

**CITY OF GOSNELLS**  
**FINANCIAL REPORT**  
**for the year ended 30 June 2017**

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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 2017**

**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 supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the City at 30th June 2017 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

6<sup>th</sup>

day of

November

2017



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Ian Cowie  
Chief Executive Officer

**City of Gosnells**  
**Statement of Comprehensive Income**  
*By Nature Or Type*  
for the year ended 30 June 2017

	<b>Note</b>	<b>2017 Actual \$</b>	<b>2017 Budget \$</b>	<b>2016 Actual \$</b>
<b>Revenue</b>				
Rates	26	63,585,429	63,223,000	60,446,655
Operating grants, subsidies and contributions	2(a)	9,180,598	6,286,569	5,013,929
Fees and charges	2(a)	22,766,490	23,528,736	21,803,843
Interest earnings	2(a)	4,531,538	3,803,000	4,483,795
Other revenue	2(a)	518,872	111,000	302,420
		<u>100,582,927</u>	<u>96,952,305</u>	<u>92,050,642</u>
<b>Expenses</b>				
Employee costs		(42,194,685)	(42,871,004)	(40,576,337)
Materials and contracts		(26,367,025)	(33,464,067)	(29,934,770)
Utility charges		(4,699,929)	(5,237,568)	(4,867,918)
Amortisation and Depreciation	2(a)	(23,238,988)	(23,710,527)	(21,682,966)
Interest expenses	2(a)	(97,371)	0	(6,563)
Insurance expenses		(1,819,920)	(1,955,822)	(1,717,243)
Other expenditure	2(a)	(2,571,206)	(1,358,187)	(6,669,704)
		<u>(100,989,124)</u>	<u>(108,597,175)</u>	<u>(105,455,501)</u>
Non-operating grants, subsidies and contributions	2(a)	24,181,708	10,200,267	31,360,652
Fair value adjustments to financial assets at				
fair value through profit or loss	4	193,740	100,000	(73,396)
Revaluation of investment property	11	106,126	0	0
Profit on asset disposals	24	679,535	16,888,008	7,141,333
Loss on asset disposals	24	(2,195,875)	(1,612,736)	(4,366,787)
		<u>(1,316,514)</u>	<u>17,975,272</u>	<u>(7,228,850)</u>
<b>Net result</b>		<b>22,559,037</b>	<b>13,930,669</b>	<b>20,656,943</b>
<b>Other comprehensive income</b>				
Changes on revaluation of Non-Current Assets	16	(2,633,660)	0	1,633,323
<b>Total other comprehensive income</b>		<u><b>(2,633,660)</b></u>	<u><b>0</b></u>	<u><b>1,633,323</b></u>
<b>Total comprehensive income</b>		<u><u><b>19,925,377</b></u></u>	<u><u><b>13,930,669</b></u></u>	<u><u><b>22,290,266</b></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 2017**

	<b>Note</b>	<b>2017 Actual \$</b>	<b>2017 Budget \$</b>	<b>2016 Actual \$</b>
<b>Revenue</b>	2(a)			
Governance		6,056	5,150	8,317
General purpose funding		75,703,579	72,078,000	67,991,846
Law, order, public safety		683,098	886,579	1,078,976
Health		304,066	313,136	344,775
Education and welfare		780,823	783,523	675,899
Community amenities		15,540,177	15,543,542	14,430,762
Recreation and culture		3,950,093	3,899,397	3,857,099
Transport		324,255	384,267	407,924
Economic services		2,329,490	2,440,690	2,424,624
Other property and services		<u>961,292</u>	<u>618,021</u>	<u>903,818</u>
		100,582,929	96,952,305	92,124,040
<b>Expenses</b>	2(a)			
Governance		(4,945,570)	(5,146,743)	(5,129,720)
General purpose funding		(1,873,794)	(2,005,160)	(1,415,681)
Law, order, public safety		(3,701,648)	(4,024,394)	(4,000,539)
Health		(1,344,090)	(1,428,676)	(1,372,165)
Education and welfare		(4,174,270)	(4,392,048)	(4,081,250)
Community amenities		(20,239,561)	(21,583,025)	(22,274,260)
Recreation and culture		(33,853,242)	(35,187,277)	(37,120,113)
Transport		(26,009,978)	(28,028,386)	(26,015,445)
Economic services		(2,933,597)	(3,315,701)	(2,981,892)
Other property and services		<u>(1,816,005)</u>	<u>(3,485,765)</u>	<u>(1,131,271)</u>
		(100,891,755)	(108,597,175)	(105,522,336)
<b>Finance costs</b>	2(a)			
Community amenities		<u>(97,371)</u>	<u>0</u>	<u>(6,563)</u>
		(97,371)	0	(6,563)
<b>Fair value adjustments to financial assets at fair value through profit or loss</b>				
General purpose funding	4	<u>193,740</u>	<u>100,000</u>	<u>(73,396)</u>
		193,740	100,000	(73,396)
<b>Revaluation of investment property</b>				
General purpose funding	11	<u>106,126</u>	<u>0</u>	<u>0</u>
		106,126	0	0
<b>Non-operating grants, subsidies and contributions</b>				
Law, order, public safety		829,200	725,000	625,000
Community amenities		7,673,942	3,760,000	4,175,073
Recreation and culture		1,116,439	1,246,000	6,978,709
Transport		14,412,468	4,469,267	19,558,147
Other property and services		<u>149,659</u>	<u>0</u>	<u>23,723</u>
		24,181,708	10,200,267	31,360,652

**City of Gosnells**  
**Statement of Comprehensive Income**  
*By Program*  
**for the year ended 30 June 2017**

	<b>Note</b>	<b>2017 Actual \$</b>	<b>2017 Budget \$</b>	<b>2016 Actual \$</b>
<b>Profit/(Loss) on disposal of assets</b>				
Recreation and culture		(681,605)	(701,191)	(226,199)
Transport		(176,409)	(801,041)	(142,975)
Other property and services		<u>(658,326)</u>	<u>16,777,504</u>	<u>3,143,720</u>
	24	<u>(1,516,340)</u>	<u>15,275,272</u>	<u>2,774,546</u>
<b>Net result</b>		<b><u>22,559,037</u></b>	<b><u>13,930,669</u></b>	<b><u>20,656,945</u></b>
<b>Other comprehensive income</b>				
Changes on revaluation of Non-Current assets	16	(2,633,660)	0	1,633,323
<b>Total other comprehensive income</b>		<b><u>(2,633,660)</u></b>	<b><u>0</u></b>	<b><u>1,633,323</u></b>
<b>Total comprehensive income</b>		<b><u><u>19,925,377</u></u></b>	<b><u><u>13,930,669</u></u></b>	<b><u><u>22,290,268</u></u></b>

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

**City of Gosnells**  
**Statement of Financial Position**  
**as at 30 June 2017**

	<b>Note</b>	<b>2017 Actual \$</b>	<b>2016 Actual \$</b>
<b>Current Assets</b>			
Cash and cash equivalents	3	117,850,936	106,278,347
Investments	4	0	0
Trade and other receivables	5	7,725,307	5,373,170
Inventories	6	313,832	337,684
Assets held for sale	7	2,279,293	1,168,844
Total Current Assets		<u>128,169,368</u>	<u>113,158,045</u>
<b>Non-Current Assets</b>			
Investments	4	2,145,080	1,956,585
Other receivables	5	1,091,644	1,250,250
Property, plant and equipment	8	269,329,594	270,538,058
Infrastructure	9	1,035,663,560	1,024,330,453
Intangible Assets	10	2,767,720	2,994,029
Investment Property	11(a)	1,132,900	0
Total Non-Current Assets		<u>1,312,130,498</u>	<u>1,301,069,374</u>
<b>Total Assets</b>		<u><u>1,440,299,866</u></u>	<u><u>1,414,227,419</u></u>
<b>Current Liabilities</b>			
Trade and other payables	12	12,972,488	9,844,306
Borrowings	13	8,746,705	9,608,624
Provisions	14	9,077,600	8,661,911
Total Current Liabilities		<u>30,796,793</u>	<u>28,114,841</u>
<b>Non-Current Liabilities</b>			
Provisions	14	622,723	610,902
Borrowings	13	12,144,672	8,691,376
Total Non-Current Liabilities		<u>12,767,395</u>	<u>9,302,278</u>
<b>Total Liabilities</b>		<u><u>43,564,188</u></u>	<u><u>37,417,119</u></u>
<b>Net Assets</b>		<u><u>1,396,735,678</u></u>	<u><u>1,376,810,301</u></u>
<b>Equity</b>			
Retained surplus		409,728,599	395,008,803
Reserves - cash backed	15	88,065,287	78,123,538
Revaluation surplus	16	898,941,792	903,677,960
<b>Total Equity</b>		<u><u>1,396,735,678</u></u>	<u><u>1,376,810,301</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 2017**

	Note	Retained Surplus \$	Reserves Cash Backed \$	Revaluation Surplus \$	Total Equity \$
<b>Balance as at 1 July 2015</b>		<b>373,059,200</b>	<b>74,275,498</b>	<b>907,185,335</b>	<b>1,354,520,033</b>
<b>Comprehensive income</b>					
Net result		20,656,945	0	0	20,656,945
Changes on revaluation of Non-Current Assets	16	0	0	1,633,323	1,633,323
Total comprehensive income		<u>20,656,945</u>	<u>0</u>	<u>1,633,323</u>	<u>22,290,268</u>
Revaluation write back on disposals	16	<u>5,140,698</u>	<u>0</u>	<u>(5,140,698)</u>	<u>0</u>
		<u>5,140,698</u>	<u>0</u>	<u>(5,140,698)</u>	<u>0</u>
Transfers to/(from) reserves	15	(3,848,040)	3,848,040	0	0
<b>Balance as at 30 June 2016</b>		<b>395,008,803</b>	<b>78,123,538</b>	<b>903,677,960</b>	<b>1,376,810,301</b>
<b>Comprehensive income</b>					
Net result		22,559,037	0	0	22,559,037
Changes on revaluation of non-current assets	16	0	0	(2,633,660)	(2,633,660)
Total comprehensive income		<u>22,559,037</u>	<u>0</u>	<u>(2,633,660)</u>	<u>19,925,377</u>
Revaluation write back on disposals	16	<u>2,102,508</u>	<u>0</u>	<u>(2,102,508)</u>	<u>0</u>
		<u>2,102,508</u>	<u>0</u>	<u>(2,102,508)</u>	<u>0</u>
Transfers to/(from) reserves	15	(9,941,749)	9,941,749	0	0
<b>Balance as at 30 June 2017</b>		<b>409,728,599</b>	<b>88,065,287</b>	<b>898,941,792</b>	<b>1,396,735,678</b>

