680,273
Law, order, public safety	693,529	551,919
Health	354,154	286,008
Education and welfare	231,196	264,147
Community amenities	13,286,376	12,357,767
Recreation and culture	2,986,883	2,907,669
Transport	338,941	119,985
Economic services	2,740,986	1,808,000
Other property and services	361,369	358,949
	<u>21,705,105</u>	<u>19,334,821</u>

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

30. GRANT REVENUE

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

	2015	2014
	\$	\$
By Nature or Type:		
Operating grants, subsidies and contributions	8,660,526	4,296,208
Non-operating grants, subsidies and contributions	16,422,222	25,112,246
	<u>25,082,748</u>	<u>29,408,454</u>
By Program:		
Governance	7,068	6,445
General purpose funding	6,359,090	2,174,746
Law, order, public safety	302,683	230,480
Health	11,806	11,126
Education and welfare	554,164	512,744
Community amenities	8,003,619	7,596,359
Recreation and culture	2,580,855	9,475,923
Transport	6,761,225	6,465,950
Economic services	6,213	7,881
Other property and services	496,025	2,926,800
	<u>25,082,748</u>	<u>29,408,454</u>

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>464</u>	<u>446</u>
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CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

32. ELECTED MEMBERS REMUNERATION	2015	2015	2014
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	355,350	390,000	361,521
Mayor's allowance	87,550	88,400	85,000
Deputy Mayor's allowance	21,888	22,100	21,250
Travelling expenses*	9,723	18,000	11,870
Telecommunications allowance	23,100	26,300	24,256
State Council Allowance*	0	0	1,550
	<u>497,611</u>	<u>544,800</u>	<u>505,447</u>

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

33. MAJOR LAND TRANSACTIONS

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.

(b) Current year transactions	2015	2015	2014
	\$	Budget	\$
		\$	
Operating income			
- Profit on sale	0	5,447,000	0
Capital income			
- Sale proceeds	0	9,627,000	0
Capital expenditure			
- Development costs	2,707,903	2,723,402	3,556,836
- Interest Capitalised	143,100	200,000	162,089
	<u>2,851,003</u>	<u>2,923,402</u>	<u>3,718,925</u>

(c) Expected Future Cash Flows

	2016	2017	2018	2019	Total
	\$	\$	\$	\$	\$
Cash outflows					
- Development costs	(80,885)	0	0	0	(80,885)
- Loan repayments	0	0	0	0	0
	<u>(80,885)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(80,885)</u>
Cash inflows					
- Loan proceeds	0	0	0	0	0
- Sale proceeds	11,147,000	0	0	0	11,147,000
	<u>11,147,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,147,000</u>
Net cash flows	<u>11,066,115</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,066,115</u>

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

CITY OF GOSNELLS
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FOR THE YEAR ENDED 30 JUNE 2015

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2014/15 financial year.

35. EVENTS AFTER THE REPORTING PERIOD

As per 'Note 33' - Major Land Transactions, the City is in the process of developing and subdividing land at Lot 85 Streatham St and part of Lot 900 Railway Parade, Beckenham. During August 2015 the titles for the lots developed on this site were received and as a result the City has sold 40 lots for a total of \$10,700,900.

Apart from the event disclosed above, there are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- The City's operations in future financial years
- The results of those operations in future financial years; or
- The City's state of affairs in future financial years

36. MAJOR PROJECT

(a) Details

The Mills Park Redevelopment Project in its current form commenced on 1 July 2011, with the development of a concept plan for the site. Previous studies dating back over a number years helped inform the concept plan. Since July 2011, the City has in consultation with the general community, the Mills Park sporting clubs and State Government agencies developed the current form of the Mills Park Master Plan which Council adopted in 2013.

The Mills Park re-development is a comprehensive re-generation of the entire Mills Park facility and includes the following elements:

- New multi-purpose community facility including clubrooms, function centre, changerooms, café, meeting rooms, kindy gym
- Additional satellite toilet, changeroom facilities
- Newly re-surfaced active sports grounds for a variety of sports including AFL and cricket
- Two new synthetic all weather soccer pitches
- Four new public use tennis courts
- New plaza style skate park
- Piazza style area for outdoor community events
- Regional playground incorporating nature play
- Bicycle/walking paths

Council approved the invitation of tenders for the construction of the Mills Park Master Plan in February 2014. A pre-tender estimate for the construction works was \$44.78M. A slowdown in the construction industry in Perth saw the City receive very favourable responses to the invitation to tender and subsequently in February 2015 accepted tenders to the value of \$36.76M for the works with further additional expenditure of \$10.18M on professional fees, separate contracts for park furniture, change rooms, public toilets and turf, and a public art allowance, overhead recovery and design and Headworks charges. Works commenced onsite in March 2015 and are planned for completion by December 2016.

