

CITY OF GOSNELLS
FINANCIAL REPORT
for the year ended 30 June 2016

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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 2016

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 2016 are in my opinion properly drawn up to present fairly the financial position of the City at 30th June 2016 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 11th day of October 2016



Ian Cowie
Chief Executive Officer

City of Gosnells
Statement of Comprehensive Income
By Nature Or Type
for the year ended 30 June 2016

	Note	2016 Actual \$	2016 Budget \$	2015 Actual \$
Revenue				
Rates	25	60,446,655	60,010,039	57,550,292
Operating grants, subsidies and contributions	2(a)	5,013,929	6,542,020	8,660,526
Fees and charges	2(a)	21,803,843	21,548,656	21,705,105
Interest earnings	2(a)	4,483,795	4,066,000	4,971,675
Other revenue	2(a)	302,420	105,950	742,819
		<u>92,050,642</u>	<u>92,272,665</u>	<u>93,630,417</u>
Expenses				
Employee costs		(40,576,337)	(40,407,465)	(37,504,888)
Materials and contracts		(29,934,770)	(31,948,064)	(22,130,315)
Utility charges		(4,867,918)	(4,807,660)	(4,441,175)
Amortisation and Depreciation	2(a)	(21,682,966)	(19,106,802)	(15,524,634)
Interest expenses	2(a)	(6,563)	(70,000)	0
Insurance expenses		(1,717,243)	(2,037,838)	(1,844,676)
Other expenditure		(6,669,704)	(1,356,857)	(2,577,400)
		<u>(105,455,501)</u>	<u>(99,734,686)</u>	<u>(84,023,088)</u>
		(13,404,859)	(7,462,021)	9,607,329
Non-operating grants, subsidies and contributions	2(a)	31,360,652	15,819,421	16,422,222
Fair value adjustments to financial assets at fair value through profit or loss	4	(73,396)	150,000	33,091
Profit on asset disposals	23	7,141,333	13,098,379	1,474,159
Loss on asset disposals	23	<u>(4,366,787)</u>	<u>(780,646)</u>	<u>(1,353,460)</u>
Net result		20,656,943	20,825,133	26,183,341
Other comprehensive income				
Changes on revaluation of Non-Current Assets	15	1,633,323	0	396,060,109
Total other comprehensive income		<u>1,633,323</u>	<u>0</u>	<u>396,060,109</u>
Total comprehensive income		<u><u>22,290,266</u></u>	<u><u>20,825,133</u></u>	<u><u>422,243,450</u></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 2016

	Note	2016 Actual \$	2016 Budget \$	2015 Actual \$
Revenue	2(a)			
Governance		8,317	5,150	7,247
General purpose funding		67,991,846	69,094,264	70,181,725
Law, order, public safety		1,078,976	864,308	996,403
Health		344,775	306,958	365,960
Education and welfare		675,899	756,481	785,607
Community amenities		14,430,762	14,524,953	13,871,328
Recreation and culture		3,857,099	3,527,974	3,278,775
Transport		407,924	303,217	460,939
Economic services		2,424,624	2,300,163	2,747,198
Other property and services		903,818	589,197	935,235
		<u>92,124,040</u>	<u>92,272,665</u>	<u>93,630,417</u>
Expenses	2(a)			
Governance		(5,129,720)	(7,101,675)	(5,171,585)
General purpose funding		(1,415,681)	(1,381,686)	(1,281,692)
Law, order, public safety		(4,000,539)	(3,876,499)	(3,518,338)
Health		(1,372,165)	(1,461,732)	(1,312,043)
Education and welfare		(4,081,250)	(4,109,476)	(3,855,602)
Community amenities		(22,274,260)	(19,821,596)	(17,354,063)
Recreation and culture		(37,088,677)	(31,768,177)	(29,383,576)
Transport		(26,015,445)	(23,316,884)	(18,084,028)
Economic services		(2,981,892)	(3,557,128)	(2,798,832)
Other property and services		(1,131,271)	(3,269,833)	(1,120,229)
		<u>(105,490,900)</u>	<u>(99,664,686)</u>	<u>(83,879,988)</u>
Finance costs	2(a)			
Law, order, public safety		0	(70,000)	0
Other property and services		0	0	(143,100)
Community amenities		(6,563)	0	0
Recreation and culture		(31,436)	0	0
		<u>(37,999)</u>	<u>(70,000)</u>	<u>(143,100)</u>
Fair value adjustments to financial assets at fair value through profit or loss				
General purpose funding	4	<u>(73,396)</u>	<u>150,000</u>	<u>33,091</u>
		(73,396)	150,000	33,091
Non-operating grants, subsidies and contributions				
Law, order, public safety		625,000	1,350,000	0
Community amenities		4,175,073	3,930,000	7,418,669
Recreation and culture		6,978,709	6,298,360	2,289,671
Transport		19,558,147	4,241,061	6,639,227
Other property and services		23,723	0	74,655
		<u>31,360,652</u>	<u>15,819,421</u>	<u>16,422,222</u>

City of Gosnells
Statement of Comprehensive Income
By Program
for the year ended 30 June 2016

	Note	2016 Actual \$	2016 Budget \$	2015 Actual \$
Profit/(Loss) on disposal of assets				
Education and welfare		0	0	0
Recreation and culture		(226,199)	(92,670)	(1,454)
Transport		(142,975)	(578,547)	14,805
Other property and services		<u>3,143,720</u>	<u>12,988,950</u>	<u>107,348</u>
	23	<u>2,774,546</u>	<u>12,317,733</u>	<u>120,699</u>
Net result		<u>20,656,943</u>	<u>20,825,133</u>	<u>26,183,341</u>
Other comprehensive income				
Changes on revaluation of Non-Current assets	15	1,633,323	0	396,060,109
Total other comprehensive income		<u>1,633,323</u>	<u>0</u>	<u>396,060,109</u>
Total comprehensive income		<u><u>22,290,266</u></u>	<u><u>20,825,133</u></u>	<u><u>422,243,450</u></u>

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

City of Gosnells
Statement of Financial Position
as at 30 June 2016

	Note	2016 Actual \$	2015 Actual \$
Current Assets			
Cash and cash equivalents	3	106,278,347	101,009,553
Investments	4	0	2,038,759
Trade and other receivables	5	5,373,170	4,456,978
Inventories	6	337,684	330,697
Assets held for sale	7	1,168,844	11,662,845
Total Current Assets		<u>113,158,045</u>	<u>119,498,832</u>
Non-Current Assets			
Investments	4	1,956,585	2,029,982
Other receivables	5	1,250,250	1,275,553
Property, plant and equipment	8	270,538,058	256,222,582
Infrastructure	9	1,024,330,453	994,298,119
Intangible Assets	10	2,994,029	748,735
Total Non-Current Assets		<u>1,301,069,375</u>	<u>1,254,574,971</u>
Total Assets		<u><u>1,414,227,420</u></u>	<u><u>1,374,073,803</u></u>
Current Liabilities			
Trade and other payables	11	9,844,306	11,026,363
Borrowings	12	9,608,624	0
Provisions	13	8,661,911	7,900,859
Total Current Liabilities		<u>28,114,841</u>	<u>18,927,222</u>
Non-Current Liabilities			
Provisions	13	610,902	626,546
Borrowings	12	8,691,376	0
Total Non-Current Liabilities		<u>9,302,278</u>	<u>626,546</u>
Total Liabilities		<u><u>37,417,119</u></u>	<u><u>19,553,767</u></u>
Net Assets		<u><u>1,376,810,301</u></u>	<u><u>1,354,520,035</u></u>
Equity			
Retained surplus		395,008,803	373,059,202
Reserves - cash backed	14	78,123,538	74,275,498
Revaluation surplus	15	903,677,960	907,185,335
Total Equity		<u><u>1,376,810,301</u></u>	<u><u>1,354,520,035</u></u>

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

City of Gosnells
Statement of Changes in Equity
for the year ended 30 June 2016

	Note	Retained Surplus \$	Reserves Cash Backed \$	Revaluation Surplus \$	Total Equity \$
Balance as at 1 July 2014		358,300,673	62,850,686	511,125,226	932,276,585
Comprehensive income					
Net result		26,183,341	0	0	26,183,341
Changes on revaluation of Non-Current Assets	15	0	0	396,060,109	396,060,109
Total comprehensive income		<u>26,183,341</u>	<u>0</u>	<u>396,060,109</u>	<u>422,243,450</u>
Transfers to/(from) reserves	14	(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
Comprehensive income					
Net result		20,656,943	0	0	20,656,943
Changes on revaluation of non-current assets	15	0	0	1,633,323	1,633,323
Total comprehensive income		<u>20,656,943</u>	<u>0</u>	<u>1,633,323</u>	<u>22,290,266</u>
Revaluation write back on disposals	15	<u>5,140,698</u>	<u>0</u>	<u>(5,140,698)</u>	<u>0</u>
Transfers to/(from) reserves	14	(3,848,040)	3,848,040	0	0
Balance as at 30 June 2016		<u>395,008,803</u>	<u>78,123,538</u>	<u>903,677,960</u>	<u>1,376,810,301</u>

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 2016

	Note	2016 Actual \$	2016 Budget \$	2015 Actual \$
Cash Flows from Operating Activities				
Receipts				
Rates		59,595,185	62,210,039	56,779,631
Operating grants, subsidies and contributions		5,013,929	6,242,020	10,446,376
Fees and charges		22,029,693	21,548,656	21,610,752
Interest earnings		4,283,988	3,766,000	4,971,675
Goods and services tax		8,539,052	4,119,797	5,664,094
Other revenue		302,420	105,950	742,819
		<u>99,764,267</u>	<u>97,992,462</u>	<u>100,215,347</u>
Payments				
Employee costs		(39,830,930)	(39,543,606)	(36,618,577)
Materials and contracts		(31,146,452)	(29,906,403)	(20,657,599)
Utility charges		(4,867,918)	(4,807,660)	(4,441,175)
Interest expenses		(6,563)	(70,000)	0
Insurance expenses		(1,717,243)	(2,037,838)	(1,844,676)
Goods and services tax		(8,581,875)	(4,035,049)	(5,749,735)
Other expenditure		(6,669,704)	(1,356,857)	(2,577,400)
		<u>(92,820,685)</u>	<u>(81,757,413)</u>	<u>(71,889,162)</u>
Net cash provided by (used in) operating activities	16(b)	<u>6,943,582</u>	<u>16,235,049</u>	<u>28,326,185</u>
Cash Flows from Investing Activities				
Payments for development of Assets held for sale		(126,775)	(4,703,650)	(3,679,478)
Payments for purchase of Property, Plant & Equipment		(19,926,822)	(50,011,091)	(16,746,653)
Payments for Construction of Infrastructure		(34,775,157)	(29,293,465)	(15,485,467)
Non-operating grants, Subsidies and Contributions		18,517,778	15,819,421	16,422,222
Proceeds from Sale of assets		14,297,429	17,086,000	3,369,451
Proceeds from Sale of Investments		2,038,759	0	0
Net cash provided by (used in) investment activities		<u>(19,974,788)</u>	<u>(51,102,785)</u>	<u>(16,119,925)</u>
Cash Flows from Financing Activities				
Repayment of loan facilities		0	(250,000)	(5,300,000)
Proceeds from loan facilities		18,300,000	38,587,410	0
Net cash provided by (used in) financing activities		<u>18,300,000</u>	<u>38,337,410</u>	<u>(5,300,000)</u>
Net increase (decrease) in cash held		5,268,794	3,469,674	6,906,260
Cash at beginning of year		101,009,553	92,753,032	94,103,293
Cash and cash equivalents at the end of the year	16(a)	<u>106,278,347</u>	<u>96,222,706</u>	<u>101,009,553</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 2016