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

**City of Gosnells**  
**Statement of Cash Flows**  
for the year ended 30 June 2017

	Note	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>Cash Flows from Operating Activities</b>				
<b>Receipts</b>				
Rates		62,649,692	63,723,000	59,595,185
Operating grants, subsidies and contributions		9,180,598	5,507,719	5,013,929
Fees and charges		21,821,725	23,528,736	22,029,693
Interest earnings		4,415,754	3,503,000	4,283,988
Goods and services tax		5,335,253	6,119,797	8,539,052
Other revenue		518,872	111,000	302,420
		<u>103,921,894</u>	<u>102,493,252</u>	<u>99,764,267</u>
<b>Payments</b>				
Employee costs		(41,707,378)	(42,007,145)	(39,830,930)
Materials and contracts		(25,848,857)	(31,422,417)	(31,146,452)
Utility charges		(2,246,705)	(5,237,568)	(4,867,918)
Interest expenses		(90,111)	0	(6,563)
Insurance expenses		(1,819,920)	(1,955,822)	(1,717,243)
Goods and services tax		(5,418,913)	(6,035,049)	(8,581,875)
Other expenditure		(2,571,206)	(1,358,187)	(6,669,704)
		<u>(79,703,090)</u>	<u>(88,016,188)</u>	<u>(92,820,685)</u>
<b>Net cash provided by (used in) operating activities</b>	17(b)	<u>24,218,804</u>	<u>14,477,064</u>	<u>6,943,582</u>
<b>Cash Flows from Investing Activities</b>				
Payments for development of Assets held for sale		(1,440,993)	(7,591,936)	(126,775)
Payments for purchase of Property, Plant & Equipment		(11,105,523)	(25,168,884)	(19,926,822)
Payments for Construction of Infrastructure		(17,617,693)	(25,925,245)	(34,775,157)
Non-operating grants, Subsidies and Contributions		13,307,608	10,200,267	18,517,778
Proceeds from Sale of assets		2,640,538	20,965,458	14,297,429
Proceeds from Sale of Investments		0	0	2,038,759
Fee rebates from Investments		5,245	0	0
Payments for Investment Property		(1,026,774)	0	0
<b>Net cash provided by (used in) investment activities</b>		<u>(15,237,592)</u>	<u>(27,520,340)</u>	<u>(19,974,788)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of loan facilities		(13,238,623)	(13,838,624)	0
Proceeds from loan facilities		15,830,000	26,847,500	18,300,000
<b>Net cash provided by (used in) financing activities</b>		<u>2,591,377</u>	<u>13,008,876</u>	<u>18,300,000</u>
<b>Net increase (decrease) in cash held</b>		11,572,589	(34,400)	5,268,794
Cash at beginning of year		106,278,347	109,938,698	101,009,553
<b>Cash and cash equivalents at the end of the year</b>	17(a)	<u><u>117,850,936</u></u>	<u><u>109,904,298</u></u>	<u><u>106,278,347</u></u>

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



**City of Gosnells**  
**Rate Setting Statement**  
**for the year ended 30 June 2017**

	<b>Note</b>	<b>2017 Actual \$</b>	<b>2017 Budget \$</b>	<b>2016 Actual \$</b>
<b>Revenue from operating activities excluding rates</b>				
Governance		6,056	5,150	8,317
General Purpose Funding		12,118,150	8,855,000	7,618,587
Law, Order, Public Safety		683,098	886,579	1,078,976
Health		304,066	313,136	344,775
Education and Welfare		780,823	783,523	675,899
Community Amenities		15,540,177	15,543,542	14,430,761
Recreation and Culture		3,950,093	3,899,397	3,857,099
Transport		324,255	494,771	451,571
Economic Services		2,329,490	2,440,690	2,424,624
Other Property and Services		961,292	17,395,525	4,047,538
		<u>36,997,500</u>	<u>50,617,313</u>	<u>34,938,147</u>
<b>Expenditure from operating activities</b>				
Governance		(4,945,570)	(5,146,743)	(5,129,720)
General Purpose Funding		(1,873,794)	(2,005,160)	(1,489,077)
Law, Order, Public Safety		(3,701,648)	(4,024,394)	(4,000,539)
Health		(1,344,090)	(1,428,676)	(1,372,165)
Education and Welfare		(4,174,270)	(4,392,048)	(4,081,250)
Community Amenities		(20,336,932)	(21,583,025)	(22,280,823)
Recreation and Culture		(34,534,848)	(35,888,468)	(37,346,312)
Transport		(26,186,387)	(28,939,931)	(26,202,067)
Economic Services		(2,933,597)	(3,315,701)	(2,981,892)
Other Property and Services		(2,474,328)	(3,485,765)	(1,131,271)
		<u>(102,505,464)</u>	<u>(110,209,911)</u>	<u>(106,015,116)</u>
<b>Net operating result excluding rates</b>		<u>(65,507,964)</u>	<u>(59,592,598)</u>	<u>(71,076,969)</u>
<b>Adjustments for cash budget requirements:</b>				
<b>Non-cash expenditure and revenue</b>				
(Profit)/Loss on asset disposals	24	1,516,340	(15,275,272)	(2,774,546)
Depreciation and amortisation on assets	2(a)	23,464,978	23,839,755	21,837,128
Fair Value Adjustment to Financial Assets	4	193,740	100,000	(73,396)
Revaluation of investment property	11	106,126	0	0
Movement in Non-Current Assets		(136,016)	(100,000)	98,699
Movement in Non-Current Liabilities		11,821	0	(15,644)
		<u>25,156,989</u>	<u>8,564,483</u>	<u>19,072,241</u>
<b>Amount attributable to operating activities</b>		<u>(40,350,975)</u>	<u>(51,028,115)</u>	<u>(52,004,728)</u>

**City of Gosnells**  
**Rate Setting Statement**  
**for the year ended 30 June 2017**

	<b>Note</b>	<b>2017 Actual \$</b>	<b>2017 Budget \$</b>	<b>2016 Actual \$</b>
<b>Investing Activities</b>				
Grants/Contributions for construction of assets		24,181,708	10,200,267	31,360,652
Proceeds from disposal of assets	24	2,640,538	20,965,458	14,297,429
Purchase assets held for sale	7(b)	(1,440,993)	(7,591,936)	(126,775)
Purchase of Intangible Assets	10(b)	(150,206)	0	(193,284)
Purchase of Investment Property	11	(1,026,774)	0	0
 Purchase of Property, Plant and Equipment	 8(b)	 (11,181,307)	 (25,168,884)	 (19,887,700)
Construction / Purchase of Infrastructure Assets	9(b)	(28,491,793)	(25,925,245)	(47,618,031)
		<u>(15,468,827)</u>	<u>(27,520,340)</u>	<u>(22,167,709)</u>
 <b>Amount attributable to investing activities</b>		 <u>(15,468,827)</u>	 <u>(27,520,340)</u>	 <u>(22,167,709)</u>
<b>Financing Activities</b>				
Proceeds from new loan facilities	25(b)	15,830,000	26,847,500	18,300,000
Repayment of loan facilities	25(a)	(13,238,624)	(13,838,624)	0
Transfers to reserves (restricted assets)	15	(22,244,672)	(24,533,756)	(16,788,164)
Transfers from reserves (restricted assets)	15	12,302,923	15,420,861	12,940,124
		<u>(7,350,373)</u>	<u>3,895,981</u>	<u>14,451,960</u>
 <b>Amount attributable to financing activities</b>		 <u>(7,350,373)</u>	 <u>3,895,981</u>	 <u>14,451,960</u>
<b>Net-Current Assets - surplus/(deficit) at:</b>				
The start of the year	26(b)	15,359,446	12,229,474	14,633,267
The end of the year	26(b)	(15,774,700)	(800,000)	(15,359,446)
 <b>Total amount raised from general rates</b>	 26(a)	 <u>(63,585,429)</u>	 <u>(63,223,000)</u>	 <u>(60,446,655)</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 2017**

**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 23 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 2017**

**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 2017**

**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 2017**

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

**(f) Fixed Assets (Continued)**

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

**Infrastructure**

Bridges		
Footbridges, Boardwalks and Lookouts	10 to 100	years
Road Bridges	80 to 100	years
Drainage	100	years
Roads		
Formation	Not Depreciated	
Pavement		
- Local Access Roads	Not Depreciated	
- Industrial and Distributor Roads	54 to 75	years
Surface		
- Bituminous seals	20	years
- Asphalt surfaces	18 to 30	years
- Brick paving	30	years
Kerbing	60	years
Footpaths	60 to 80	years
Park Developments	1 to 100	years
Bus Shelters	30 to 40	years
Street Lights	10 to 30	years
Other Infrastructure	10 to 75	years

**Property, Plant and Equipment**

Buildings		
Structure	75	years
Non-structure components	15 to 50	years
Furniture and Equipment	2 to 60	years
Plant and Equipment	5 to 30	years

**Intangibles**

Intangible Assets	3 to 20	years
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

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

**Capitalisation threshold**

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

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

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

**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 2017**

**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 2017**

**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 2017**

**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 2017**

**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 2017**

**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 20.

**(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.

**(w) Investment property**

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

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

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

**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:

<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the City, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the City has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	These Standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are: <ul style="list-style-type: none"> <li>- Assets received below fair value;</li> <li>- Transfers received to acquire or construct non-financial assets;</li> <li>- Grants received;</li> <li>- Prepaid rates;</li> <li>- Leases entered into at below market rates; and</li> <li>- Volunteer services</li> </ul>

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

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

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

**(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.

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

- (i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]

The objective of this Standard is to extend the scope of AASB 124 *Related Party Disclosures* 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 in accordance with AASB 124 have been necessary.