The redevelopment will be funded from a combination of grant, reserve, loan and municipal funds. In 2014/15 the City established two loan facilities with the Western Australian Treasury Corporation for \$10,000,000 long term facility and \$17,026,000 short term facility.

The project budget is subject to budget variations after the finalisation for the sale proceeds and approved variation in accordance Australian Standard 2124.1992.

CITY OF GOSNELLS
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FOR THE YEAR ENDED 30 JUNE 2015

36. MAJOR PROJECT (Continued)

	Project Budget \$	Project Actual \$	2014/15 Actual \$	2014/15 Budget \$
(b) Project & Current year transactions				
Income				
Grant	6,000,000	0	1,250,000	6,000,000
Reserve				
Mills Park	1,621,600	31,600	0	1,590,000
POS Beckenham	500,000	0	0	0
Land Sales				
Streatham Street	6,457,000	0	0	4,327,000
Central Terrace Hall	440,000	0	0	0
Loan Proceeds	27,026,000	1,191,940	0	3,571,412
	<u>42,044,600</u>	<u>1,223,540</u>	<u>1,250,000</u>	<u>15,488,412</u>
Expenditure				
Consultancy & Construction	42,513,000	5,921,499	8,256,332	15,000,000
Master Plan	466,600	327,660	0	0
	<u>42,979,600</u>	<u>6,249,159</u>	<u>8,256,332</u>	<u>15,000,000</u>
Loan				
Interest	9,305,434	0	0	250,000
Repayment	27,026,000	0	0	0
	<u>36,331,434</u>	<u>0</u>	<u>0</u>	<u>250,000</u>

(c) Expected Future Cash Flows

	2015/16 \$	2016/17 \$	2017/18 \$	2018/19 \$	2019/20 \$	Total \$
Cash Outflows						
- Consultancy & Construction Costs	(30,724,095)	(2,130,000)	0	0	0	(32,854,095)
- Interest Capitalised	(940,780)	(810,780)	0	0	0	(1,751,560)
- Interest Expense	0	0	(810,780)	(780,606)	(749,527)	(2,340,913)
- Loan Repayments	0	0	(1,005,792)	(1,035,965)	(1,067,044)	(3,108,801)
	<u>(31,664,875)</u>	<u>(2,940,780)</u>	<u>(1,816,572)</u>	<u>(1,816,571)</u>	<u>(1,816,571)</u>	<u>(40,055,369)</u>
Cash Inflows						
- Loan Proceeds	27,026,000	0	0	0	0	27,026,000
- Grant	4,750,000	0	0	0	0	4,750,000
- Reserve	2,090,000	0	0	0	0	2,090,000
- Land Sales	4,767,000	2,130,000	0	0	0	6,897,000
	<u>38,633,000</u>	<u>2,130,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>40,763,000</u>
Net Cash Flows	<u><u>6,968,125</u></u>	<u><u>(810,780)</u></u>	<u><u>(1,816,572)</u></u>	<u><u>(1,816,571)</u></u>	<u><u>(1,816,571)</u></u>	<u><u>707,631</u></u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

37. FINANCIAL RISK MANAGEMENT

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

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

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

The City held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2015	2014	2015	2014
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	101,009,553	94,103,293	101,009,553	94,103,293
Investments	2,029,982	4,035,650	2,029,982	4,035,650
Receivables	5,732,531	6,617,483	5,732,531	6,617,483
	<u>108,772,066</u>	<u>104,756,426</u>	<u>108,772,066</u>	<u>104,756,426</u>
Financial liabilities				
Payables	11,026,363	9,300,060	11,026,363	9,300,060
Borrowings	0	5,300,000	0	5,004,721
	<u>11,026,363</u>	<u>14,600,060</u>	<u>11,026,363</u>	<u>14,304,781</u>

Fair value is determined as follows:

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

(a) Cash and Cash Equivalents

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

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

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

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

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

37. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents (Continued)

	2015	2014
	\$	\$
Impact of a 10% ⁽¹⁾ movement in price of investments		
- Equity	202,998	400,126
- Statement of Comprehensive Income	202,998	400,126
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	1,010,096	1,141,886
- Statement of Comprehensive Income	1,010,096	1,141,886

Notes:

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

(b) Receivables

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

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

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

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

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

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

	2015	2014
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	96.73%	98.73%
- Overdue	3.27%	1.27%

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

37. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings**

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2015</u>					
Payables	11,026,363	0	0	11,026,363	11,026,363
Borrowings	0	0	0	0	0
	<u>11,026,363</u>	<u>0</u>	<u>0</u>	<u>11,026,363</u>	<u>11,026,363</u>
<u>2014</u>					
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>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

37. 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. The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<u>Year ended 30 June 2015</u>								
Borrowings								
Fixed rate								
Debentures	0	0	0	0	0	0	0	0.00%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
<u>Year ended 30 June 2014</u>								
Borrowings								
Fixed rate								
Debentures	(5,927,993)	(1,358,079)	0	0	0	0	(7,286,072)	3.13%
Weighted average Effective interest rate	3.19%	2.87%	0.00%	0.00%	0.00%	0.00%		

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

38. FAIR VALUE MEASUREMENTS

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

Property Plant and Equipment

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

Infrastructure

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

Intangibles

- Intangibles

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

Recurring Fair Value Measurements

30-Jun-15				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Roads, Kerbs, Footpaths			595,465,057	595,465,057
Bridges			58,794,464	58,794,464
Drainage			308,577,207	308,577,207
	<u>0</u>	<u>0</u>	<u>962,836,728</u>	<u>962,836,728</u>
30-Jun-14				
	<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
	<u>0</u>	<u>40,480,400</u>	<u>215,386,140</u>	<u>255,866,540</u>
30-Jun-13				
	<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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

38. FAIR VALUE MEASUREMENTS (Continued)

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

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

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Property Plant and Equipment					
Land	Level 2	Market Approach	Independent	30 June 2014	Price per square metre
	Level 3	Cost Approach	Independent	30 June 2014	Price per square metre
Buildings	Level 3	Cost Approach	Independent	30 June 2014	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	Level 3	Cost Approach	Independent	30 June 2014	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	Level 2	Market Approach	Management	30 June 2013	Make, size, year of manufacture and condition.
Infrastructure					
Roads, Footpaths and Kerbs	Level 3	Cost Approach	Independent	30 June 2015	Determination of gross cost replacement cost for each component, after adjusting for the differences in service potential between the existing asset and a modern equivalent. Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount
Bridges	Level 3	Cost Approach	Independent	30 June 2015	Determination of gross cost replacement cost for each component, after adjusting for the differences in service potential between the existing asset and a modern equivalent. Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount
	Level 3	Cost Approach	Management	30 June 2015	

CITY OF GOSNELLS
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37. FAIR VALUE MEASUREMENTS (Continued)

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

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Drainage	Level 3	Cost Approach	Independent		Determination of gross cost replacement cost for each component, after adjusting for the differences in service potential between the existing asset and a modern equivalent. Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount
Park Development	Level 3	Cost Approach	Independent	30 June 2014	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
Other Infrastructure	Level 3	Cost Approach	Management	30 June 2014	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					
Intangibles	Level 3	Cost Approach	Management	30 June 2013	Estimates of remaining useful life, pattern of consumption and asset obsolescence to assess level of remaining service potential of the depreciable amount

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

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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38. FAIR VALUE MEASUREMENTS (Continued)

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

Recurring fair value measurements

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

Roads Kerbs and Footpaths

The City had engaged Talis Consultants to undertake a valuation for the road networks asset, kerbs and footpaths, using the cost approach to determine amount for replacement with new value, less an amount for depreciation due to physical wear and tear, economic and functional obsolescence. Replacement cost are determined for each asset component, unit rates have been developed on a first principles based approach using current contractor rates, current internal labour rates and current plant and equipment rates. Market rates have been applied in the instances that no current tender or contract exists. A visual condition assessment is used to determine the remaining useful life of the asset component and its subsequent depreciated replacement cost.

Bridges

The City had engaged GHD Consultants to undertake a valuation of road bridges using the cost approach to determine amount for replacement with new value, less an amount for depreciation due to physical wear and tear, economic and functional obsolescence. Replacement cost are determined for each asset component, adjusted for differences in service potential between the existing asset and modern equivalent. Estimates of residual value, remaining useful life, pattern of consumption and asset condition are considered in the determination of the depreciated replacement cost.

Drainage

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

Land

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

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

Buildings

Building assets were revalued in 2014 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A. Whilst the additions since 1 July 2014 have been brought in the books at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered that the recorded written down values approximate fair values. Thus, the value of the class of assets in the City's asset register is considered to be in accordance with Local Government (Financial Management) Regulations 17A(2) which requires these assets to be shown at fair value. Buildings will be revalued during the year ended 30 June 2017 in accordance with the mandatory asset measurement framework detailed at Note 1(g).