	Note	2016 Actual \$	2016 Budget \$	2015 Actual \$
Revenue from operating activities excluding rates				
Governance		8,317	5,150	7,247
General Purpose Funding		7,618,587	9,084,225	12,631,433
Law, Order, Public Safety		1,078,976	864,308	996,403
Health		344,775	306,958	365,960
Education and Welfare		675,899	756,481	785,607
Community Amenities		14,430,761	14,524,953	13,871,328
Recreation and Culture		3,857,099	3,527,974	3,278,775
Transport		451,571	412,646	591,372
Economic Services		2,424,624	2,300,163	2,747,198
Other Property and Services		4,047,538	13,578,147	2,278,962
		<u>34,938,147</u>	<u>45,361,005</u>	<u>37,554,285</u>
Expenditure from operating activities				
Governance		(5,129,720)	(7,101,675)	(5,171,585)
General Purpose Funding		(1,489,077)	(1,381,686)	(1,281,692)
Law, Order, Public Safety		(4,000,539)	(3,946,499)	(3,518,338)
Health		(1,372,165)	(1,461,732)	(1,312,043)
Education and Welfare		(4,081,250)	(4,109,476)	(3,855,602)
Community Amenities		(22,280,823)	(19,821,596)	(17,354,063)
Recreation and Culture		(37,346,312)	(31,860,847)	(29,385,030)
Transport		(26,202,067)	(24,004,860)	(18,199,656)
Economic Services		(2,981,892)	(3,557,128)	(2,798,832)
Other Property and Services		(1,131,271)	(3,269,833)	(2,499,707)
		<u>(106,015,116)</u>	<u>(100,515,332)</u>	<u>(85,376,548)</u>
Net operating result excluding rates		<u>(71,076,969)</u>	<u>(55,154,327)</u>	<u>(47,822,263)</u>
Adjustments for cash budget requirements:				
Non-cash expenditure and revenue				
(Profit)/Loss on asset disposals	23	(2,774,546)	(12,317,733)	(120,699)
Depreciation and amortisation on assets	2(a)	21,837,128	19,202,582	15,673,646
Fair Value Adjustment to Financial Assets	4	(73,396)	150,000	33,091
Movement in Non-Current Assets		98,699	(150,000)	1,727,763
Movement in Non-Current Liabilities		(15,644)	0	(135,461)
		<u>19,072,241</u>	<u>6,884,849</u>	<u>17,178,340</u>
Amount attributable to operating activities		<u>(52,004,728)</u>	<u>(48,269,478)</u>	<u>(30,643,923)</u>

City of Gosnells
Rate Setting Statement
for the year ended 30 June 2016

	Note	2016 Actual \$	2016 Budget \$	2015 Actual \$
Investing Activities				
Grants/Contributions for construction of assets		31,360,652	15,819,421	16,422,222
Proceeds from disposal of assets	23	14,297,429	17,086,000	3,369,451
Purchase assets held for sale	7(b)	(126,775)	(4,703,650)	(3,679,479)
Purchase of Intangible Assets	10(b)	(193,284)	(582,673)	(186,160)
Purchase of Property, Plant and Equipment	8(b)	(19,887,700)	(49,428,418)	(16,560,493)
Construction / Purchase of Infrastructure Assets	9(b)	(47,618,031)	(29,293,465)	(15,634,479)
		<u>(22,167,709)</u>	<u>(51,102,785)</u>	<u>(16,268,938)</u>
Amount attributable to investing activities		<u>(22,167,709)</u>	<u>(51,102,785)</u>	<u>(16,268,938)</u>
Financing Activities				
Proceeds from new loan facilities	24(b)	18,300,000	38,587,410	0
Repayment of loan facilities	24(a)	0	(250,000)	(5,300,000)
Transfers to reserves (restricted assets)	14	(16,788,164)	(13,756,706)	(16,090,551)
Transfers from reserves (restricted assets)	14	12,940,124	8,380,289	4,665,739
		<u>14,451,960</u>	<u>32,960,993</u>	<u>(16,724,812)</u>
Amount attributable to financing activities		<u>14,451,960</u>	<u>32,960,993</u>	<u>(16,724,812)</u>
Net-Current Assets - surplus/(deficit) at:				
The start of the year	25(b)	14,633,267	7,201,231	20,720,648
The end of the year	25(b)	(15,359,446)	(800,000)	(14,633,267)
Total amount raised from general rates	25(a)	<u>(60,446,655)</u>	<u>(60,010,039)</u>	<u>(57,550,292)</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 2016

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 22 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 2016

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.

Assets held for sale

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

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

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

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

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

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

Land under control

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

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

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

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.

Depreciation

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

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

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

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

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 Developments	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.

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 Assets	2,000
Plant and Equipment	2,000

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Easements

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

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

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cost approach

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

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

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

(h) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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.

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

Held-to-maturity investments are included in 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.

Impairment

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

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

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

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

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

(k) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Borrowing Costs

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

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

(o) 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.

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Interests in Joint Arrangements (Continued)

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 19.

(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.

(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 2016

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 2018	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 2016

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 2016

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 2016

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:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

2. Revenue and Expenses

	2016 Actual \$	2016 Budget \$	2015 Actual \$
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(a) Net Result

The Net result includes:

(i) Crediting as revenue:

Fees and Charges by Program

Governance	82	150	179
General purpose funding	715,810	725,225	711,492
Law, order, public safety	661,047	579,660	693,529
Health	331,085	294,375	354,154
Education and welfare	169,289	241,465	231,196
Community amenities	13,661,775	13,788,206	13,286,376
Recreation and culture	3,233,094	3,203,812	2,986,883
Transport	308,553	190,000	338,941
Economic services	2,418,259	2,293,513	2,740,986
Other property and services	304,849	232,250	361,369
	<u>21,803,843</u>	<u>21,548,656</u>	<u>21,705,105</u>

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

Grant, subsidiary and contributions

Included as operating revenues in the Statement of Comprehensive Income:

	2016 Actual \$	2016 Budget \$	2015 Actual \$
By Nature or Type:			
Operating grants, subsidies and contributions	<u>5,013,929</u>	<u>6,542,020</u>	<u>8,660,526</u>
	5,013,929	6,542,020	8,660,526
Non-operating grants, subsidies and contributions			
- Non-operating grants, subsidies and contributions	18,517,778	15,819,421	16,422,222
- Non-operating contributions from developers	<u>12,842,874</u>	<u>0</u>	<u>0</u>
	31,360,652	15,819,421	16,422,222
Total grants, subsidies and contributions	<u>36,374,581</u>	<u>28,903,461</u>	<u>33,743,274</u>
By Program:			
Governance	6,475	5,000	7,068
General purpose funding	2,129,439	4,293,000	6,359,090
Law, order, public safety	1,042,929	1,634,648	302,683
Health	13,690	12,583	11,806
Education and welfare	506,590	515,016	554,164
Community amenities	4,944,060	4,666,747	8,003,619
Recreation and culture	7,602,525	6,622,522	2,580,855
Transport	19,657,518	4,354,278	6,761,225
Economic services	6,366	6,650	6,213
Other property and services	464,989	250,997	496,025
	<u>36,374,581</u>	<u>22,361,441</u>	<u>25,082,748</u>
Interest earnings			
- Reserve funds	2,694,879	1,485,000	2,763,623
- Other funds	1,020,084	1,996,000	1,551,017
Other interest revenue (refer Note 29)	<u>768,832</u>	<u>585,000</u>	<u>657,035</u>
	<u>4,483,795</u>	<u>4,066,000</u>	<u>4,971,675</u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

2. Revenue and Expenses (Continued)	2016 Actual \$	2016 Budget \$	2015 Actual \$
(a) Net Result (Continued)			
The Net result includes:			
(i) Crediting as revenue (Continued):			
Other revenue			
Advertising Rebate	16,017	15,000	14,360
Discount Received	115,157	90,000	108,593
ATO Reimbursements	0	0	131,199
Insurance refund	0	0	378,298
Other	171,246	950	110,369
	<u>302,420</u>	<u>105,950</u>	<u>742,819</u>
Fair Value Adjustment to Financial Assets at Fair Value through Profit or Loss			
Financial Assets - Investment	(73,396)	150,000	33,091
	<u>(73,396)</u>	<u>150,000</u>	<u>33,091</u>
(ii) Charging as an expense:			
Auditors remuneration			
- Audit of the annual financial report	37,736	40,000	26,328
- Audit of grant acquittals	2,065	2,000	3,122
	<u>39,801</u>	<u>42,000</u>	<u>29,450</u>
Interest expenses (finance costs)			
- Operating interest loan facilities	6,563	70,000	0
- Capital interest loan facilities	31,436	1,040,780	143,100
	<u>37,999</u>	<u>1,110,780</u>	<u>143,100</u>
Elected Members' Remuneration			
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	376,684	397,850	355,350
Mayor's allowance	87,070	90,200	87,550
Deputy Mayor's allowance	21,768	22,550	21,888
Travelling expenses*	13,471	18,000	9,723
Telecommunications allowance	24,555	26,000	23,100
State Council Allowance*	0	0	0
	<u>523,548</u>	<u>554,600</u>	<u>497,611</u>

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

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

2. Revenue and Expenses (Continued)	2016 Actual \$	2016 Budget \$	2015 Actual \$
(a) Net Result (Continued)			
The Net result includes:			
(ii) Charging as an expense (Continued):			
Other Expenditure			
Elected Members Remuneration	523,548	554,600	497,611
Election Expenditure	195,673	215,000	0
Community Sponsorship & Donations	540,092	390,917	417,661
Rate Waivers	62,866	4,215	20,830
Refund of Fees & Charges	35,727	30,200	41,605
Land donated to crown & Land acquisition costs	9,833	60,000	1,447,245
ESL Council Properties	53,798	52,730	48,927
Other	5,248,167	49,195	103,521
	<u>6,669,704</u>	<u>1,356,857</u>	<u>2,577,400</u>
Rental charges			
- Operating leases	194,319	192,290	60,430
	<u>194,319</u>	<u>192,290</u>	<u>60,430</u>
Depreciation and Amortisation			
By Program			
Amortisation and Depreciation Expense			
Law, order, public safety	16,650	17,988	16,497
Health	93,545	88,824	80,887
Education and welfare	106,065	110,076	99,268
Recreation and culture	4,422,051	4,350,240	4,043,508
Transport	13,793,489	11,304,232	8,195,746
Other Property and Services	3,251,166	3,235,442	3,088,728
	<u>21,682,966</u>	<u>19,106,802</u>	<u>15,524,634</u>
Depreciation Capitalised			
Recreation and culture	1,076	0	3,584
Other Property and Services	153,086	95,780	145,428
	<u>154,162</u>	<u>95,780</u>	<u>149,012</u>
Total Amortisation and Depreciation	<u>21,837,128</u>	<u>19,202,582</u>	<u>15,673,646</u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

2. Revenue and Expenses (Continued)	2016 Actual \$	2016 Budget \$	2015 Actual \$
(a) Net Result (Continued)			
The Net result includes:			
(ii) Charging as an expense (Continued):			
By Class			
Amortisation and Depreciation Expense			
Bridges	1,194,797	953,736	269,712
Buildings	2,608,045	2,622,804	2,417,583
Drainage	4,160,838	3,162,516	1,001,498
Furniture and Equipment	487,686	441,648	393,516
Intangible Assets	237,692	210,012	261,637
Other Infrastructure	591,414	489,840	535,220
Park Development	2,207,314	2,318,976	2,188,552
Plant and Equipment	2,102,105	2,127,678	2,082,096
Roads, Footpaths and Kerbs	8,093,075	6,779,592	6,374,820
	<u>21,682,966</u>	<u>19,106,802</u>	<u>15,524,634</u>
Depreciation Capitalised			
Plant and Equipment	154,162	95,780	149,012
	<u>154,162</u>	<u>95,780</u>	<u>149,012</u>
Total Amortisation and Depreciation	<u><u>21,837,128</u></u>	<u><u>19,202,582</u></u>	<u><u>15,673,646</u></u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

2. REVENUE AND EXPENSES (Continued)

(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.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to ensure a safer community.