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

**2. Revenue and Expenses**

	<b>2017 Actual \$</b>	<b>2017 Budget \$</b>	<b>2016 Actual \$</b>
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**(a) Net Result**

The Net result includes:

(i) Crediting as revenue:

**Fees and Charges by Program**

Governance	127	150	82
General purpose funding	793,837	782,000	715,810
Law, order, public safety	469,691	596,100	661,047
Health	294,544	301,000	331,085
Education and welfare	171,709	259,810	169,289
Community amenities	14,970,932	15,216,562	13,661,775
Recreation and culture	3,270,788	3,413,026	3,233,094
Transport	223,864	265,000	308,553
Economic services	2,310,558	2,433,888	2,418,259
Other property and services	260,440	261,200	304,849
	<u>22,766,490</u>	<u>23,528,736</u>	<u>21,803,843</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:

	<b>2017 Actual \$</b>	<b>2017 Budget \$</b>	<b>2016 Actual \$</b>
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**By Nature or Type:**

Operating grants, subsidies and contributions	<u>9,180,598</u>	<u>6,286,569</u>	<u>5,013,929</u>
	9,180,598	6,286,569	5,013,929

Non-operating grants, subsidies and contributions

- Non-operating grants, subsidies and contributions

	13,307,608	10,200,267	18,517,778
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- Non-operating contributions from developers

	10,874,100	0	12,842,874
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	<u>24,181,708</u>	<u>10,200,267</u>	<u>31,360,652</u>
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Total grants, subsidies and contributions

	<u>33,362,306</u>	<u>16,486,836</u>	<u>36,374,581</u>
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**By Program:**

Governance	5,929	5,000	6,475
General purpose funding	6,414,074	4,270,000	2,129,439
Law, order, public safety	1,042,566	1,015,479	1,042,929
Health	9,522	12,136	13,690
Education and welfare	608,347	523,713	506,590
Community amenities	8,243,186	4,086,980	4,944,060
Recreation and culture	1,795,717	1,732,371	7,602,525
Transport	14,512,860	4,588,534	19,657,518
Economic services	18,931	6,802	6,366
Other property and services	711,174	245,821	464,989
	<u>33,362,306</u>	<u>16,486,836</u>	<u>36,374,581</u>

**Interest earnings**

- Reserve funds	2,560,422	1,930,000	2,694,879
- Other funds	1,128,042	1,276,000	1,020,084
Other interest revenue (refer Note 30)	843,074	597,000	768,832
	<u>4,531,538</u>	<u>3,803,000</u>	<u>4,483,795</u>

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

<b>2. Revenue and Expenses (Continued)</b>	<b>2017 Actual</b>	<b>2017 Budget</b>	<b>2016 Actual</b>
<b>(a) Net Result (Continued)</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
The Net result includes:			
(i) Crediting as revenue (Continued):			
<b>Other revenue</b>			
Advertising Rebate	0	0	16,017
Discount Received	123,510	100,000	115,157
Other	395,362	11,000	171,246
	<u>518,872</u>	<u>111,000</u>	<u>302,420</u>
<b>Fair Value Adjustment to Financial Assets at Fair Value through Profit or Loss</b>			
Financial Assets - Investment	193,740	100,000	(73,396)
	<u>193,740</u>	<u>100,000</u>	<u>(73,396)</u>
<b>Revaluation of investment property</b>			
Investment property	106,126	0	0
	<u>106,126</u>	<u>0</u>	<u>0</u>
(ii) Charging as an expense:			
<b>Auditors remuneration</b>			
- Audit of the annual financial report	37,811	40,000	37,736
- Audit of grant acquittals	1,032	2,000	2,065
	<u>38,843</u>	<u>42,000</u>	<u>39,801</u>
<b>Interest expenses (finance costs)</b>			
- Operating interest loan facilities	97,371	0	6,563
- Capital interest loan facilities	787,329	585,000	31,436
	<u>884,700</u>	<u>585,000</u>	<u>37,999</u>
<b>Elected Members' Remuneration</b>			
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	367,131	392,100	376,684
Mayor's allowance	88,864	88,900	87,070
Deputy Mayor's allowance	22,216	22,300	21,768
Travelling expenses*	13,444	18,000	13,471
Telecommunications allowance	23,532	25,600	24,555
State Council Allowance*	0	0	0
	<u>515,187</u>	<u>546,900</u>	<u>523,548</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 2017**

<b>2. Revenue and Expenses (Continued)</b>	<b>2017 Actual</b>	<b>2017 Budget</b>	<b>2016 Actual</b>
<b>(a) Net Result (Continued)</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
The Net result includes:			
(ii) Charging as an expense (Continued):			
<b>Other Expenditure</b>			
Elected Members Remuneration	515,187	546,900	523,548
Election Expenditure	0	0	195,673
Community Sponsorship & Donations	512,348	542,007	540,092
Rate Waivers	63,077	61,780	62,866
Refund of Fees & Charges	10,397	34,700	35,727
Land donated to crown & Land acquisition costs	29,373	60,000	9,833
ESL Council Properties	63,421	61,625	53,798
Other	1,377,403	51,175	5,248,167
	<u>2,571,206</u>	<u>1,358,187</u>	<u>6,669,704</u>
<b>Rental charges</b>			
- Operating leases	135,854	150,030	194,319
	<u>135,854</u>	<u>150,030</u>	<u>194,319</u>
<b>Depreciation and Amortisation</b>			
<b>By Program</b>			
<b>Amortisation and Depreciation Expense</b>			
Law, order, public safety	16,637	283,218	16,650
Health	93,670	109,722	93,545
Education and welfare	102,450	143,665	106,065
Community Amenities	0	968,793	0
Recreation and culture	5,093,478	5,606,026	4,422,051
Transport	14,103,595	15,144,659	13,793,489
Economic Services	0	22,034	0
Other Property and Services	3,829,158	1,432,410	3,251,166
	<u>23,238,988</u>	<u>23,710,527</u>	<u>21,682,966</u>
<b>Depreciation Capitalised</b>			
Recreation and culture	1,372	0	1,076
Transport	224,618	129,228	153,086
	<u>225,990</u>	<u>129,228</u>	<u>154,162</u>
<b>Total Amortisation and Depreciation</b>	<u>23,464,978</u>	<u>23,839,755</u>	<u>21,837,128</u>

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

<b>2. Revenue and Expenses (Continued)</b>	<b>2017 Actual</b>	<b>2017 Budget</b>	<b>2016 Actual</b>
<b>(a) Net Result (Continued)</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
The Net result includes:			
(ii) Charging as an expense (Continued):			
<b>By Class</b>			
<b>Amortisation and Depreciation Expense</b>			
Bridges	1,251,327	1,222,958	1,194,797
Buildings	2,803,388	2,921,969	2,608,045
Drainage	4,279,397	4,273,324	4,160,838
Furniture and Equipment	614,002	553,572	487,686
Intangible Assets	376,514	319,751	237,692
Other Infrastructure	593,835	660,377	591,414
Other Plant and Equipment	0	1,250	0
Park Development	2,479,234	2,511,368	2,207,314
Plant and Equipment	2,341,138	2,371,344	2,102,105
Roads, Footpaths and Kerbs	8,500,153	8,874,614	8,093,075
	<u>23,238,988</u>	<u>23,710,527</u>	<u>21,682,966</u>
<b>Depreciation Capitalised</b>			
Plant and Equipment	225,990	129,228	154,162
	<u>225,990</u>	<u>129,228</u>	<u>154,162</u>
<b>Total Amortisation and Depreciation</b>	<u><u>23,464,978</u></u>	<u><u>23,839,755</u></u>	<u><u>21,837,128</u></u>

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

**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 2017**

**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 2017**

**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 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Opening Balance <sup>(1)</sup> 1/07/15 \$	Received <sup>(2)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance <sup>(1)</sup> 30/06/16 \$	Received <sup>(2)</sup> 2016/17 \$	Expended <sup>(3)</sup> 2016/17 \$	Closing Balance 30/06/17 \$
<b>Non - Operating</b>							
<b>Bridge Construction</b>							
Burslem Dr Bridge Phase 1	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
<b>B4 Parkland Minimal Development</b>							
Clifton Street Park Rectification Works	0	18,182	0	18,182	0	(18,182)	0
	0	18,182	0	18,182	0	(18,182)	0
<b>Bridge Rehabilitation</b>							
Station Street Bridge	10,000	0	(10,000)	0	0	0	0
Nicholson Rd - Bridge # 0925 Rehabilitation	0	0	0	0	40,000	0	40,000
Brixton St - Bridge # 0943 Rehabilitation	0	0	0	0	30,000	0	30,000
	10,000	0	(10,000)	0	70,000	0	70,000
<b>Carpark Construction</b>							
Southern River College car parking	0	45,455	(45,455)	0	360,000	(201,879)	158,121
	0	45,455	(45,455)	0	360,000	(201,879)	158,121
<b>Drainage Construction</b>							
Drain Modification - Boardwalk Estate	41,656	0	0	41,656	0	0	41,656
Kelvin Road & Maddington Area drainage	0	0	0	0	219,138	(72,590)	146,548
	41,656	0	0	41,656	219,138	(72,590)	188,204
<b>Footpath Construction</b>							
Lot 5 Campbell Road footpath (Amherst Rd Side)	0	13,745	0	13,745	0	0	13,745
Shreeve Rd Footpath Upgrade	0	19,104	0	19,104	0	0	19,104
	0	32,849	0	32,849	0	0	32,849
<b>Furniture &amp; Equipment - Capital</b>							
4 x Rapid Deployment cameras	0	0	0	0	17,900	0	17,900
Jean Garvey Skate Park - CCTV Project	0	0	0	0	11,400	0	11,400
Pioneer Park p/way bet Amphitheatre - CCTV Project	0	0	0	0	18,050	0	18,050
	0	0	0	0	47,350	0	47,350
<b>Information technology</b>							
Graffiti - Proclaim Upgrade	4,900	0	(4,900)	0	0	0	0
	4,900	0	(4,900)	0	0	0	0
<b>Landscaping</b>							
Centennial Pioneer Pk Enhancement Project	0	40,000	0	40,000	0	(40,000)	0
	0	40,000	0	40,000	0	(40,000)	0
<b>Library</b>							
Amherst Library - CCTV Project	0	0	0	0	3,150	0	3,150
	0	0	0	0	3,150	0	3,150