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).

CITY OF GOSNELLS
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38. FAIR VALUE MEASUREMENTS (Continued)

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

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

Furniture and Equipment asset were revalued in 2014 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A. Whilst the additions since 1 July 2014 have been brought in the books at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered that the recorded written down values approximate fair values. Thus, the value of the class of assets in the City's asset register is considered to be in accordance with Local Government (Financial Management) Regulations 17A(2) which requires these assets to be shown at fair value. Furniture and Equipment will be revalued during the year ended 30 June 2017 in accordance with the mandatory asset measurement framework detailed at Note 1(g).

The City's engaged a professionally qualified registered valuer, who used the cost approach to determine amounts for replacement with new value, less an amount for depreciation due to physical wear and tear, economic and functional obsolescence. 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

Parks Development assest were revalued in 2014 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A. Whilst the additions since 1 July 2014 have been brought in the books at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered that the recorded written down values approximate fair values. Thus, the value of the class of assets in the City's asset register is considered to be in accordance with Local Government (Financial Management) Regulations 17A(2) which requires these assets to be shown at fair value. Parks Development will be revalued during the year ended 30 June 2017 in accordance with the mandatory asset measurement framework detailed at Note 1(g).

The City's engaged a professionally qualified registered valuer, who used the cost approach to determine amounts for replacement with new value, less an amount for depreciation due to physical wear and tear, economic and functional obsolescence. 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.

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).

CITY OF GOSNELLS
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FOR THE YEAR ENDED 30 JUNE 2015

38. FAIR VALUE MEASUREMENTS (Continued)

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

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).

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

38. 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 2015	Valuation Technique(s)	Unobservable Inputs	Range of Inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Roads, Kerbs and Footpaths (Refer note 8) \$595,465,057	Cost Approach	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: \$59,546,506
Bridges (Refer note 8) \$58,794,464	Cost Approach	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: \$5,879,446
Drainage (Refer note 8) \$308,577,207	Cost Approach	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: \$30,857,721
Land (Refer note 7) \$139,743,085	Cost Approach	Price per square metre	+/- 10%	A change of 10% would result in a change in fair value by: \$13,974,309
Buildings (Refer note 7) \$102,561,142	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: \$10,256,114

CITY OF GOSNELLS
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FOR THE YEAR ENDED 30 JUNE 2015

37. FAIR VALUE MEASUREMENTS (Continued)

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

Description and Fair Value as at 30 June 2015	Valuation Technique(s)	Unobservable Inputs	Range of Inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Parks Development (Refer note 8) \$20,511,096	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: \$2,051,110
Furniture and Equipment (Refer note 7) \$2,342,823	Cost Approach	Price per square metre	+/- 10%	A change of 10% would result in a change in fair value by: \$234,282
Other Infrastructure (Refer note 8) \$10,950,295	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: \$1,095,030
Intangibles (Refer note 9) \$748,735	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: \$74,874

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FOR THE YEAR ENDED 30 JUNE 2014**

38. FAIR VALUE MEASUREMENTS (Continued)

(e) Valuation Processes

The City engaged an external, independent and qualified valuer to determine the fair value of the City's non current assets. The City and the valuer(s) 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.

As at 30 June 2015 a comprehensive revaluation was undertaken by Talis Consultants the following non current asset classes:

- Roads, Kerbs and Footpaths
- Drainage
- Road Bridges

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

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.

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Independent Auditor's Report To the Ratepayers of the City of Gosnells

We have audited the accompanying financial report of the City of Gosnells ("the Council") which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income by nature and type, the statement of profit or loss and other comprehensive income by program, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by the Chief Executive Officer.

Council's responsibility for the financial report

The Council of the City of Gosnells is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1995 Part 6. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with 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 entity'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

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an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 Part 6 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the City's financial position and of its performance.

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 have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

Auditor's opinion

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

- (i) gives a true and fair view of the City's financial position as at 30 June 2015 and of its performance for the financial year ended 30 June 2015;
- (ii) complies with Australian Accounting Standards (including the Australian Accounting Interpretations); and
- (iii) is prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under that Act.

Statutory Compliance

I did not, during the course of my audit, become aware of any instance where the Council did not comply with the requirements of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 as they relate to financial statements.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M A Petricevic
Partner - Audit & Assurance

Perth, 6 November 2015