Activities:

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

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

HEALTH

Objective:

To provide an operational framework for good community health.

Activities:

Administration, inspection and operation of programs concerned with the general health of the community. Expenses and revenues relating to regulation and monitoring of food premises including food sample analysis, 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 2016

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

TRANSPORT

Objective:

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

Activities:

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

ECONOMIC SERVICES

Objective:

To promote the City and improve its economic base.

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

To provide services required by the community.

Activities:

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

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance ⁽¹⁾ 30/06/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance 30/06/16 \$
<u>Non - Operating</u>							
Bridge Construction							
Burslem Dr Bridge Phase 1	78,778	0	(78,778)	0	0	0	0
	78,778	0	(78,778)	0	0	0	0
B4 Parkland Minimal Development							
Clifton Street Park Rectification Works	0	0	0	0	18,182	0	18,182
	0	0	0	0	18,182	0	18,182
Bridge Rehabilitation							
Station Street Bridge	0	10,000	0	10,000	0	(10,000)	0
	0	10,000	0	10,000	0	(10,000)	0
Drainage Construction							
Drain Modification - Boardwalk Estate	80,000	0	(38,344)	41,656	0	0	41,656
	80,000	0	(38,344)	41,656	0	0	41,656
Footpath Construction							
Lot 5 Campbell Road footpath (Amherst Rd Side)	0	0	0	0	13,745	0	13,745
Shreeve Rd Footpath Upgrade	0	0	0	0	19,104	0	19,104
	0	0	0	0	32,849	0	32,849
Information technology							
Graffiti - Proclaim Upgrade	17,990	0	(13,090)	4,900	0	(4,900)	0
	17,990	0	(13,090)	4,900	0	(4,900)	0
Landscaping							
Centennial Pioneer Pk Enhancement Project	0	0	0	0	40,000	0	40,000
	0	0	0	0	40,000	0	40,000
Sports Facilities							
Langford Oval - Floodlight remote control system	0	0	0	0	10,337	0	10,337
	0	0	0	0	10,337	0	10,337
National Black Spot							
Canning Mills Rd - Road Rehabilitation	0	520,000	(214,641)	305,359	165,924	(471,283)	0
Forest Lakes Dr Upgrade Street Lighting	0	280,000	(13,559)	266,441	0	(266,441)	0
Nicholson Rd/Spencer Rd - extend left turn lane	0	100,000	(53,064)	46,936	0	(46,936)	0
Spencer - Langford Intersection	0	0	0	0	772,000	(489,588)	282,412
	0	900,000	(281,264)	618,736	937,924	(1,274,248)	282,412

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance ⁽¹⁾ 30/06/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance 30/06/16 \$
<u>Non - Operating (Continued)</u>							
Other Plant and Equipment							
Trailer - Pop-up Trailer & Generator - Youth Services	0	0	0	0	15,000	0	15,000
	0	0	0	0	15,000	0	15,000
Park Development Construction							
Walking and Cycle Path Link	32,000	0	0	32,000	0	0	32,000
Pioneer Park Rotunda	20,000	0	0	20,000	0	(20,000)	0
Seating - Mary Carroll Park	0	0	0	0	5,069	0	5,069
	52,000	0	0	52,000	5,069	(20,000)	37,069
Road Improvements							
Southern River College Carpark	0	0	0	0	45,455	(45,455)	0
New access to Tom Bateman House	0	0	0	0	110,049	(88,628)	21,421
William St and Sevenoaks St intersection signals	0	0	0	0	240,000	(17,991)	222,009
Warton Rd / Ranford Rd left slip lane design, investigation	0	0	0	0	53,333	0	53,333
William St - Camberwell/Bickley - Rd Rehabilitation	0	0	0	0	320,000	0	320,000
Spencer Rd /Yale Rd - Road Rehabilitation	0	0	0	0	133,333	0	133,333
Southern River Rd Duplication - Ranford to Holmes	1,759,938	2,496,992	(3,537,928)	719,002	3,186,102	(3,801,846)	103,258
	1,759,938	2,496,992	(3,537,928)	719,002	4,088,272	(3,953,920)	853,354

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance ⁽¹⁾ 30/06/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance 30/06/16 \$
<u>Non - Operating (Continued)</u>							
Road Rehabilitation	641	0	(641)	0	0	0	0
River Ave - Albany Hwy to Attfield St							
Olga Rd Left Lane - Attfield St to Phillip St	61,484	92,226	(153,710)	0	0	0	0
Austin Ave - Carol Rd to Church Rd	8,990	13,485	(22,475)	0	0	0	0
Nicholson Rd - Railway Pde to Yale Rd	0	75,480	0	75,480	0	0	75,480
Attfield St, Maddington - Road Rehabilitation	0	0	0	0	49,721	(732)	48,989
Sutherland Drive, Thornlie - Road Rehabilitation	0	140,000	0	140,000	50,956	(190,956)	0
	71,115	321,191	(176,826)	215,480	100,677	(191,688)	124,469
State Black Spot	0	186,667	(125,151)	61,516	280,100	(254,366)	87,250
Stage 1 - Spencer/Yale - light/slip lane	0	26,667	0	26,667	35,795	(62,462)	0
Brixton St / Wanaping Rd pre-deflection	0	15,333	0	15,333	15,414	(30,747)	0
Clapham St Shared Footpath, line mark	0	114,666	0	114,666	114,666	(157,631)	71,701
Huntingdale Rd (Forest Lakes-Warton)	0	118,667	0	118,667	0	(61,275)	57,392
Nicholson Rd - Langford Intersection	0	53,334	(51,093)	2,241	0	(2,241)	0
Burslem Dr & Attfield Roundabout install pre-deflections	0	80,000	(23,078)	56,922	16,341	(73,263)	0
Eudoria St and Verna St Roundabout install pre-deflections	0	595,334	(199,322)	396,012	462,316	(641,985)	216,343
Total Non-Operating	2,059,821	4,323,517	(4,325,552)	2,057,786	5,710,626	(6,096,741)	1,671,671

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/14	Received ⁽²⁾ 2014/15	Expended ⁽³⁾ 2014/15	Closing Balance ⁽¹⁾ 30/06/15	Received ⁽²⁾ 2015/16	Expended ⁽³⁾ 2015/16	Closing Balance 30/06/16
Operating	\$	\$	\$	\$	\$	\$	\$
Technical Services							
RoadWise Program	0	7,400	0	7,400	5,700	(7,400)	5,700
	0	7,400	0	7,400	5,700	(7,400)	5,700
Community Engagement							
Community Garden Initiative	20,000	6,208	(26,208)	0	0	0	0
Industrial Area Graffiti Audits	0	20,000	0	20,000	0	(7,728)	12,272
Meals on Wheels	35,704	54,549	(49,540)	40,713	31,374	(24,535)	47,552
Film Box	10,000	10,000	(10,000)	10,000	0	(10,000)	0
YCAN	0	0	0	0	27,000	0	27,000
Propel Art Music	2,950	0	(2,950)	0	0	0	0
KidSport Sponsorship	60,242	0	(25,643)	34,599	0	(34,599)	0
KidSport 2014	51,198	105,000	(156,198)	0	0	0	0
KidSport - 2015/16	0	0	0	0	182,500	(175,493)	7,007
KidSport Additional Funding - 2015/16	0	0	0	0	170,500	(113,065)	57,435
Switched on Homes	66,720	198,000	(264,720)	0	0	0	0
MKSEA Planning	0	21,450	0	21,450	0	(21,450)	0
Inclusive Recreation	1,582	137,025	(98,607)	40,000	22,806	(62,806)	0
	248,396	552,232	(633,866)	166,762	434,180	(449,676)	151,266
Reform Planning							
Chief Executive Officer	33,147	0	(33,147)	0	0	0	0
	33,147	0	(33,147)	0	0	0	0
State Emergency Service							
State Emergency Service	6,955	42,483	(39,490)	9,948	40,610	(34,390)	16,168
Bush Fire Brigade	0	146,584	(117,114)	29,470	139,930	(132,227)	37,173
	6,955	189,067	(156,604)	39,418	180,540	(166,617)	53,341
Total Operating	288,498	748,699	(823,617)	213,580	620,420	(623,693)	210,307
Total	2,348,319	5,072,216	(5,149,169)	2,271,366	6,331,046	(6,720,434)	1,881,978

Notes:

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

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

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

City of Gosnells
Notes to and forming part of the Financial Report
For the year ended 30 June 2016

	Note	2016 Actual \$	2015 Actual \$
3. Cash and Cash Equivalents			
Unrestricted		26,272,831	24,462,689
Restricted		<u>80,005,516</u>	<u>76,546,864</u>
		<u><u>106,278,347</u></u>	<u><u>101,009,553</u></u>
Cash Balances			
Cash on Hand		9,795	9,495
Cash in Bank		16,268,552	5,000,058
Term Deposits		<u>90,000,000</u>	<u>96,000,000</u>
		<u><u>106,278,347</u></u>	<u><u>101,009,553</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Restricted Cash			
Reserves - cash backed		78,123,538	74,275,498
Unspent grants and contributions	2(c)	1,881,978	2,271,366
Unspent loans	24(c)	<u>0</u>	<u>0</u>
		<u><u>80,005,516</u></u>	<u><u>76,546,864</u></u>
4. Investments			
Financial assets at fair value			
At the beginning of the year		4,068,741	4,035,650
Fair value adjustments		(73,396)	33,091
Disposals		<u>(2,038,759)</u>	<u>0</u>
Value at the end of the year		<u><u>1,956,586</u></u>	<u><u>4,068,741</u></u>
Current			
Investments		<u>0</u>	<u>2,038,759</u>
		0	2,038,759
Non-current			
Investments		<u>1,956,585</u>	<u>2,029,982</u>
		1,956,585	2,029,982
5. Trade and Other Receivables			
Current			
Rates outstanding		2,485,533	1,667,877
Sundry debtors		493,110	261,231
GST receivable		512,667	469,844
Accrued Revenue		1,814,626	2,013,430
Prepayments		<u>67,234</u>	<u>44,596</u>
		<u><u>5,373,170</u></u>	<u><u>4,456,978</u></u>
Non-current			
Rates outstanding - pensioners		1,050,752	1,016,938
Sundry Debtor		<u>199,498</u>	<u>258,615</u>
		<u><u>1,250,250</u></u>	<u><u>1,275,553</u></u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

	2016 Actual \$	2015 Actual \$
6. Inventories		
Current		
Fuel and materials	<u>337,684</u>	<u>330,697</u>
7. Assets Held for Sale		
Current		
Assets Held for Sale		
Cost of acquisition	4,180,000	4,180,000
Development costs	7,609,620	8,192,734
Disposals	(10,620,776)	(1,484,701)
Reclassification of Land to Land Held for Resale	0	774,812
	<u>1,168,844</u>	<u>11,662,845</u>