City of Gosnells  
Notes to and forming part of the Financial Report  
for the year ended 30 June 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Opening Balance <sup>(1)</sup> 1/07/15 \$	Received <sup>(2)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance <sup>(1)</sup> 30/06/16 \$	Received <sup>(2)</sup> 2016/17 \$	Expended <sup>(3)</sup> 2016/17 \$	Closing Balance 30/06/17 \$
<b>Non - Operating (Continued)</b>							
<b>National Black Spot</b>							
Canning Mills Rd - Road Rehabilitation	305,359	165,924	(471,283)	0	0	0	0
Forest Lakes Dr Upgrade Street Lighting	266,441	0	(266,441)	0	0	0	0
Nicholson Rd/Spencer Rd - extend left turn lane	46,936	0	(46,936)	0	0	0	0
Spencer - Langford Intersection	0	772,000	(489,588)	282,412	0	(282,412)	0
	618,736	937,924	(1,274,248)	282,412	0	(282,412)	0
<b>Operating Buildings</b>							
Civic Centre - CCTV Project	0	0	0	0	16,000	0	16,000
	0	0	0	0	16,000	0	16,000
<b>Other Buildings</b>							
Liddehow Homestead - Installation of Solar PVs	0	0	0	0	13,271	0	13,271
EOC - CCTV Project	0	0	0	0	8,500	0	8,500
	0	0	0	0	21,771	0	21,771
<b>Other Plant and Equipment</b>							
Trailer - Pop-up Trailer & Generator - Youth Services	0	15,000	0	15,000	0	(15,000)	0
	0	15,000	0	15,000	0	(15,000)	0
<b>Park Development Construction</b>							
Walking and Cycle Path Link	32,000	0	0	32,000	0	0	32,000
Pioneer Park Rotunda	20,000	0	(20,000)	0	0	0	0
Seating - Mary Carroll Park	0	5,069	0	5,069	0	(5,069)	0
	52,000	5,069	(20,000)	32,000	0	(5,069)	32,000
<b>Road Improvements</b>							
New access to Tom Bateman House	0	110,049	(88,628)	21,421	0	0	21,421
William St and Sevenoaks St intersection signals	0	240,000	(17,991)	222,009	0	(13,751)	208,258
Warton Rd / Ranford Rd left slip lane design, investigation	0	53,333	0	53,333	53,333	(62,877)	43,789
William St - Camberwell/Bickley - Rd Rehabilitation	0	320,000	0	320,000	620,000	(940,000)	0
Spencer Rd /Yale Rd - Road Rehabilitation	0	133,333	0	133,333	133,333	(154,766)	111,900
Southern River Rd Duplication - Ranford to Holmes	719,002	3,186,102	(3,801,846)	103,258	0	(103,258)	0
	719,002	4,042,817	(3,908,465)	853,354	806,666	(1,274,652)	385,368
<b>Sports Facilities</b>							
Langford Oval - Floodlight remote control system	0	10,337	0	10,337	0	(10,337)	0
	0	10,337	0	10,337	0	(10,337)	0

City of Gosnells  
Notes to and forming part of the Financial Report  
for the year ended 30 June 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Opening Balance <sup>(1)</sup> 1/07/15 \$	Received <sup>(2)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance <sup>(1)</sup> 30/06/16 \$	Received <sup>(2)</sup> 2016/17 \$	Expended <sup>(3)</sup> 2016/17 \$	Closing Balance 30/06/17 \$
<b>Non - Operating (Continued)</b>							
<b>Road Rehabilitation</b>							
Nicholson Rd - Railway Pde to Yale Rd	75,480	0	0	75,480	0	0	75,480
Reservoir Rd - Asphalt Overlay	0	0	0	0	10,000	0	10,000
Attfield St, Maddington - Road Rehabilitation	0	49,721	(732)	48,989	61,931	(109,948)	972
Austin Ave - Railway/Albany Hwy Rd Rehab	0	0	0	0	59,146	(8,853)	50,293
Sutherland Drive, Thornlie - Road Rehabilitation	140,000	50,956	(190,956)	0	0	0	0
	215,480	100,677	(191,688)	124,469	131,077	(118,801)	136,745
<b>State Black Spot</b>							
Stage 1 - Spencer/Yale - light/slip lane	61,516	280,100	(254,366)	87,250	236,184	(323,434)	0
Brixton St / Wanaping Rd pre-deflection	26,667	35,795	(62,462)	0	0	0	0
Clapham St Shared Footpath, line mark	15,333	15,414	(30,747)	0	0	0	0
Huntingdale Rd (Forest Lakes-Warton)	114,666	114,666	(157,631)	71,701	0	(3,167)	68,534
Nicholson Rd - Langford Intersection	118,667	0	(61,275)	57,392	21,723	(3,893)	75,222
Burslem Dr & Attfield Roundabout install pre-deflections	2,241	0	(2,241)	0	0	0	0
Eudoria St and Verna St Roundabout install pre-deflections	56,922	16,341	(73,263)	0	0	0	0
	396,012	462,316	(641,985)	216,343	257,907	(330,494)	143,756
<b>Total Non-Operating</b>	<b>2,057,786</b>	<b>5,710,626</b>	<b>(6,106,741)</b>	<b>1,671,671</b>	<b>1,933,059</b>	<b>(2,369,416)</b>	<b>1,235,314</b>



**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

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

**(c) Conditions Over Grants/Contributions (Continued)**

Grant/Contribution	Opening Balance <sup>(1)</sup> 1/07/15 \$	Received <sup>(2)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance <sup>(1)</sup> 30/06/16 \$	Received <sup>(2)</sup> 2016/17 \$	Expended <sup>(3)</sup> 2016/17 \$	Closing Balance 30/06/17 \$
<b>Operating</b>							
<b>Technical Services</b>							
RoadWise Program	7,400	5,700	(7,400)	5,700	0	(5,174)	526
	7,400	5,700	(7,400)	5,700	0	(5,174)	526
<b>Community Engagement</b>							
Operation Bounce Back	0	0	0	0	10,000	(4,463)	5,537
Industrial Area Graffiti Audits	20,000	0	(7,728)	12,272	0	(12,272)	0
Meals on Wheels	40,713	31,374	(24,535)	47,552	55,852	(53,082)	50,322
Film Box	10,000	0	(10,000)	0	0	0	0
Senior Services Program (Safer Seniors Program)	0	0	0	0	9,400	(3,579)	5,821
YCAN	0	27,000	0	27,000	0	(26,846)	154
Youth Crime Prevention projects	0	0	0	0	45,000	0	45,000
Young Peoples Library	0	0	0	0	1,650	0	1,650
KidSport Sponsorship	34,599	0	(34,599)	0	0	0	0
KidSport 2014	0	0	0	0	0	0	0
KidSport - 2015/16	0	182,500	(175,493)	7,007	0	(7,007)	0
KidSport Additional Funding - 2015/16	0	170,500	(113,065)	57,435	0	(57,435)	0
MKSEA Planning	21,450	0	(21,450)	0	0	0	0
Inclusive Recreation	40,000	22,806	(62,806)	0	0	0	0
Homegrown Festival	0	0	0	0	10,000	0	10,000
	166,762	434,180	(449,676)	151,266	131,902	(164,684)	118,484
<b>Reform Planning</b>							
Chief Executive Officer	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
<b>Fire and Emergency Services</b>							
State Emergency Service	9,948	40,610	(34,390)	16,168	30,371	(38,810)	7,729
Bush Fire Brigade	29,470	139,930	(132,227)	37,173	132,375	(138,614)	30,934
	39,418	180,540	(166,617)	53,341	162,746	(177,424)	38,663
<b>Total Operating</b>	<b>213,580</b>	<b>620,420</b>	<b>(623,693)</b>	<b>210,307</b>	<b>294,648</b>	<b>(347,282)</b>	<b>157,673</b>
<b>Total</b>	<b>2,271,366</b>	<b>6,331,046</b>	<b>(6,730,434)</b>	<b>1,881,978</b>	<b>2,227,707</b>	<b>(2,716,698)</b>	<b>1,392,987</b>

**Notes:**

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

<sup>(2)</sup> - 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.