7(b) Movements in Carrying Amounts

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

	Assets Held for Sale \$
	<u> </u>
Balance at the beginning of the year	11,662,845
Additions	126,775
Disposals	(10,620,776)
Carrying amount at the end of the year	<u><u>1,168,844</u></u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

	2016 Actual \$	2015 Actual \$
8. Property, Plant and Equipment		
(a) Book Value		
Land		
- Independent valuation 2014	139,337,088	139,337,088
- Additions after valuation - cost	<u>3,684,217</u>	<u>405,997</u>
	143,021,305	139,743,085
 Buildings at:		
- Independent valuation 2014	163,559,000	163,559,000
- Additions after valuation - cost	18,851,300	3,737,837
- Work in Progress	2,925,418	9,576,888
Less: accumulated depreciation	<u>(72,587,623)</u>	<u>(74,312,583)</u>
	112,748,095	102,561,142
 Total land and buildings	<u>255,769,400</u>	<u>242,304,227</u>
 Furniture and Equipment at:		
- Management valuation 2016	11,636,733	0
- Independent valuation 2014	0	10,035,040
- Additions after valuation - cost	0	709,689
Less accumulated depreciation	<u>(8,889,592)</u>	<u>(8,401,906)</u>
	2,747,141	2,342,823
 Plant and Equipment at:		
- Management valuation 2016	19,684,391	0
- Management valuation 2013	0	10,306,775
- Additions after valuation - cost	0	8,982,227
Less accumulated depreciation	<u>(7,678,338)</u>	<u>(7,728,934)</u>
	12,006,053	11,560,068
 Local Government House at:		
- At Cost	15,464	15,464
	<u>270,538,058</u>	<u>256,222,582</u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

8. Property, Plant and Equipment (Continued)

(b) Movements in Carrying Amounts

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

	Land	Buildings	Furniture and Equipment	Plant and Equipment	Local Government House	Total
Balance as at the beginning of the year	139,743,085	102,561,142	2,342,823	11,560,068	15,464	256,222,582
Additions						
Completed Works	3,295,066	10,056,576	892,004	2,718,636		16,962,282
Developer Contributed Assets	0	0	0	0	0	0
Works in Progress	0	2,925,418	0	0	0	2,925,418
	<u>3,295,066</u>	<u>12,981,994</u>	<u>892,004</u>	<u>2,718,636</u>	<u>0</u>	<u>19,887,700</u>
Disposals	(16,846)	(186,996)	0	(472,440)	0	(676,282)
Depreciation (Expense)	0	(2,608,045)	(487,686)	(2,256,266)	0	(5,351,997)
Revaluation - Increment/(Decrement)	0	0	0	456,055	0	456,055
Impairment (Losses)/Reversals	0	0	0	0	0	0
Transfer between asset classes	0	0	0	0	0	0
Carrying amount at the end of the year	<u>143,021,305</u>	<u>112,748,095</u>	<u>2,747,141</u>	<u>12,006,053</u>	<u>15,464</u>	<u>270,538,058</u>

City of Gosnells
Notes to and forming part of the Financial Report
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	2016 \$	2015 \$
9. Infrastructure		
(a) Book Value		
Roads, Footpaths and Kerbs		
- Management valuation 2015	749,168,370	749,168,370
- Additions after valuation - at cost	16,823,943	0
Less accumulated depreciation	<u>(161,796,388)</u>	<u>(153,703,313)</u>
	604,195,925	595,465,057
Bridges		
- Management valuation 2015	98,305,226	98,305,226
- Additions after valuation - at cost	(29,650)	0
- Work in Progress	78,213	0
Less accumulated depreciation	<u>(40,020,830)</u>	<u>(39,510,762)</u>
	58,332,959	58,794,464
Drainage		
- Management valuation 2015	418,366,815	418,366,815
- Additions after valuation - at cost	9,608,714	0
Less accumulated depreciation	<u>(113,950,446)</u>	<u>(109,789,608)</u>
	314,025,083	308,577,207
Park Development		
- Independent valuation 2014	41,181,000	41,181,000
- Additions after valuation - cost	15,272,517	1,106,651
- Work in Progress	617,164	0
Less accumulated depreciation	<u>(21,680,071)</u>	<u>(21,776,555)</u>
	35,390,610	20,511,096
Other Infrastructure		
- Management valuation 2013	20,630,494	20,630,494
- Additions after valuation - cost	8,810,954	7,759,313
Less accumulated depreciation	<u>(17,055,572)</u>	<u>(17,439,512)</u>
	12,385,876	10,950,295
	<u><u>1,024,330,453</u></u>	<u><u>994,298,119</u></u>

City of Gosnells
Notes to and forming part of the Financial Report
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9. Infrastructure (Continued)

(b) Movements in Carrying Amounts

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

	Roads, Footpaths and Kerbs	Bridges	Drainage	Park Development	Other Infrastructure	Total
Balance as at the beginning of the year	595,465,057	58,794,464	308,577,207	20,511,096	10,950,295	994,298,119
Additions						
Completed Works	11,014,428	1,844,400	2,614,855	16,469,366	2,136,730	34,079,779
Developer Contributed Assets	5,809,515	0	6,993,859	39,500	0	12,842,874
Works in Progress	0	78,213	0	617,165	0	695,378
	<u>16,823,943</u>	<u>1,922,613</u>	<u>9,608,714</u>	<u>17,126,031</u>	<u>2,136,730</u>	<u>47,618,031</u>
Disposals	0	(76,887)	0	(39,203)	(109,735)	(225,825)
Depreciation (Expense)	(8,093,075)	(1,194,797)	(4,160,838)	(2,207,314)	(591,414)	(16,247,438)
Revaluation - Write back on disposals	0	(1,112,434)	0	0	0	(1,112,434)
Impairment (Losses)/Reversals	0	0	0	0	0	0
Transfer between asset classes	0	0	0	0	0	0
Carrying amount at the end of the year	<u><u>604,195,925</u></u>	<u><u>58,332,959</u></u>	<u><u>314,025,083</u></u>	<u><u>35,390,610</u></u>	<u><u>12,385,876</u></u>	<u><u>1,024,330,453</u></u>

City of Gosnells
Notes to and forming part of the Financial Report
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	2016 \$	2015 \$
10. Intangible Assets		
(a) Book Value		
Computer Software		
- Management valuation 2016	3,389,478	0
- Management valuation 2013	0	1,010,001
- Additions after valuation - cost	0	1,628,259
Less accumulated depreciation	<u>(395,449)</u>	<u>(1,889,525)</u>
	2,994,029	748,735

(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	748,735
Additions	193,284
Revaluations - Increments/(Decrements)	2,289,702
Amortisation (Expense)	(237,692)
Carrying amount at the end of the year	<u><u>2,994,029</u></u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

	2016	2015
	\$	\$
11. Trade and Other Payables		
Current		
Sundry creditors	4,688,642	2,587,902
Bonds and Deposits	3,473,176	4,008,221
Accrued expenditure	1,212,246	4,065,975
Income in advance	289,389	219,938
Deferred salaries	180,853	144,327
	<u>9,844,306</u>	<u>11,026,363</u>

12. Borrowings

Current		
Loans	9,608,624	0
	<u>9,608,624</u>	<u>0</u>
Non-Current		
Loans	8,691,376	0
	<u>8,691,376</u>	<u>0</u>

Additional detail on borrowings is provided in Note 24

13. Provisions

Current		
Provision for Annual Leave	3,944,752	3,635,511
Provision for Long Service Leave	4,717,159	4,265,347
	<u>8,661,911</u>	<u>7,900,859</u>
Non-Current		
Provision for Long Service Leave	610,902	626,546
	<u>610,902</u>	<u>626,546</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2015	<u>3,635,511</u>	<u>4,891,894</u>	<u>8,527,405</u>
	3,635,511	4,891,894	8,527,405
Additional provision	3,285,956	1,048,216	4,334,172
Amounts used	(2,976,715)	(629,033)	(3,605,748)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	16,984	16,984
Balance at 30 June 2016	<u>3,944,752</u>	<u>5,328,061</u>	<u>9,272,813</u>
Comprises			
Current	3,944,752	4,717,159	8,661,911
Non-Current	0	610,902	610,902
	<u>3,944,752</u>	<u>5,328,061</u>	<u>9,272,813</u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

	2016 Actual \$	2016 Budget \$	2015 Actual \$
14. Reserves - Cashed Backed Ordinary Reserves			
(a) Asset Management			
Opening balance	1,567,570	1,534,588	1,508,274
Amount set aside / transfer to reserve	189,680	162,891	59,296
Amount used / transfer from reserve	0	0	0
	<u>1,757,250</u>	<u>1,697,479</u>	<u>1,567,570</u>
(b) Developer Contributions for Future Infrastructure			
Opening balance	422,198	368,661	362,340
Amount set aside / transfer to reserve	38,581	17,483	59,858
Amount used / transfer from reserve	0	0	0
	<u>460,779</u>	<u>386,144</u>	<u>422,198</u>
(c) Emergency Services			
Opening balance	82,970	81,338	77,944
Amount set aside / transfer to reserve	6,063	3,136	5,026
Amount used / transfer from reserve	0	0	0
	<u>89,033</u>	<u>84,474</u>	<u>82,970</u>
(d) Floodlighting Levy			
Opening balance	72,296	61,724	79,991
Amount set aside / transfer to reserve	20,205	11,927	22,130
Amount used / transfer from reserve	(48,000)	0	(29,825)
	<u>44,501</u>	<u>73,651</u>	<u>72,296</u>
(e) Gosnells Oval Redevelopment			
Opening balance	587,032	565,675	464,898
Amount set aside / transfer to reserve	126,336	98,022	122,134
Amount used / transfer from reserve	0	0	0
	<u>713,368</u>	<u>663,697</u>	<u>587,032</u>
(f) Gosnells Town Centre Revitalisation			
Opening balance	764,278	746,828	657,021
Amount set aside / transfer to reserve	112,589	98,860	108,762
Amount used / transfer from reserve	(6,351)	(27,189)	(1,505)
	<u>870,516</u>	<u>818,499</u>	<u>764,278</u>
(g) Harmony Fields			
Opening balance	192,809	213,658	185,246
Amount set aside / transfer to reserve	59,741	30,225	7,563
Amount used / transfer from reserve	0	0	0
	<u>252,550</u>	<u>243,883</u>	<u>192,809</u>
(h) Heritage Condition Reward Scheme			
Opening balance	35,672	31,163	28,129
Amount set aside / transfer to reserve	14,022	13,165	13,943
Amount used / transfer from reserve	(6,260)	(10,000)	(6,400)
	<u>43,434</u>	<u>34,328</u>	<u>35,672</u>
Total Ordinary Reserves C/Fwd	<u>4,231,431</u>	<u>4,002,155</u>	<u>3,724,825</u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

	2016 Actual \$	2016 Budget \$	2015 Actual \$
14. Reserves - Cashed Backed (Continued)			
Ordinary Reserves (Continued)			
Total Ordinary Reserves B/Fwd	<u>4,231,431</u>	<u>4,002,155</u>	<u>3,724,825</u>
(i) Insurance			
Opening balance	1,027,301	1,005,686	988,441
Amount set aside / transfer to reserve	36,267	19,872	38,860
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>1,063,568</u>	<u>1,025,558</u>	<u>1,027,301</u>
(j) Langford Oval Redevelopment			
Opening balance	162,124	185,486	248,305
Amount set aside / transfer to reserve	30,467	26,220	29,819
Amount used / transfer from reserve	<u>0</u>	<u>(28,000)</u>	<u>(116,000)</u>
	<u>192,591</u>	<u>183,706</u>	<u>162,124</u>
(k) Leisure World - Asset Management			
Opening balance	366,929	359,172	361,213
Amount set aside / transfer to reserve	33,621	27,492	13,916
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>(8,200)</u>
	<u>400,550</u>	<u>386,664</u>	<u>366,929</u>
(l) Local Government Elections			
Opening balance	196,114	192,131	122,836
Amount set aside / transfer to reserve	71,732	68,892	73,278
Amount used / transfer from reserve	<u>(195,673)</u>	<u>(215,000)</u>	<u>0</u>
	<u>72,173</u>	<u>46,023</u>	<u>196,114</u>
(m) Local Open Space Strategy			
Opening balance	203,241	299,079	282,144
Amount set aside / transfer to reserve	32,831	28,819	21,343
Amount used / transfer from reserve	<u>0</u>	<u>(120,000)</u>	<u>(100,246)</u>
	<u>236,072</u>	<u>207,898</u>	<u>203,241</u>
(n) Maddington/Kenwick Revitalisation			
Opening balance	2,281,278	2,233,278	2,194,983
Amount set aside / transfer to reserve	80,536	39,451	86,295
Amount used / transfer from reserve	<u>0</u>	<u>(236,758)</u>	<u>0</u>
	<u>2,361,814</u>	<u>2,035,971</u>	<u>2,281,278</u>
(o) MGB Plant & Equipment			
Opening balance	4,127,020	2,788,321	2,933,608
Amount set aside / transfer to reserve	1,521,130	1,016,675	2,054,551
Amount used / transfer from reserve	<u>(1,113,081)</u>	<u>(1,809,050)</u>	<u>(861,139)</u>
	<u>4,535,069</u>	<u>1,995,946</u>	<u>4,127,020</u>
Total Ordinary Reserves C/Fwd	<u>13,093,268</u>	<u>9,883,921</u>	<u>12,088,832</u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

	2016 Actual \$	2016 Budget \$	2015 Actual \$
14. Reserves - Cashed Backed (Continued)			
Ordinary Reserves (Continued)			
Total Ordinary Reserves B/Fwd	13,093,268	9,883,921	12,088,832
(p) Mills Park			
Opening balance	2,979,170	2,926,208	2,078,461
Amount set aside / transfer to reserve	2,881,995	2,212,438	900,709
Amount used / transfer from reserve	(1,590,000)	(1,590,000)	0
	<u>4,271,165</u>	<u>3,548,646</u>	<u>2,979,170</u>
(q) Netball Courts - Resurfacing			
Opening balance	10,297	10,080	9,908
Amount set aside / transfer to reserve	363	199	389
Amount used / transfer from reserve	0	0	0
	<u>10,660</u>	<u>10,279</u>	<u>10,297</u>
(r) Operations Centre			
Opening balance	446,436	437,043	429,548
Amount set aside / transfer to reserve	15,760	7,648	16,888
Amount used / transfer from reserve	0	(50,000)	0
	<u>462,196</u>	<u>394,691</u>	<u>446,436</u>
(s) Performing Arts Centre			
Opening balance	273,975	283,527	257,665
Amount set aside / transfer to reserve	32,651	27,659	16,310
Amount used / transfer from reserve	(7,700)	0	0
	<u>298,926</u>	<u>311,186</u>	<u>273,975</u>
(t) Plant and Equipment			
Opening balance	3,851,305	3,770,021	2,987,592
Amount set aside / transfer to reserve	1,785,939	1,522,214	2,286,345
Amount used / transfer from reserve	(1,103,608)	(2,285,325)	(1,422,632)
	<u>4,533,636</u>	<u>3,006,910</u>	<u>3,851,305</u>
(u) Rate Revaluation			
Opening balance	308,829	302,619	164,430
Amount set aside / transfer to reserve	145,242	138,549	144,399
Amount used / transfer from reserve	0	0	0
	<u>454,071</u>	<u>441,168</u>	<u>308,829</u>
(v) Recreation and Culture Infrastructure			
Opening balance	1,095,183	1,070,193	987,420
Amount set aside / transfer to reserve	38,593	20,257	141,853
Amount used / transfer from reserve	(3,364)	(45,000)	(34,090)
	<u>1,130,412</u>	<u>1,045,450</u>	<u>1,095,183</u>
Total Ordinary Reserves C/Fwd	<u>24,254,334</u>	<u>18,642,251</u>	<u>21,054,027</u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

	2016 Actual \$	2016 Budget \$	2015 Actual \$
14. Reserves - Cashed Backed (Continued)			
Ordinary Reserves (Continued)			
Total Ordinary Reserves B/Fwd	<u>24,254,334</u>	<u>18,642,251</u>	<u>21,054,027</u>
(w) Refuse Disposal Site Rehabilitation			
Opening balance	709,636	693,636	658,292
Amount set aside / transfer to reserve	68,787	38,815	51,344
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>778,423</u>	<u>732,451</u>	<u>709,636</u>
(x) Southern River Contaminated Site Rehabilitation			
Opening balance	444,559	435,091	429,631
Amount set aside / transfer to reserve	15,357	6,622	16,821
Amount used / transfer from reserve	<u>(11,869)</u>	<u>(100,000)</u>	<u>(1,893)</u>
	<u>448,047</u>	<u>341,713</u>	<u>444,559</u>
(y) Sutherlands Park			
Opening balance	605,915	568,990	479,794
Amount set aside / transfer to reserve	113,044	89,907	126,121
Amount used / transfer from reserve	<u>0</u>	<u>(298,950)</u>	<u>0</u>
	<u>718,959</u>	<u>359,947</u>	<u>605,915</u>
(z) Walter Padbury Park			
Opening balance	317,489	301,711	239,144
Amount set aside / transfer to reserve	67,906	70,749	78,345
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>385,395</u>	<u>372,460</u>	<u>317,489</u>
Total Ordinary Reserves	<u>26,585,158</u>	<u>20,448,822</u>	<u>23,131,626</u>
Planning Reserves			
Public Open Space			
(aa) Opening balance	26,548,164	25,611,398	22,234,221
Amount set aside / transfer to reserve	3,146,506	6,484,736	5,645,418
Amount used / transfer from reserve	<u>(3,945,393)</u>	<u>(1,027,273)</u>	<u>(1,331,475)</u>
	<u>25,749,277</u>	<u>31,068,861</u>	<u>26,548,164</u>
(ab) TPS 9A			
Opening balance	1,029,198	1,002,761	1,391,066
Amount set aside / transfer to reserve	59,809	29,914	43,632
Amount used / transfer from reserve	<u>(5,000)</u>	<u>(5,000)</u>	<u>(405,500)</u>
	<u>1,084,007</u>	<u>1,027,675</u>	<u>1,029,198</u>
(ac) TPS 15			
Opening balance	432,463	423,353	421,093
Amount set aside / transfer to reserve	15,100	18,465	16,370
Amount used / transfer from reserve	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>
	<u>442,563</u>	<u>436,818</u>	<u>432,463</u>
Total Planning Reserves C/Fwd	<u>27,275,847</u>	<u>32,533,354</u>	<u>28,009,825</u>

City of Gosnells
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	2016 Actual \$	2016 Budget \$	2015 Actual \$
14. Reserves - Cashed Backed (Continued)			
Planning Reserves (Continued)			
Total Planning Reserves B/Fwd	<u>27,275,847</u>	<u>32,533,354</u>	<u>28,009,825</u>
(ad) TPS 17			
Opening balance	561,988	555,313	548,288
Amount set aside / transfer to reserve	256,941	31,270	34,200
Amount used / transfer from reserve	<u>(5,000)</u>	<u>(5,000)</u>	<u>(20,500)</u>
	<u>813,929</u>	<u>581,583</u>	<u>561,988</u>
(ae) TPS 20			
Opening balance	2,077,290	1,971,697	1,825,887
Amount set aside / transfer to reserve	60,209	59,256	256,403
Amount used / transfer from reserve	<u>(669,414)</u>	<u>(5,000)</u>	<u>(5,000)</u>
	<u>1,468,085</u>	<u>2,025,953</u>	<u>2,077,290</u>
(af) ODP Canning Vale			
Opening balance	878,785	873,545	822,835
Amount set aside / transfer to reserve	30,019	37,064	110,228
Amount used / transfer from reserve	<u>(30,000)</u>	<u>(30,000)</u>	<u>(54,278)</u>
	<u>878,804</u>	<u>880,609</u>	<u>878,785</u>
(ag) ODP West Canning Vale			
Opening balance	5,575,383	5,502,596	5,355,796
Amount set aside / transfer to reserve	243,167	159,106	312,143
Amount used / transfer from reserve	<u>(31,000)</u>	<u>(31,000)</u>	<u>(92,556)</u>
	<u>5,787,550</u>	<u>5,630,702</u>	<u>5,575,383</u>
(ah) ODP Southern River Precinct 1			
Opening balance	3,497,274	3,520,327	2,284,963
Amount set aside / transfer to reserve	219,405	120,055	1,237,311
Amount used / transfer from reserve	<u>(361,309)</u>	<u>(25,000)</u>	<u>(25,000)</u>
	<u>3,355,370</u>	<u>3,615,382</u>	<u>3,497,274</u>
(ai) ODP Southern River Precinct 2			
Opening balance	6,106,489	5,977,962	5,895,455
Amount set aside / transfer to reserve	214,909	219,704	231,034
Amount used / transfer from reserve	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>
	<u>6,301,398</u>	<u>6,177,666</u>	<u>6,106,489</u>
(aj) ODP Southern River Precinct 3			
Opening balance	3,135,900	3,140,333	2,153,484
Amount set aside / transfer to reserve	364,841	366,656	1,049,416
Amount used / transfer from reserve	<u>(67,000)</u>	<u>(67,000)</u>	<u>(67,000)</u>
	<u>3,433,741</u>	<u>3,439,989</u>	<u>3,135,900</u>
Total Planning Reserves C/Fwd	<u>49,314,724</u>	<u>54,885,238</u>	<u>49,842,934</u>

City of Gosnells
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for the year ended 30 June 2016

	2016 Actual \$	2016 Budget \$	2015 Actual \$
14. Reserves - Cashed Backed (Continued)			
Planning Reserves (Continued)			
Total Planning Reserves B/Fwd	49,314,724	54,885,238	49,842,934
(ak) ODP Southern River Precinct 3A			
Opening balance	133,287	131,716	89,458
Amount set aside / transfer to reserve	4,705	22,998	43,829
Amount used / transfer from reserve	0	0	0
	<u>137,992</u>	<u>154,714</u>	<u>133,287</u>
(al) ODP Southern River Precinct 3E			
Opening balance	0	0	0
Amount set aside / transfer to reserve	0	10,198	0
Amount used / transfer from reserve	0	0	0
	<u>0</u>	<u>10,198</u>	<u>0</u>
(am) ODP Southern River Precinct 5			
Opening balance	131,350	126,904	126,381
Amount set aside / transfer to reserve	2,616	33	4,969
Amount used / transfer from reserve	(71,072)	(126,937)	0
	<u>62,894</u>	<u>0</u>	<u>131,350</u>
(an) ODP Homestead Road			
Opening balance	301,590	292,669	305,150
Amount set aside / transfer to reserve	138,879	25,882	11,440
Amount used / transfer from reserve	(15,000)	(15,000)	(15,000)
	<u>425,469</u>	<u>303,551</u>	<u>301,590</u>
(ao) ODP Maddington A&B			
Opening balance	296,345	292,365	179,351
Amount set aside / transfer to reserve	380,105	107,418	133,994
Amount used / transfer from reserve	(333,855)	(17,000)	(17,000)
	<u>342,595</u>	<u>382,783</u>	<u>296,345</u>
(ap) ODP Central Maddington 1			
Opening balance	438,045	372,386	0
Amount set aside / transfer to reserve	3,715,613	186,250	463,545
Amount used / transfer from reserve	(3,252,015)	(158,644)	(25,500)
	<u>901,643</u>	<u>399,992</u>	<u>438,045</u>
(aq) ODP Central Maddington 2			
Opening balance	321	0	0
Amount set aside / transfer to reserve	395,902	79,514	321
Amount used / transfer from reserve	(43,160)	(27,163)	0
	<u>353,063</u>	<u>52,351</u>	<u>321</u>
Total Planning Reserves	<u>51,538,380</u>	<u>56,188,827</u>	<u>51,143,872</u>
Total Reserves	<u>78,123,538</u>	<u>76,637,649</u>	<u>74,275,498</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.