<sup>(3)</sup> - 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 2017**

	Note	2017 Actual \$	2016 Actual \$
<b>3. Cash and Cash Equivalents</b>			
Unrestricted		28,392,662	26,272,831
Restricted		89,458,274	80,005,516
		<u>117,850,936</u>	<u>106,278,347</u>
<b>Cash Balances</b>			
Cash on Hand		9,445	9,795
Cash in Bank		7,341,491	16,268,552
Term Deposits		110,500,000	90,000,000
		<u>117,850,936</u>	<u>106,278,347</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
<b>Restricted Cash</b>			
Reserves - cash backed		88,065,287	78,123,538
Unspent grants and contributions	2(c)	1,392,987	1,881,978
		<u>89,458,274</u>	<u>80,005,516</u>
<b>4. Investments</b>			
<b>Financial assets at fair value</b>			
At the beginning of the year		1,956,585	4,068,740
Fair value adjustments		193,740	(73,396)
Disposals		0	(2,038,759)
Fee rebates		(5,245)	0
Value at the end of the year		<u>2,145,080</u>	<u>1,956,585</u>
<b>Current</b>			
Investments		0	0
		<u>0</u>	<u>0</u>
<b>Non-current</b>			
Investments		2,145,080	1,956,585
		<u>2,145,080</u>	<u>1,956,585</u>
<b>5. Trade and Other Receivables</b>			
<b>Current</b>			
Rates outstanding		3,579,876	2,485,533
Sundry debtors		1,346,523	493,110
GST receivable		596,327	512,667
Accrued Revenue		2,010,133	1,814,626
Prepayments		192,448	67,234
		<u>7,725,307</u>	<u>5,373,170</u>
<b>Non-current</b>			
Rates outstanding - pensioners		1,091,644	1,050,752
Sundry Debtor		0	199,498
		<u>1,091,644</u>	<u>1,250,250</u>

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

	<b>2017 Actual \$</b>	<b>2016 Actual \$</b>
<b>6. Inventories</b>		
<b>Current</b>		
Fuel and materials	<u>313,832</u>	<u>337,684</u>
<b>7. Assets Held for Sale</b>		
<b>Current</b>		
Assets Held for Sale		
Cost of acquisition	866,568	4,180,000
Development costs	1,743,269	7,609,620
Disposals	(858,544)	(10,620,776)
Reclassification of Land to Land Held for Sale	<u>528,000</u>	<u>0</u>
	<u>2,279,293</u>	<u>1,168,844</u>

**7(b) Movements in Carrying Amounts**

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

	<b>Assets Held for Sale \$</b>
Balance at the beginning of the year	1,168,844
Additions	1,440,993
Disposals	(858,544)
Transfer between asset classes	528,000
<b>Carrying amount at the end of the year</b>	<u><u>2,279,293</u></u>

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

	<b>2017</b> <b>Actual</b> <b>\$</b>	<b>2016</b> <b>Actual</b> <b>\$</b>
<b>8. Property, Plant and Equipment</b>		
<b>(a) Book Value</b>		
Land		
- Independent valuation 2017	146,709,405	0
- Independent valuation 2014	0	139,337,088
- Additions after valuation - cost	<u>0</u>	<u>3,684,217</u>
	146,709,405	143,021,305
 Buildings at:		
- Independent valuation 2017	184,017,407	0
- Independent valuation 2014	0	163,558,999
- Additions after valuation - cost	0	18,851,301
- Work in Progress	30,707	2,925,418
Less: accumulated depreciation	<u>(77,448,778)</u>	<u>(72,587,623)</u>
	106,599,336	112,748,095
 Total land and buildings	<u>253,308,741</u>	<u>255,769,400</u>
 Furniture and Equipment at:		
- Management valuation 2016	11,636,733	11,636,733
- Additions after valuation - cost	799,833	0
Less accumulated depreciation	<u>(9,494,758)</u>	<u>(8,889,592)</u>
	2,941,808	2,747,141
 Plant and Equipment at:		
- Management valuation 2016	19,684,391	19,684,391
- Additions after valuation - cost	1,422,663	0
Less accumulated depreciation	<u>(8,043,473)</u>	<u>(7,678,338)</u>
	13,063,581	12,006,053
 Local Government House at:		
- At Cost	15,464	15,464
	<u>269,329,594</u>	<u>270,538,058</u>

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

**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
<b>Balance as at the beginning of the year</b>	143,021,305	112,748,095	2,747,141	12,006,053	15,464	270,538,058
<b>Additions</b>						
Completed Works	1,415,000	4,065,150	809,833	4,860,617	0	11,150,600
Works in Progress	0	30,707	0	0	0	30,707
	<u>1,415,000</u>	<u>4,095,857</u>	<u>809,833</u>	<u>4,860,617</u>	<u>0</u>	<u>11,181,307</u>
<b>Disposals</b>	(1,337,860)	(668,609)	(1,164)	(1,235,961)	0	(3,243,594)
<b>Depreciation (Expense)</b>	0	(2,803,388)	(614,002)	(2,567,128)	0	(5,984,518)
<b>Revaluation - Increment/(Decrement)</b>	4,138,960	(6,772,619)	0	0	0	(2,633,659)
<b>Impairment (Losses)/Reversals</b>	0	0	0	0	0	0
<b>Transfer between asset classes</b>	(528,000)	0	0	0	0	(528,000)
<b>Carrying amount at the end of the year</b>	<u>146,709,405</u>	<u>106,599,336</u>	<u>2,941,808</u>	<u>13,063,581</u>	<u>15,464</u>	<u>269,329,594</u>

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>9. Infrastructure</b>		
<b>(a) Book Value</b>		
Roads, Footpaths and Kerbs		
- Management valuation 2015	749,168,370	749,168,370
- Additions after valuation - at cost	36,320,942	16,823,942
- Work in Progress	31,416	0
Less accumulated depreciation	<u>(170,296,540)</u>	<u>(161,796,388)</u>
	615,224,188	604,195,924
 Bridges		
- Management valuation 2015	98,305,226	98,305,226
- Additions after valuation - at cost	14,807	(29,650)
- Work in Progress	480,489	78,213
Less accumulated depreciation	<u>(41,272,157)</u>	<u>(40,020,830)</u>
	57,528,365	58,332,959
 Drainage		
- Management valuation 2015	418,366,815	418,366,815
- Additions after valuation - at cost	13,912,911	9,608,714
Less accumulated depreciation	<u>(118,229,842)</u>	<u>(113,950,446)</u>
	314,049,884	314,025,083
 Park Development		
- Independent valuation 2014	41,181,000	41,181,000
- Additions after valuation - cost	19,400,119	15,272,517
- Work in Progress	33,822	617,164
Less accumulated depreciation	<u>(24,052,139)</u>	<u>(21,680,071)</u>
	36,562,802	35,390,610
 Other Infrastructure		
- Management valuation 2013	20,630,494	20,630,494
- Additions after valuation - cost	9,078,530	8,810,955
Less accumulated depreciation	<u>(17,410,703)</u>	<u>(17,055,572)</u>
	12,298,321	12,385,877
	<u>1,035,663,560</u>	<u>1,024,330,453</u>

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

**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.

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

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

	2017 \$	2016 \$
<b>10. Intangible Assets</b>		
<b>(a) Book Value</b>		
Computer Software		
- Management valuation 2016	3,389,478	3,389,478
- Additions after valuation - cost	150,206	0
Less accumulated depreciation	<u>(771,964)</u>	<u>(395,449)</u>
	2,767,720	2,994,029

**(b) Movements in Carrying Amounts**

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

	<b>Computer Software \$</b>
	<hr/>
Balance at the beginning of the year	2,994,029
Additions	150,206
Revaluations - Increments/(Decrements)	0
Amortisation (Expense)	(376,515)
<b>Carrying amount at the end of the year</b>	<b><u><u>2,767,720</u></u></b>



**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>11. Investment Property</b>		
<b>(a) Fair value</b>		
Investment property	<u>1,132,900</u>	<u>0</u>

**(b) Movements in Carrying Amounts**

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

	<b>Investment Property \$</b>
	<hr/>
Balance at the beginning of the year	0
Additions	1,026,774
Revaluations - Increments/(Decrements)	106,126
<b>Carrying amount at the end of the year</b>	<u><u>1,132,900</u></u>

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>12. Trade and Other Payables</b>		
<b>Current</b>		
Sundry creditors	5,837,896	4,688,642
Bonds and Deposits	5,926,400	3,473,176
Accrued expenditure	764,112	1,212,246
Income in advance	277,761	289,389
Deferred salaries	166,319	180,853
	<u>12,972,488</u>	<u>9,844,306</u>

<b>13. Borrowings</b>		
<b>Current</b>		
Loans	<u>8,746,705</u>	<u>9,608,624</u>
	<u>8,746,705</u>	<u>9,608,624</u>
<b>Non-Current</b>		
Loans	<u>12,144,672</u>	<u>8,691,376</u>
	<u>12,144,672</u>	<u>8,691,376</u>

Additional detail on borrowings is provided in Note 25

<b>14. Provisions</b>		
<b>Current</b>		
Provision for Annual Leave	4,052,768	3,944,752
Provision for Long Service Leave	<u>5,024,832</u>	<u>4,717,159</u>
	<u>9,077,600</u>	<u>8,661,911</u>
<b>Non-Current</b>		
Provision for Long Service Leave	<u>622,723</u>	<u>610,902</u>
	<u>622,723</u>	<u>610,902</u>

	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>	<b>Total \$</b>
<b>Opening balance at 1 July 2016</b>	<u>3,944,752</u>	<u>5,328,061</u>	<u>9,272,813</u>
	3,944,752	5,328,061	9,272,813
Additional provision	3,368,401	989,364	4,357,765
Amounts used	(3,260,385)	(657,330)	(3,917,715)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	(12,540)	(12,540)
<b>Balance at 30 June 2017</b>	<u>4,052,768</u>	<u>5,647,555</u>	<u>9,700,323</u>
<b>Comprises</b>			
Current	4,052,768	5,024,832	9,077,600
Non-Current	0	622,723	622,723
	<u>4,052,768</u>	<u>5,647,555</u>	<u>9,700,323</u>

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>15. Reserves - Cashed Backed Ordinary Reserves</b>			
<b>(a) Asset Management</b>			
Opening balance	1,757,250	1,726,691	1,567,570
Amount set aside / transfer to reserve	190,783	187,833	189,680
Amount used / transfer from reserve	0	(45,000)	0
	<u>1,948,033</u>	<u>1,869,524</u>	<u>1,757,250</u>
<b>(b) Developer Contributions for Future Infrastructure</b>			
Opening balance	460,779	452,838	422,198
Amount set aside / transfer to reserve	97,141	23,723	38,581
Amount used / transfer from reserve	0	0	0
	<u>557,920</u>	<u>476,561</u>	<u>460,779</u>
<b>(c) Emergency Services</b>			
Opening balance	89,033	85,920	82,970
Amount set aside / transfer to reserve	37,408	4,091	6,063
Amount used / transfer from reserve	0	0	0
	<u>126,441</u>	<u>90,011</u>	<u>89,033</u>
<b>(d) Floodlighting Levy</b>			
Opening balance	44,501	33,359	72,296
Amount set aside / transfer to reserve	10,546	11,800	20,205
Amount used / transfer from reserve	0	0	(48,000)
	<u>55,047</u>	<u>45,159</u>	<u>44,501</u>
<b>(e) Gosnells Oval Redevelopment</b>			
Opening balance	713,368	701,869	587,032
Amount set aside / transfer to reserve	110,427	111,126	126,336
Amount used / transfer from reserve	0	0	0
	<u>823,795</u>	<u>812,995</u>	<u>713,368</u>
<b>(f) Gosnells Town Centre Revitalisation</b>			
Opening balance	870,516	834,157	764,278
Amount set aside / transfer to reserve	113,428	111,699	112,589
Amount used / transfer from reserve	(9,907)	(18,695)	(6,351)
	<u>974,037</u>	<u>927,161</u>	<u>870,516</u>
<b>(g) Harmony Fields</b>			
Opening balance	252,550	221,775	192,809
Amount set aside / transfer to reserve	55,708	33,620	59,741
Amount used / transfer from reserve	0	0	0
	<u>308,258</u>	<u>255,395</u>	<u>252,550</u>
<b>(h) Heritage Condition Reward Scheme</b>			
Opening balance	43,434	38,827	35,672
Amount set aside / transfer to reserve	14,021	13,725	14,022
Amount used / transfer from reserve	(6,660)	(10,000)	(6,260)
	<u>50,795</u>	<u>42,552</u>	<u>43,434</u>
<b>Total Ordinary Reserves C/Fwd</b>	<u>4,844,326</u>	<u>4,519,358</u>	<u>4,231,431</u>

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
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	<b>2017 Actual \$</b>	<b>2017 Budget \$</b>	<b>2016 Actual \$</b>
<b>15. Reserves - Cashed Backed (Continued)</b>			
<b>Ordinary Reserves (Continued)</b>			
<b>Total Ordinary Reserves B/Fwd</b>	<u>4,844,326</u>	<u>4,519,358</u>	<u>4,231,431</u>
<b>(i) Insurance</b>			
Opening balance	1,063,568	1,044,924	1,027,301
Amount set aside / transfer to reserve	32,152	30,980	36,267
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>1,095,720</u>	<u>1,075,904</u>	<u>1,063,568</u>
<b>(j) Langford Oval Redevelopment</b>			
Opening balance	192,591	190,334	162,124
Amount set aside / transfer to reserve	31,116	29,674	30,467
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>223,707</u>	<u>220,008</u>	<u>192,591</u>
<b>(k) Leisure World - Asset Management</b>			
Opening balance	400,550	393,566	366,929
Amount set aside / transfer to reserve	9,019	5,467	33,621
Amount used / transfer from reserve	<u>(149,236)</u>	<u>(209,200)</u>	<u>0</u>
	<u>260,333</u>	<u>189,833</u>	<u>400,550</u>
<b>(l) Local Government Elections</b>			
Opening balance	72,173	85,453	196,114
Amount set aside / transfer to reserve	120,324	120,943	71,732
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>(195,673)</u>
	<u>192,497</u>	<u>206,396</u>	<u>72,173</u>
<b>(m) Local Open Space Strategy</b>			
Opening balance	236,072	212,064	203,241
Amount set aside / transfer to reserve	109,666	4,085,275	32,831
Amount used / transfer from reserve	<u>(17,237)</u>	<u>0</u>	<u>0</u>
	<u>328,501</u>	<u>4,297,339</u>	<u>236,072</u>
<b>(n) Maddington/Kenwick Revitalisation</b>			
Opening balance	2,361,814	2,320,412	2,281,278
Amount set aside / transfer to reserve	71,399	66,225	80,536
Amount used / transfer from reserve	<u>0</u>	<u>(86,758)</u>	<u>0</u>
	<u>2,433,213</u>	<u>2,299,879</u>	<u>2,361,814</u>
<b>(o) MGB Plant &amp; Equipment</b>			
Opening balance	4,535,069	4,856,833	4,127,020
Amount set aside / transfer to reserve	2,715,172	1,104,259	1,521,130
Amount used / transfer from reserve	<u>(1,258,862)</u>	<u>(2,236,550)</u>	<u>(1,113,081)</u>
	<u>5,991,379</u>	<u>3,724,542</u>	<u>4,535,069</u>
<b>Total Ordinary Reserves C/Fwd</b>	<u>15,369,676</u>	<u>16,533,259</u>	<u>13,093,268</u>

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
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	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>15. Reserves - Cashed Backed (Continued)</b>			
<b>Ordinary Reserves (Continued)</b>			
<b>Total Ordinary Reserves B/Fwd</b>	<u>15,369,676</u>	<u>16,533,259</u>	<u>13,093,268</u>
<b>(p) Mills Park</b>			
Opening balance	4,271,165	5,803,838	2,979,170
Amount set aside / transfer to reserve	4,116,093	473,018	2,881,995
Amount used / transfer from reserve	<u>(3,496,011)</u>	<u>(5,086,011)</u>	<u>(1,590,000)</u>
	<u>4,891,247</u>	<u>1,190,845</u>	<u>4,271,165</u>
<b>(q) Netball Courts - Resurfacing</b>			
Opening balance	10,660	10,474	10,297
Amount set aside / transfer to reserve	323	311	363
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>10,983</u>	<u>10,785</u>	<u>10,660</u>
<b>(r) Operations Centre</b>			
Opening balance	462,196	454,095	446,436
Amount set aside / transfer to reserve	13,972	11,982	15,760
Amount used / transfer from reserve	<u>0</u>	<u>(50,000)</u>	<u>0</u>
	<u>476,168</u>	<u>416,077</u>	<u>462,196</u>
<b>(s) Performing Arts Centre</b>			
Opening balance	298,926	287,896	273,975
Amount set aside / transfer to reserve	32,797	31,475	32,651
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>(7,700)</u>
	<u>331,723</u>	<u>319,371</u>	<u>298,926</u>
<b>(t) Plant and Equipment</b>			
Opening balance	4,533,636	4,458,569	3,851,305
Amount set aside / transfer to reserve	2,078,840	1,854,284	1,785,939
Amount used / transfer from reserve	<u>(2,612,752)</u>	<u>(3,351,160)</u>	<u>(1,103,608)</u>
	<u>3,999,724</u>	<u>2,961,693</u>	<u>4,533,636</u>
<b>(u) Rate Revaluation</b>			
Opening balance	454,071	446,357	308,829
Amount set aside / transfer to reserve	144,396	139,644	145,242
Amount used / transfer from reserve	<u>(374,006)</u>	<u>(390,000)</u>	<u>0</u>
	<u>224,461</u>	<u>196,001</u>	<u>454,071</u>
<b>(v) Recreation and Culture Infrastructure</b>			
Opening balance	1,130,412	1,103,729	1,095,183
Amount set aside / transfer to reserve	132,818	134,368	38,593
Amount used / transfer from reserve	<u>(178,824)</u>	<u>(44,595)</u>	<u>(3,364)</u>
	<u>1,084,406</u>	<u>1,193,502</u>	<u>1,130,412</u>
<b>Total Ordinary Reserves C/Fwd</b>	<u>26,388,388</u>	<u>22,821,533</u>	<u>24,254,334</u>

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

	<b>2017 Actual \$</b>	<b>2017 Budget \$</b>	<b>2016 Actual \$</b>
<b>15. Reserves - Cashed Backed (Continued)</b>			
<b>Ordinary Reserves (Continued)</b>			
<b>Total Ordinary Reserves B/Fwd</b>	<u>26,388,388</u>	<u>22,821,533</u>	<u>24,254,334</u>
<b>(w) Refuse Disposal Site Rehabilitation</b>			
Opening balance	778,423	760,665	709,636
Amount set aside / transfer to reserve	55,013	50,179	68,787
Amount used / transfer from reserve	<u>(114,249)</u>	<u>0</u>	<u>0</u>
	<u>719,187</u>	<u>810,844</u>	<u>778,423</u>
<b>(x) Southern River Contaminated Site Rehabilitation</b>			
Opening balance	448,047	431,842	444,559
Amount set aside / transfer to reserve	13,544	12,804	15,357
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>(11,869)</u>
	<u>461,591</u>	<u>444,646</u>	<u>448,047</u>
<b>(y) Sutherlands Park</b>			
Opening balance	718,959	707,853	605,915
Amount set aside / transfer to reserve	101,845	100,045	113,044
Amount used / transfer from reserve	<u>0</u>	<u>(300,000)</u>	<u>0</u>
	<u>820,804</u>	<u>507,898</u>	<u>718,959</u>
<b>(z) Walter Padbury Park</b>			
Opening balance	385,395	378,879	317,489
Amount set aside / transfer to reserve	70,874	54,993	67,906
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>456,269</u>	<u>433,872</u>	<u>385,395</u>
<b>Total Ordinary Reserves</b>	<u>28,846,239</u>	<u>25,018,793</u>	<u>26,585,158</u>
<b>Planning Reserves</b>			
<b>Public Open Space</b>			
<b>(aa)</b> Opening balance	25,749,277	25,988,259	26,548,164
Amount set aside / transfer to reserve	7,089,401	6,488,123	3,146,506
Amount used / transfer from reserve	<u>(2,475,187)</u>	<u>(1,374,132)</u>	<u>(3,945,393)</u>
	<u>30,363,491</u>	<u>31,102,250</u>	<u>25,749,277</u>
<b>(ab) TPS 9A</b>			
Opening balance	1,084,007	1,065,162	1,029,198
Amount set aside / transfer to reserve	563,603	31,243	59,809
Amount used / transfer from reserve	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>
	<u>1,642,610</u>	<u>1,091,405</u>	<u>1,084,007</u>
<b>(ac) TPS 15</b>			
Opening balance	442,563	434,796	432,463
Amount set aside / transfer to reserve	13,242	18,731	15,100
Amount used / transfer from reserve	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>
	<u>450,805</u>	<u>448,527</u>	<u>442,563</u>
<b>Total Planning Reserves C/Fwd</b>	<u>32,456,906</u>	<u>32,642,182</u>	<u>27,275,847</u>