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 2016

14. Reserves - Cashed Backed (Continued)

	2016 Actual \$	2016 Budget \$	2015 Actual \$
Summary of Reserves			
Opening balance	74,275,498	71,261,232	62,850,686
Amount set aside / transfer to reserve	16,788,164	13,756,706	16,090,551
Amount used / transfer from reserve	(12,940,124)	(8,380,289)	(4,665,739)
Total Reserves	<u><u>78,123,538</u></u>	<u><u>76,637,649</u></u>	<u><u>74,275,498</u></u>

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

Ordinary Reserves

(a) Asset Management

New or refurbished assets.

(b) Developer Contributions for Future Infrastructure

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

(c) Emergency Services

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

(d) Floodlighting Levy

To upgrade the City's active reserve floodlighting.

(e) Gosnells Oval Redevelopment

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

(f) Gosnells Town Centre Revitalisation

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

(g) Harmony Fields

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

(h) Heritage Condition Reward Scheme

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

(i) Insurance

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

(j) Langford Oval Redevelopment

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

(k) Leisure World - Asset Management

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

(l) Local Government Elections

For expenditure associated with holding of local government elections.

(m) Local Open Space Strategy

For expenditure associated with the implementation of the Local Open Space Strategy.

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

14 Reserves - Cashed Backed (Continued)

- (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.
- (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 and Equipment**
To fund replacement or new acquisition of plant and associated equipment.
- (u) Rate Revaluation**
For expenditure associated with the revaluation of properties on which council raises rates.
- (v) Recreation and Culture Infrastructure**
To fund future expenditure on Recreational and Cultural Infrastructure.
- (w) Refuse Disposal Site Rehabilitation**
Rehabilitation of the Kelvin Road Refuse Disposal Site following future closure funded from Telco Tower leases.
- (x) Southern River Contaminated Site Rehabilitation**
For expenditure associated with the rehabilitation of the Southern River contaminated site.
- (y) Sutherlands Park**
To fund future works at Sutherlands Park funded from Telco Tower leases.
- (z) Walter Padbury Park**
To provide future works at Walter Padbury Park funded from Telco Tower leases.
-
- Planning Reserves**
- (aa) Public Open Space**
To fund infrastructure expenditure arising out of the need to meet our obligations in of contributions in lieu of Public Open Space.
- (ab) TPS 9A**
To fund expenditure on infrastructure and administrative items within the TPS site with contributions from developers.
- (ac) TPS 15**
To fund expenditure on infrastructure and administrative items within the TPS site with contributions from developers.

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

(ad) TPS 17

To fund expenditure on infrastructure and administrative items within the TPS site with contributions from developers.

(ae) TPS 20

To fund expenditure on infrastructure and administrative items within the TPS site with contributions from developers.

(af) ODP Canning Vale

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

(ag) ODP West Canning Vale

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

(ah) ODP Southern River Precinct 1

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

(ai) ODP Southern River Precinct 2

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

(aj) ODP Southern River Precinct 3

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

(ak) ODP Southern River Precinct 3A

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

(al) ODP Southern River Precinct 3E

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

(am) ODP Southern River Precinct 5

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

(an) ODP Homestead Road

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

(ao) ODP Maddington A&B

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

(ap) ODP Central Maddington 1

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

(aq) ODP Central Maddington 2

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

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

15. Revaluation Surplus

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

	2016 Actual \$	2015 Actual \$
(a) Land and Buildings		
Opening balance	175,164,146	175,164,146
Revaluation write back on disposals	(4,981,574)	0
	<u>170,182,572</u>	<u>175,164,146</u>
(b) Plant and Equipment		
Opening balance	156,614	156,614
Revaluation increment	456,055	0
Revaluation write back on disposals	(55,034)	0
	<u>557,635</u>	<u>156,614</u>
(c) Roads, Footpaths and Kerbs		
Opening balance	435,878,321	334,681,559
Revaluation increment	0	101,196,762
	<u>435,878,321</u>	<u>435,878,321</u>
(d) Bridges		
Opening balance	25,765,025	0
Revaluation increment	(1,112,434)	25,765,025
	<u>24,652,591</u>	<u>25,765,025</u>
(e) Drainage		
Opening balance	269,098,322	0
Revaluation increment	0	269,098,322
	<u>269,098,322</u>	<u>269,098,322</u>
(f) Other Infrastructure		
Opening balance	729,147	729,147
Revaluation write back on disposals	(58,827)	0
	<u>670,320</u>	<u>729,147</u>
(g) Intangible Assets		
Opening balance	393,760	393,760
Revaluation increment	2,289,702	0
Revaluation write back on disposals	(45,264)	0
	<u>2,638,199</u>	<u>393,760</u>
 Total Asset Revaluation Surplus	 <u>903,677,960</u>	 <u>907,185,335</u>
 Summary of Asset Revaluation Surplus		
Opening Balance	907,185,335	511,125,226
Revaluation Increment	1,633,323	396,060,109
Revaluation write back on disposals	(5,140,699)	0
Total Asset Revaluation Surplus	<u>903,677,960</u>	<u>907,185,335</u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

16. 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:

	2016 \$	2016 Budget \$	2015 \$
Cash and cash equivalents	<u>106,278,347</u>	<u>96,222,706</u>	<u>101,009,553</u>

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

Net result	20,656,943	20,825,133	26,183,341
Non-cash flows in Net result:			
Depreciation	21,682,965	19,106,802	15,524,634
(Profit)/Loss on sale of asset	(2,774,546)	(12,317,733)	(120,699)
Fair value adjustments to financial assets at fair value through profit or loss	73,396	(150,000)	(33,091)
Revaluation of fixed assets	0	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(890,888)	1,719,797	884,952
(Increase)/Decrease in inventories	(6,987)	12,384	(5,667)
Increase/(Decrease) in payables	(1,182,057)	1,994,228	1,726,303
Increase/(Decrease) in provisions	745,408	863,859	588,634
Grants contributions for the development of assets	<u>(31,360,652)</u>	<u>(15,819,421)</u>	<u>(16,422,222)</u>
Net cash from operating activities	<u>6,943,582</u>	<u>16,235,049</u>	<u>28,326,185</u>

	2016 \$	2015 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Credit card limit	105,000	105,000
Credit card balance at balance date	<u>(25,903)</u>	<u>(22,812)</u>
Total amount of credit unused	<u>79,097</u>	<u>82,188</u>
Loan facilities		
Loan facilities - current	9,608,624	0
Loan facilities - non-current	<u>8,691,376</u>	<u>0</u>
Total facilities in use at balance date	<u>18,300,000</u>	<u>0</u>
Loan facilities at balance date*		
Loan facilities in use	18,300,000	
Loan facilities not in use	16,576,000	29,876,000

* Funds only available for the purposes detailed in Note 24 (b)

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

17. Contingent Liabilities

Nil

	2016	2015
	\$	\$

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year	56,349	46,583
- later than one year but not later than five years	90,195	95,152
	146,544	141,735

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

(b) Capital Expenditure Commitments*

Contracted for:

- capital expenditure projects	39,836,634	31,828,067
- plant & equipment purchases	0	0

Payable:

- not later than one year	39,836,634	31,828,067
---------------------------	------------	------------

* Commitments greater than \$250,000

19. Joint Venture Arrangements

The City is not involved in any joint venture arrangements.

20. Total Assets Classified By Function And Activity

	2016	2015
	\$	\$
Governance	18,360,501	18,701,689
General purpose funding	7,394,629	8,466,862
Law, order, public safety	4,031,682	1,151,258
Health	2,340,620	2,354,242
Education and welfare	4,409,939	4,472,611
Community amenities	72,409,503	70,350,313
Recreation and culture	128,991,544	133,968,585
Transport	945,397,778	930,700,626
Economic services	1,133,055	584,410
Other property and services	122,751,748	101,447,394
Unallocated	107,006,421	101,875,813
	1,414,227,420	1,374,073,803

City of Gosnells
Notes to and forming part of the Financial Report
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	2016	2015	2014
21. Financial Ratios			
Current ratio	1.18	2.27	1.96
Asset sustainability ratio	0.73	0.77	0.74
Debt service cover ratio	289.12	4.65	1.73
Operating surplus ratio	(0.11)	0.11	(0.15)
Own source revenue coverage ratio	0.86	1.01	0.83

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

	2016	2015	2014
Asset consumption ratio	0.72	0.72	0.71
Asset renewal funding ratio	0.62	0.72	0.80

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 2016

22. 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 2015	Amounts Received	Amounts Paid	Balance 30 June 2016
	\$	\$	(\$)	\$
Unclaimed Money	66,074	8,398	(31,532)	42,940
Construction Training Fund	0	580,007	(580,007)	0
Building Commission	43,821	531,234	(552,509)	22,546
ECM User Group	4,444	0	(4,444)	0
Development Applications	0	8,887,923	(8,887,923)	0
	<u>114,339</u>	<u>10,007,562</u>	<u>(10,056,415)</u>	<u>65,486</u>

23. Disposal of Assets

The following assets were disposed of during the year.

Asset Class / Program	2015/16					
	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Assets Held for Sale						
Other Properties and Services	10,620,776	2,953,050	13,731,341	15,942,000	3,110,565	12,988,950
Total Assets Held for Sale	<u>10,620,776</u>	<u>2,953,050</u>	<u>13,731,341</u>	<u>15,942,000</u>	<u>3,110,565</u>	<u>12,988,950</u>
Property Plant and Equipment						
Plant and Equipment						
Transport	472,440	1,722,547	516,087	1,144,000	43,647	(578,547)
Land						
Other Properties and Services	16,846	0	50,001	0	33,155	0
Buildings						
Recreation and Culture	186,996	92,670	0	0	(186,996)	(92,670)
Total Property Plant and Equipment	<u>676,282</u>	<u>1,815,217</u>	<u>566,088</u>	<u>1,144,000</u>	<u>(110,194)</u>	<u>(671,217)</u>
Infrastructure Assets						
Bridge						
Transport	76,887	0	0	0	(76,887)	0
Other Infrastructure						
Transport	109,735	0	0	0	(109,735)	0
Park Development						
Recreation and Culture	39,203	0	0	0	(39,203)	0
Total Infrastructure Assets	<u>225,825</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(225,825)</u>	<u>0</u>
	<u>11,522,883</u>	<u>4,768,267</u>	<u>14,297,429</u>	<u>17,086,000</u>	<u>2,774,546</u>	<u>12,317,733</u>

Profit	7,141,333	13,098,379
Loss	(4,366,787)	(780,646)
	<u>2,774,546</u>	<u>12,317,733</u>

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

24. Information on Borrowings

(a) Loan Repayments

Particulars/Purpose	Principal 1 July 2015 \$	New Loans \$	Principal Repayments		Principal 30 June 2016		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Law, Order, Public Safety Emergency Operations Centre	0	0	0	250,000	0	2,600,000	0	70,000
Community Amenities Central Maddington ODP Infrastructure	0	3,300,000	0	0	3,300,000	5,000,000	6,562	0
Recreation and Culture Mills Park - Short Term Facility Mills Park - Long Term Facility	0 0	5,000,000 10,000,000	0 0	0 0	5,000,000 10,000,000	17,026,000 10,000,000	847 30,589	600,000 340,780
Other Property and Services Robinson Park Redevelopment and subdivision	0	0	0	0	0	5,600,000		100,000
	0	18,300,000		250,000	18,300,000	40,226,000	37,998	1,110,780

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

All other loan repayments were financed by general purpose revenue.