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

	<b>2017 Actual \$</b>	<b>2017 Budget \$</b>	<b>2016 Actual \$</b>
<b>15. Reserves - Cashed Backed (Continued)</b>			
<b>Planning Reserves (Continued)</b>			
<b>Total Planning Reserves B/Fwd</b>	<u>32,456,906</u>	<u>32,642,182</u>	<u>27,275,847</u>
<b>(ad) TPS 17</b>			
Opening balance	813,929	605,195	561,988
Amount set aside / transfer to reserve	47,456	22,112	256,941
Amount used / transfer from reserve	<u>(35,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>
	<u>826,385</u>	<u>622,307</u>	<u>813,929</u>
<b>(ae) TPS 20</b>			
Opening balance	1,468,085	1,206,877	2,077,290
Amount set aside / transfer to reserve	33,381	6,901	60,209
Amount used / transfer from reserve	<u>(502,893)</u>	<u>(859,233)</u>	<u>(669,414)</u>
	<u>998,573</u>	<u>354,545</u>	<u>1,468,085</u>
<b>(af) ODP Canning Vale</b>			
Opening balance	878,804	845,392	878,785
Amount set aside / transfer to reserve	25,747	36,583	30,019
Amount used / transfer from reserve	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>
	<u>874,551</u>	<u>851,975</u>	<u>878,804</u>
<b>(ag) ODP West Canning Vale</b>			
Opening balance	5,787,550	5,708,257	5,575,383
Amount set aside / transfer to reserve	1,350,771	133,093	243,167
Amount used / transfer from reserve	<u>(82,332)</u>	<u>(31,000)</u>	<u>(31,000)</u>
	<u>7,055,989</u>	<u>5,810,350</u>	<u>5,787,550</u>
<b>(ah) ODP Southern River Precinct 1</b>			
Opening balance	3,355,370	3,531,840	3,497,274
Amount set aside / transfer to reserve	411,446	90,009	219,405
Amount used / transfer from reserve	<u>(25,000)</u>	<u>(25,000)</u>	<u>(361,309)</u>
	<u>3,741,816</u>	<u>3,596,849</u>	<u>3,355,370</u>
<b>(ai) ODP Southern River Precinct 2</b>			
Opening balance	6,301,398	6,190,901	6,106,489
Amount set aside / transfer to reserve	189,947	224,479	214,909
Amount used / transfer from reserve	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>
	<u>6,471,345</u>	<u>6,395,380</u>	<u>6,301,398</u>
<b>(aj) ODP Southern River Precinct 3</b>			
Opening balance	3,433,741	3,373,800	3,135,900
Amount set aside / transfer to reserve	576,282	269,611	364,841
Amount used / transfer from reserve	<u>(67,000)</u>	<u>(67,000)</u>	<u>(67,000)</u>
	<u>3,943,023</u>	<u>3,576,411</u>	<u>3,433,741</u>
<b>Total Planning Reserves C/Fwd</b>	<u>56,368,588</u>	<u>53,849,999</u>	<u>49,314,724</u>

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

	<b>2017 Actual \$</b>	<b>2017 Budget \$</b>	<b>2016 Actual \$</b>
<b>15. Reserves - Cashed Backed (Continued)</b>			
<b>Planning Reserves (Continued)</b>			
<b>Total Planning Reserves B/Fwd</b>	<u>56,368,588</u>	<u>53,849,999</u>	<u>49,314,724</u>
<b>(ak) ODP Southern River Precinct 3A</b>			
Opening balance	137,992	135,573	133,287
Amount set aside / transfer to reserve	23,940	23,088	4,705
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>161,932</u>	<u>158,661</u>	<u>137,992</u>
<b>(al) ODP Southern River Precinct 3E</b>			
Opening balance	0	0	0
Amount set aside / transfer to reserve	0	10,198	0
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>10,198</u>	<u>0</u>
<b>(am) ODP Southern River Precinct 5</b>			
Opening balance	62,894	63,483	131,350
Amount set aside / transfer to reserve	1,902	109	2,616
Amount used / transfer from reserve	<u>0</u>	<u>(58,000)</u>	<u>(71,072)</u>
	<u>64,796</u>	<u>5,592</u>	<u>62,894</u>
<b>(an) ODP Homestead Road</b>			
Opening balance	425,469	418,651	301,590
Amount set aside / transfer to reserve	12,453	28,410	138,879
Amount used / transfer from reserve	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>
	<u>422,922</u>	<u>432,061</u>	<u>425,469</u>
<b>(ao) ODP Maddington A&amp;B</b>			
Opening balance	342,595	336,160	296,345
Amount set aside / transfer to reserve	670,193	26,732	380,105
Amount used / transfer from reserve	<u>(274,962)</u>	<u>(17,000)</u>	<u>(333,855)</u>
	<u>737,826</u>	<u>345,892</u>	<u>342,595</u>
<b>(ap) ODP Central Maddington 1</b>			
Opening balance	901,643	61,286	438,045
Amount set aside / transfer to reserve	570,069	8,201,477	3,715,613
Amount used / transfer from reserve	<u>(547,345)</u>	<u>(1,055,798)</u>	<u>(3,252,015)</u>
	<u>924,367</u>	<u>7,206,965</u>	<u>901,643</u>
<b>(aq) ODP Central Maddington 2</b>			
Opening balance	353,063	343,850	321
Amount set aside / transfer to reserve	186,014	119,314	395,902
Amount used / transfer from reserve	<u>(460)</u>	<u>(25,729)</u>	<u>(43,160)</u>
	<u>538,617</u>	<u>437,435</u>	<u>353,063</u>
<b>Total Planning Reserves</b>	<u>59,219,048</u>	<u>62,446,803</u>	<u>51,538,380</u>
<b>Total Reserves</b>	<u>88,065,287</u>	<u>87,465,596</u>	<u>78,123,538</u>

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

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

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



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

	<b>2017 Actual \$</b>	<b>2017 Budget \$</b>	<b>2016 Actual \$</b>
<b>Summary of Reserves</b>			
Opening balance	78,123,538	78,352,701	74,275,498
Amount set aside / transfer to reserve	22,244,672	24,533,756	16,788,164
Amount used / transfer from reserve	<u>(12,302,923)</u>	<u>(15,420,861)</u>	<u>(12,940,124)</u>
<b>Total Reserves</b>	<u><u>88,065,287</u></u>	<u><u>87,465,596</u></u>	<u><u>78,123,538</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 2017**

**15 Reserves - Cashed Backed (Continued)**

- (n) Maddington/Kenwick Revitalisation**  
To fund the cost of urban renewal in Maddington Kenwick.
- (o) MGB Plant & Equipment**  
To fund expenditure relating to the purchase of infrastructure and associated plant and equipment (including bins) as well as any associated debt.
- (p) Mills Park**  
To assist with the development of Mills Park funded from Telco Tower leases. In addition to fund repayment of debt associated with the redevelopment of Mills Park.
- (q) Netball Courts - Resurfacing**  
Resurfacing of the Southern Districts netball Courts in Langford as required.
- (r) Operations Centre**  
To fund expenditure relating to the redevelopment of the Operations Centre and any associated debt.
- (s) Performing Arts Centre**  
Construction, equipping and assessment of Don Russell Performing Arts Centre funded from Telco Tower leases.
- (t) Plant and Equipment**  
To fund replacement or new acquisition of plant and associated equipment.
- (u) Rate Revaluation**  
For expenditure associated with the revaluation of properties on which council raises rates.
- (v) Recreation and Culture Infrastructure**  
To fund future expenditure on Recreational and Cultural Infrastructure.
- (w) Refuse Disposal Site Rehabilitation**  
Rehabilitation of the Kelvin Road Refuse Disposal Site following future closure funded from Telco Tower leases.
- (x) Southern River Contaminated Site Rehabilitation**  
For expenditure associated with the rehabilitation of the Southern River contaminated site.
- (y) 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 respect 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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**15 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 2017**