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

(b) New Debentures

Particulars/Purpose	Established Facility Limit	Amount Borrowed		Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
		Actual \$	Budget \$					Actual \$	Budget \$	
Community Amenities										
Central Maddington ODP Infrastructure	5,000,000	3,300,000	5,000,000	Short Term	3	6,562	2.79% - 2.84%	3,300,000	0	0
Recreation and Culture										
Mills Park - Short Term Facility	17,026,000	5,000,000	17,026,000	Short Term	3	847	2.76%	5,000,000	0	0
Mills Park - Long Term Facility	10,000,000	10,000,000	10,000,000	Fixed Rate	7	30,589	3.61%	10,000,000	0	0
Other Property and Services										
Robinson Park Subdivision and Park Development	5,600,000	0	5,600,000	Short Term	3	0	N/A	0	0	0
	37,626,000	18,300,000	37,626,000			37,998		18,300,000	0	0

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

(c) Unspent Debentures

The City did not have any unspent loan funds as at 30 June 2016.

(d) Overdraft

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

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

25. Rating Information

(a) Rates

Rate Type	2016 Actual							2016 Budget			
	Rate in \$ cents	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Rate Revenue \$	Interim Rate \$	Back Rate \$	Total Revenue \$
Differential General Rate Gross Rental Value (GRV)											
	11.1050	3	415,000	46,086	0	0	46,086	46,086	0	0	46,086
	5.8450	33,661	809,975,884	47,343,090	1,431,310	0	48,774,400	47,343,090	918,000	0	48,261,090
	7.0140	886	22,759,951	1,596,383	(55,565)	0	1,540,818	1,596,383	0	0	1,596,383
	6.3450	52	2,306,515	146,348	(4,663)	0	141,685	146,348	0	0	146,348
	6.7210	75	9,366,548	629,526	(6,430)	0	623,096	629,526	0	0	629,526
Unimproved Value (UV)											
	0.2299	27	35,340,000	81,247	0	0	81,247	81,247	0	0	81,247
	0.1839	9	74,910,000	137,759	0	0	137,759	137,759	0	0	137,759
		34,713	955,073,898	49,980,439	1,364,652	0	51,345,091	49,980,439	918,000	0	50,898,439
	Minimum \$										
		0	0	0	0	0	0	0	0	0	0
		10,031	129,620,943	9,027,900	0	0	9,027,900	9,027,900	0	0	9,027,900
Gross Rental Value (GRV)											
	900	66	731,949	59,400	0	0	59,400	59,400	0	0	59,400
	900	7	46,880	6,300	0	0	6,300	6,300	0	0	6,300
	900	8	62,381	7,200	0	0	7,200	7,200	0	0	7,200
		12	4,280,000	10,800	(10,036)	0	764	10,800	0	0	10,800
	900	0	0	0	0	0	0	0	0	0	0
Unimproved Value (UV)											
		10,124	134,742,153	9,111,600	(10,036)	0	9,101,564	9,111,600	0	0	9,111,600
Rural UV Agricultural Concession											
		44,837	1,089,816,051	59,092,039	1,354,616	0	60,446,655	59,092,039	918,000	0	60,010,039

Total amount raised from general rates

Specified Area Rate (refer note 26)

Ex-gratia Rates

Total Rates

60,446,655
405,044
54,716
60,906,415

60,010,039
400,225
50,000
60,460,264

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

25. Rating Information (Continued)

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

	Note	2016 (1 July 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Surplus/(Deficit)				
Rate Setting Statement		<u>15,359,446</u>	<u>14,633,267</u>	<u>14,633,267</u>
Comprises:				
Current Assets				
Cash and cash equivalents	3	106,278,347	101,009,553	101,009,553
Investments	4	0	2,038,759	2,038,759
Trade and Other Receivables	5	5,373,170	4,456,978	4,456,978
Inventories	6	337,684	330,697	330,697
Assets Held for Sale	7	1,168,844	11,662,845	11,662,845
Total Current Assets		<u>113,158,045</u>	<u>119,498,832</u>	<u>119,498,832</u>
Current Liabilities				
Trade and other payables	11	(9,844,306)	(11,026,363)	(11,026,363)
Borrowings	12	(9,608,624)	0	0
Provisions	13	(8,661,911)	(7,900,859)	(7,900,859)
Total Current Liabilities		<u>(28,114,841)</u>	<u>(18,927,222)</u>	<u>(18,927,222)</u>
Net Current Assets		<u>85,043,204</u>	<u>100,571,610</u>	<u>100,571,610</u>
Less:				
Reserves - restricted cash	14	(78,123,538)	(74,275,498)	(74,275,498)
Assets Held for Sale	7	(1,168,844)	(11,662,845)	(11,662,845)
Add:				
Current portion of long term borrowings		9,608,624	0	0
Surplus/(deficit)		<u>15,359,446</u>	<u>14,633,267</u>	<u>14,633,267</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.

City Of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

26. Specified Area Rate

Gross Rental Value (GRV)	Rate in \$ Cents	Number of Properties	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Budget Applied to Costs \$
Bletchley Park	0.3735	988	23,473,150	89,467	87,672	89,467
Brookland Greens	0.4118	562	16,049,691	67,899	66,093	67,899
Sanctuary Waters	0.4436	688	17,931,373	80,399	79,544	80,399
The Avenues	0.5283	498	11,874,170	62,776	62,731	62,776
The Boardwalk	0.3976	624	18,474,310	73,651	73,454	73,651
The Reserve	0.3187	347	9,642,501	30,852	30,731	30,852
				405,044	400,225	405,044

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

27. Service Charges

The City did not impose any service charges in 2015/16.

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Rates Incentive A	Incentive	N/A	5,000	5,000
Leisure World	Discount	Various	50,000	42,000
Leisure Programs	Discount	Various	900	300
Don Russell Performing Arts Centre	Discount	Various	731	1,100
Rangers Services	Discount	Various	42,500	40,000
Library & Heritage Services	Discount	Various	245	266
Health Services	Discount	Various	11,859	6,500
Facility Hire Charges	Discount	100%	553	950
Rates Waivers	Waiver	N/A	62,866	4,215
Sundry Debtor Write Off	Write-Off	N/A	274	0

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

Incentive A

Five prizes of \$1,000 each, funded by the City of Gosnells, 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 2015/16 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 were notified.

Incentive B

A further incentive for the early payment of rates was offered as follows:
Courtesy of Forest Lakes Forum, four (4) City of Gosnells ratepayers won up to \$1,000 each off their 2015/16 rates bill. If the selected ratepayers have paid their rates within the specified competition time, they also received 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.
10% discount on all levels for second and subsequent children for Swim School Vacation Lessons
5% Discount (second and subsequent children enrolled into term programs)
10% Discount (general offer)

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)
30% Discount (general offer)
50% Discount (2 for 1 Offer)
Group Bookings - (1 free ticket with every 10 purchased)
City of Gosnells Councillors, Staff & Volunteers - up to 25% discount

Don Russell Performing Arts Centre

Various discounts on ticket prices are provided to Council's staff and non-staff to enhance the financial visibility 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
Class Discounts:
5% discount - 10 or more hours per week
15% discount - 20 or more hours per week

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 (being persons eligible for exemption pursuant to regulation 4 (2)) - 50% concession
Registration after 31 May in any year for that registration year - 50% concession
Annual Bulk Registration Pensioners (persons eligible for exemption pursuant to Regulation 4 (2)) - 50% concession
Registration after 31 May in any year for that registration year - 50% concession

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

Library & Heritage Services

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

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

Health Services

In relation to Food Businesses (Food Act 2008) a discount (50%) has been granted to School Canteens 50% Community Associations (50%), Sporting Clubs (100%), Social Club (100%) and Meals on Wheels distribution (100%) in recognition of their community benefit.

Facility Hire Charges

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

Rate Waivers

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

	2016
	\$
Hurry Curry Pty Ltd	1,645
Gosnells Junior Football Club Inc	2,570
Grand Lodge of Western Australia Freemasons Homes for the Aged Inc.	57,439
Kenwick Football Club Inc	1,212
	<u>62,866</u>

Sundry Debt Write-Off

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

29. Interest Charges and Instalments

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest				
Interest on Instalment Payment Plan	5.50%	N/A	404,217	400,000
Late Payment/Special Payment Arrangement	11.00%	N/A	298,361	185,000
Interest on Deferred Rates and ESL		N/A	66,254	0
Administration Fees				
Charges on Instalment Payment Plan	N/A	13.50	195,283	200,000
Special Payment Arrangement Plan	N/A	11.00	13,070	25,000
			<u>977,185</u>	<u>810,000</u>

Rates Instalment Options

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

Payment in full by 21 August 2015

Payment by Four Instalments:

1st Instalment due by 21 August 2015
 2nd Instalment due by 23 October 2015
 3rd Instalment due by 8 January 2016
 4th Instalment due by 11 March 2016

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

City of Gosnells
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29. Interest Charges and Instalments (Continued)

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.

Special Payment Arrangement Plan

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

30. Employee Numbers

The number of full-time equivalent employees as at:

30 June 2015	464
30 June 2016	477

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

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

(i) 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 was repaid by the residential lots sale proceeds.

(ii) Revenue and Expenditure

	Project Budget \$	Project Actual \$	2016/17 Budget \$	2015/16 Actual \$
Funding Sources				
Capital Revenue				
Proceeds - Asset Disposals	12,751,754	12,874,784	0	12,874,784
Other Funding Sources				
Loan Proceeds	5,300,000	5,300,000	0	0
General Purpose Revenue	608,000	333,355	190,000	28,166
	<u>5,908,000</u>	<u>5,633,355</u>	<u>190,000</u>	<u>28,166</u>
Total funding sources	<u>18,659,754</u>	<u>18,508,139</u>	<u>190,000</u>	<u>12,902,950</u>
Disbursement of Funds				
Operating Expense				
Interest Expense	(350,000)	(320,823)	0	0
Other Expenditure	<u>(208,000)</u>	<u>(28,166)</u>	<u>(190,000)</u>	<u>(28,166)</u>
	<u>(558,000)</u>	<u>(348,989)</u>	<u>(190,000)</u>	<u>(28,166)</u>
Capital Expenditure				
Materials & Contracts	(6,350,000)	(6,573,276)	0	0
Interest Expense	<u>(520,000)</u>	<u>(305,189)</u>	<u>0</u>	<u>0</u>
	<u>(6,870,000)</u>	<u>(6,878,465)</u>	<u>0</u>	<u>0</u>
Other Expenses				
Loan Repayment	(5,300,000)	(5,300,000)	0	0
Allocation of net proceeds to Mills Park	<u>(5,931,754)</u>	<u>(5,980,685)</u>	<u>0</u>	<u>(5,980,685)</u>
	<u>(11,231,754)</u>	<u>(11,280,685)</u>	<u>0</u>	<u>(5,980,685)</u>
Total disbursement of funds	<u>(18,659,754)</u>	<u>(18,508,139)</u>	<u>(190,000)</u>	<u>(6,008,851)</u>
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,894,099</u>

(iii) Expected Future Projections

	2016/17 \$	2017/18 \$	2018/19 \$	Total \$
Expenditure				
Other Expenditure	(179,834)	0	0	(179,834)
Net Future Projections	<u>(179,834)</u>	<u>0</u>	<u>0</u>	<u>(179,834)</u>

The above capital expenditure is included in land held for resale (refer to Note 7 in this financial report).

City Of Gosnells
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32. Trading Undertakings and Major Trading Undertakings

Council did not participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

33. Major Project

Mills Park

(i) 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 project 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, change rooms, café, meeting rooms, kindy gym
- Additional satellite toilet, change room 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
Notes to and forming part of the Financial Report
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33. Major Project (Continued)

Mills Park (Continued)

(ii) Revenue and Expenditure

	Project Budget \$	Project Actual \$	2016 Budget \$	2016 Actual \$
<u>Mills Park Redevelopment</u>				
Funding Sources				
Capital Revenue				
Non Operating Grants	8,000,000	8,000,000	6,000,000	6,750,000
Proceeds - Asset Disposals				
Streatham Street	8,072,754	5,980,685	4,327,000	5,980,685
Central Terrace Hall	440,000	0	440,000	0
	<u>16,512,754</u>	<u>13,980,685</u>	<u>10,767,000</u>	<u>12,730,685</u>
Other Revenue Sources				
Transfer from Reserve				
Mills Park	1,621,600	1,621,600	1,590,000	1,590,000
POS Beckenham	846,859	846,859	846,859	846,859
Loan Proceeds	27,026,000	15,000,000	25,834,060	15,000,000
General Purpose Revenue	1,875,780	966,436	940,780	31,436
	<u>31,370,239</u>	<u>18,434,895</u>	<u>29,211,699</u>	<u>17,468,295</u>
Total funding sources	<u>47,882,993</u>	<u>32,415,580</u>	<u>39,978,699</u>	<u>30,198,980</u>
Distribution of Funds				
Operating Expense				
Materials & Contracts	(466,600)	(5,978,687)	(137,744)	(5,651,027)
Capital Expenditure				
Materials & Contracts	(46,475,613)	(39,105,345)	(34,619,099)	(29,307,500)
Interest Expense	(940,780)	(31,436)	(940,780)	(31,436)
	<u>(47,416,393)</u>	<u>(39,136,781)</u>	<u>(35,559,879)</u>	<u>(29,338,936)</u>
Total distribution of funds	<u>(47,882,993)</u>	<u>(45,115,468)</u>	<u>(35,697,623)</u>	<u>(34,989,963)</u>
	<u>0</u>	<u>(12,699,888)</u>	<u>4,281,076</u>	<u>(4,790,983)</u>

(iii) Expected Future Projections

	2017 \$	2018 \$	2019 \$	Total \$
Revenue				
Loan Proceeds	9,330,000	0	0	9,330,000
General Purpose Revenue	940,780	894,000	845,000	2,679,780
Non Operating Grants	0	0	0	0
Transfer from Reserve	0	0	0	0
Proceeds - Asset Disposals	2,092,069	0	0	2,092,069
	<u>12,362,849</u>	<u>894,000</u>	<u>845,000</u>	<u>14,101,849</u>
Expenditure				
Materials & Contracts	(1,858,181)	0	0	(1,858,181)
Interest Expense	(909,344)	(894,000)	(845,000)	(2,648,344)
	<u>(2,767,525)</u>	<u>(894,000)</u>	<u>(845,000)</u>	<u>(4,506,525)</u>
Net Future Projections	<u>9,595,324</u>	<u>0</u>	<u>0</u>	<u>9,595,324</u>

City of Gosnells
Notes to and forming part of the Financial Report
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34. Financial Risk Management

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

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

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

The City held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	106,278,347	101,009,553	106,278,347	101,009,553
Investments	1,956,585	2,029,982	1,956,585	2,029,982
Receivables	6,623,420	5,732,531	6,623,420	5,732,531
	<u>114,858,352</u>	<u>108,772,066</u>	<u>114,858,352</u>	<u>108,772,066</u>
Financial liabilities				
Payables	9,844,306	11,026,363	9,844,306	11,026,363
Borrowings	18,300,000	0	13,117,652	0
	<u>28,144,306</u>	<u>11,026,363</u>	<u>22,961,958</u>	<u>11,026,363</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
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34. Financial Risk Management (Continued)

(a) Cash and Cash Equivalents (Continued)

	2016	2015
	\$	\$
Impact of a 10% ⁽¹⁾ movement in price of investments		
- Equity	202,386	202,998
- Statement of Comprehensive Income	202,386	202,998
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	1,244,304	1,010,096
- Statement of Comprehensive Income	1,244,304	1,010,096

Notes:

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

(b) Receivables

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

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

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

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

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

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

	2016	2015
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	94.40%	96.73%
- Overdue	5.60%	3.27%

34. 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:

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34. 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
\$	\$	\$	\$	\$	\$	\$	\$	%

Year ended 30 June 2016

Borrowings

Fixed rate								
Debentures	(3,972,274)	(4,093,387)	(4,218,254)	(1,424,984)	(1,476,426)	(3,114,675)	(18,300,000)	3.34%
Weighted average								
Effective interest rate	3.06%	3.06%	3.06%	3.61%	3.61%	3.61%		

Year ended 30 June 2015

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%		

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35. Fair Value Measurements

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

Financial Assets

- Investments

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-16			
	Note	Level 1	Level 2	Level 3	Total
Financial Assets					
Investments	4	1,956,586			1,956,586
Non Financial Assets					
Plant and Equipment	8a		12,006,053		12,006,053
Furniture and Equipment	8a			2,747,141	2,747,141
Land	8a		42,325,805	100,695,500	143,021,305
Buildings	8a			112,748,095	112,748,095
Roads, Kerbs, Footpaths	9a			604,195,925	604,195,925
Bridges	9a			58,332,959	58,332,959
Drainage	9a			314,025,083	314,025,083
Parks Development	9a			35,390,610	35,390,610
Other Infrastructure	9a			12,385,876	12,385,876
Intangibles	10a			2,994,029	2,994,029
		<u>1,956,586</u>	<u>54,331,858</u>	<u>1,243,515,218</u>	<u>1,299,803,662</u>

		30-Jun-15			
	Note	Level 1	Level 2	Level 3	Total
Financial Assets					
Investments	4	4,068,741			4,068,741
Non Financial Assets					
Plant and Equipment	8a		11,560,068		11,560,068
Furniture and Equipment	8a			2,342,823	2,342,823
Land	8a		39,047,585	100,695,500	139,743,085
Buildings	8a			102,561,142	102,561,142
Roads, Kerbs, Footpaths	9a			595,465,057	595,465,057
Bridges	9a			58,794,464	58,794,464
Drainage	9a			308,577,207	308,577,207
Parks Development	9a			20,511,096	20,511,096
Other Infrastructure	9a			10,950,295	10,950,295
Intangibles	10a			748,735	748,735
		<u>4,068,741</u>	<u>50,607,653</u>	<u>1,200,646,319</u>	<u>1,255,322,713</u>

(a) Transfers Policy

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

(b) Highest and Best Use

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

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35. 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 Level 3	Market Approach Cost Approach	Independent Independent	30 June 2014 30 June 2014	Price per square metre 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	Management	30 June 2016	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 2016	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 Level 2	Cost Approach Cost Approach	Independent Management	30 June 2015 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.

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35. 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	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.
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 2013	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 2016	Estimates of remaining useful life, pattern of consumption and asset obsolescence to assess level of remaining service potential of the depreciable amount.

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

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

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

City of Gosnells
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35. 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 costs are determined for each asset component, unit rates have been developed on a first principles based approach using current contractor rates, current internal labour rates and current plant and equipment rates. Market rates have been applied in the instances that no current tender or contract exists. 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 the amount for replacement with new value, less an amount for depreciation due to physical wear and tear, economic and functional obsolescence. Replacement costs are determined for each asset component, 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 the amount for replacement with new value, less an amount for depreciation due to physical wear and tear, economic and functional obsolescence. Replacement costs are determined for each asset component, unit rates have been developed on a first principles based approach using current contractor rates, current internal labour rates and current plant and equipment rates. Market rates have been applied in the instances that no current tender or contract exists. In 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 a general area of the region, where traditionally land values are at their lowest. The appropriate sales of this marginal land was then applied to the subject property after making due allowances for location, size and utility. The most significant inputs in this valuation approach were price per square metre.

Buildings

Building assets were revalued in 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).

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

35. FAIR VALUE MEASUREMENTS (Continued)

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

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

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

Furniture and Equipment

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

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

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

Parks Development

Parks Development 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. 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 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.

City of Gosnells
Notes to and forming part of the Financial Report
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35. FAIR VALUE MEASUREMENTS (Continued)

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

Plant and Equipment

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

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

Other Infrastructure

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

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

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

City of Gosnells
Notes to and forming part of the Financial Report
for the year ended 30 June 2016

35. Fair Value Measurements (Continued)

(d) Valuation Processes

There are two basis of valuations the City undertakes;

1. Independent
2. Management

Independent

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

Management

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

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

As at 30 June 2016 revaluations were undertaken by The City for the following non current asset classes:

- Plant and Equipment
- Furniture and Equipment
- Intangibles

A combination of level 2 and 3 inputs 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.

36. Events after the reporting period

On 30th September 2016, the club shed at the Gosnells Archery Club was destroyed by fire after being ram-raided. Insurance claims are in process, the estimated replacement cost of the building is \$70,000, which will be reimbursed by the City's Insurers.

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

INDEPENDENT AUDITOR'S REPORT

TO: THE RATEPAYERS OF CITY OF GOSNELLS

Report on the Financial Report

We have audited the financial report of the City of Gosnells, which comprises the Statement of Financial Position as at 30 June 2016 and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity and Statement of Cash Flows and Rate Setting Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information and Statement by Chief Executive Officer.

Management's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.



INDEPENDENT AUDITOR'S REPORT (Cont'd)

Auditor's Opinion

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

- (a) gives a true and fair view of the financial position of the City of Gosnells as at 30 June 2016 and of its financial performance for the year ended on that date; and
- (b) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards (including Australian Accounting Interpretations).

Report on Other Legal and Regulatory Requirements

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

- (a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Council.
- (b) There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law noted during the course of our audit.
- (c) In relation to the asset consumption ratio and asset renewal funding ratio (presented at Note 21 of the annual financial report) we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - (i) reasonably calculated; and
 - (ii) based on verifiable information.
- (d) All necessary information and explanations were obtained by us.
- (e) All audit procedures were satisfactorily completed in conducting our audit.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the City of Gosnells for the year ended 30 June 2016 included on the City's website. Management is responsible for the integrity of the City's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

MACRI PARTNERS

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

PERTH

DATED THIS 2ND DAY OF NOVEMBER 2016.

A Macri
**A MACRI
PARTNER**