**16. Revaluation Surplus**

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

	<b>2017 Actual \$</b>	<b>2016 Actual \$</b>
<b>(a) Land and Buildings</b>		
Opening balance	170,182,572	175,164,146
Revaluation decrement	(2,633,660)	0
Revaluation write back on disposals	(1,659,500)	(4,981,574)
	<u>165,889,412</u>	<u>170,182,572</u>
<b>(b) Plant and Equipment</b>		
Opening balance	557,635	156,614
Revaluation increment	0	456,055
Revaluation write back on disposals	(427,269)	(55,034)
	<u>130,366</u>	<u>557,635</u>
<b>(c) Roads, Footpaths and Kerbs</b>		
Opening balance	435,878,321	435,878,321
Revaluation increment	0	0
	<u>435,878,321</u>	<u>435,878,321</u>
<b>(d) Bridges</b>		
Opening balance	24,652,591	25,765,025
Revaluation increment	0	(1,112,434)
	<u>24,652,591</u>	<u>24,652,591</u>
<b>(e) Drainage</b>		
Opening balance	269,098,322	269,098,322
Revaluation increment	0	0
	<u>269,098,322</u>	<u>269,098,322</u>
<b>(f) Other Infrastructure</b>		
Opening balance	670,320	729,147
Revaluation write back on disposals	(15,739)	(58,827)
	<u>654,581</u>	<u>670,320</u>
<b>(g) Intangible Assets</b>		
Opening balance	2,638,198	393,760
Revaluation increment	0	2,289,702
Revaluation write back on disposals	0	(45,264)
	<u>2,638,199</u>	<u>2,638,198</u>
 Total Asset Revaluation Surplus	 <u>898,941,792</u>	 <u>903,677,960</u>
 <b>Summary of Asset Revaluation Surplus</b>		
Opening Balance	903,677,960	907,185,335
Revaluation (Decrement)/Increment	(2,633,660)	1,633,323
Revaluation write back on disposals	(2,102,508)	(5,140,699)
<b>Total Asset Revaluation Surplus</b>	<u>898,941,792</u>	<u>903,677,960</u>

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

**17. Notes to the Statement of Cash Flows**

**(a) Reconciliation of Cash**

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

	<b>2017</b> <b>\$</b>	<b>2017</b> <b>Budget</b> <b>\$</b>	<b>2016</b> <b>\$</b>
Cash and cash equivalents	<u>117,850,936</u>	<u>109,904,298</u>	<u>106,278,347</u>

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

Net result	22,559,037	13,930,669	20,656,943
Non-cash flows in Net result:			
Depreciation	23,238,988	23,710,527	21,682,965
(Profit)/Loss on sale of asset	1,516,340	(15,275,272)	(2,774,546)
Fair value adjustments to financial assets			
at fair value through profit or loss	(193,740)	(100,000)	73,396
Revaluation of fixed assets	(106,126)	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(2,193,531)	(459,053)	(890,888)
(Increase)/Decrease in inventories	23,852	12,373	(6,987)
Increase/(Decrease) in payables	3,128,184	1,994,228	(1,182,057)
Increase/(Decrease) in provisions	427,508	863,859	745,408
Grants contributions for			
the development of assets	(24,181,708)	(10,200,267)	(31,360,652)
Net cash from operating activities	<u>24,218,804</u>	<u>14,477,064</u>	<u>6,943,582</u>

**(c) Undrawn Borrowing Facilities  
Credit Standby Arrangements**

	<b>2017</b> <b>\$</b>	<b>2016</b> <b>\$</b>
Credit card limit	105,000	105,000
Credit card balance at balance date	(24,986)	(25,903)
<b>Total amount of credit unused</b>	<u>80,014</u>	<u>79,097</u>

**Loan facilities**

Loan facilities - current	8,746,705	9,608,624
Loan facilities - non-current	12,144,672	8,691,376
<b>Total facilities in use at balance date</b>	<u>20,891,377</u>	<u>18,300,000</u>

**Loan facilities at balance date\***

Loan facilities in use	20,891,377	18,300,000
Loan facilities not in use	16,134,623	16,576,000

\* Funds only available for the purposes detailed in Note 25 (a)

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

Nil

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>19. Capital and Leasing Commitments</b>		
<b>(a) Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	52,419	56,349
- later than one year but not later than five years	32,153	90,195
	<u>84,572</u>	<u>146,544</u>

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

**(b) Capital Expenditure Commitments\***

Contracted for:		
- capital expenditure projects	436,532	39,836,634
- plant & equipment purchases	654,809	0
Payable:		
- not later than one year	1,091,341	39,836,634

\* Commitments greater than \$250,000

**20. Joint Venture Arrangements**

The City is not involved in any joint venture arrangements.

**21. Total Assets Classified By Function And Activity**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Governance	22,743,549	18,360,501
General purpose funding	9,955,001	7,394,629
Law, order, public safety	3,623,773	4,031,682
Health	2,197,834	2,340,620
Education and welfare	4,692,677	4,409,939
Community amenities	64,029,033	72,409,503
Recreation and culture	145,551,733	128,991,544
Transport	954,109,703	945,397,778
Economic services	1,328,903	1,133,055
Other property and services	113,604,933	122,751,748
Unallocated	118,462,727	107,006,421
	<u>1,440,299,866</u>	<u>1,414,227,420</u>

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
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	2017	2016	2015
<b>22. Financial Ratios</b>			
Current ratio	1.26	1.18	2.27
Asset sustainability ratio	0.73	0.73	0.77
Debt service cover ratio	1.56	289.12	4.65
Operating surplus ratio	(0.02)	(0.11)	0.11
Own source revenue coverage ratio	0.90	0.86	1.01

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

	2017	2016	2015
Asset consumption ratio	0.64	0.72	0.72
Asset renewal funding ratio	0.88	0.62	0.72

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

**23. 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 2016 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2017 \$
Unclaimed Money	42,940	14,512	(26,891)	30,561
Construction Training Fund	0	461,270	(461,270)	0
Building Commission	22,546	446,707	(447,891)	21,361
Development Applications	0	24,656	(24,656)	0
	<u>65,486</u>	<u>947,144</u>	<u>(960,709)</u>	<u>51,922</u>

**24. Disposal of Assets**

The following assets were disposed of during the year.

Asset Class / Program	2016/17					
	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Assets Held for Sale</b>						
Other Properties and Services	858,544	2,513,844	1,538,079	19,291,348	679,535	16,777,504
<b>Total Assets Held for Sale</b>	<u>858,544</u>	<u>2,513,844</u>	<u>1,538,079</u>	<u>19,291,348</u>	<u>679,535</u>	<u>16,777,504</u>
<b>Property Plant and Equipment</b>						
Plant and Equipment						
Transport	1,235,960	2,443,280	1,102,459	1,674,110	(133,501)	(769,170)
<b>Land</b>						
Other Properties and Services	1,337,861	0	0	0	(1,337,861)	0
<b>Buildings</b>						
Recreation and Culture	668,609	701,191	0	0	(668,609)	(701,191)
<b>Furniture and Fittings</b>						
Recreation and Culture	1,163	0	0	0	(1,163)	0
<b>Total Property Plant and Equipment</b>	<u>3,243,593</u>	<u>3,144,471</u>	<u>1,102,459</u>	<u>1,674,110</u>	<u>(2,141,134)</u>	<u>(1,470,361)</u>
<b>Infrastructure Assets</b>						
Other Infrastructure						
Transport	42,908	31,871	0	0	(42,908)	(31,871)
<b>Park Development</b>						
Recreation and Culture	11,833	0	0	0	(11,833)	0
<b>Total Infrastructure Assets</b>	<u>54,741</u>	<u>31,871</u>	<u>0</u>	<u>0</u>	<u>(54,741)</u>	<u>(31,871)</u>
	<u>4,156,878</u>	<u>5,690,186</u>	<u>2,640,538</u>	<u>20,965,458</u>	<u>(1,516,340)</u>	<u>15,275,272</u>

Profit	679,535	16,888,008
Loss	(2,195,875)	(1,612,736)
	<u>(1,516,340)</u>	<u>15,275,272</u>



**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

**25. Information on Borrowings**

(a) Loan Repayments

Particulars/Purpose	Principal 1 July 2016 \$	New Loans \$	Principal Repayments		Principal 30 June 2017		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Community Amenities</b>								
Central Maddington ODP Infrastructure	3,300,000	1,500,000	0	0	4,800,000	10,000,000	85,194	0
<b>Recreation and Culture</b>								
Mills Park - Short Term Facility	5,000,000	14,330,000	11,930,000	6,930,000	7,400,000	7,400,000	205,148	50,000
Mills Park - Long Term Facility	10,000,000	0	1,308,624	1,308,624	8,691,376	8,691,376	357,060	311,000
<b>Other Property and Services</b>								
Robinson Park Redevelopment and subdivision*	0	0	0	5,600,000	0	0	0	224,000
Operations Centre	0	0	0	0		1,500,000	0	0
Southern River Business Park	0	0	0	0		600,000	0	0
Attfield Street Maddington	0	0	0	0		1,100,000	0	0
Philip Street Maddington	0	0	0	0		917,500	0	0
	18,300,000	15,830,000	13,238,624	13,838,624	20,891,376	30,208,876	647,402	585,000

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

All other loan repayments were financed by general purpose revenue.

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
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**25. 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 \$	
<b>Community Amenities</b> Central Maddington ODP Infrastructure	10,000,000	4,800,000	7,800,000	Short Term	3	97,371	1.97%	4,800,000	10,000,000	0
<b>Other Properties and Services</b> Robinson Park Redevelopment and subdivision*	5,600,000	0	5,600,000	Short Term	3	0	4.00%	0	5,600,000	0
Operations Centre*	16,500,000	0	1,500,000	Short Term	3	0	4.00%	0	1,500,000	0
Southern River Business Park*	9,600,000	0	600,000	Short Term	3	0	4.00%	0	600,000	0
Attfield Street Maddington*	1,100,000	0	1,100,000	Short Term	3	0	4.00%	0	1,100,000	0
Philip Street Maddington*	917,500	0	917,500	Short Term	3	0	4.00%	0	917,500	0
	43,717,500	4,800,000	17,517,500			97,371		4,800,000	19,717,500	0

\*These loan facilities were not established as at 30 June 2017.

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

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

**25. Information on Borrowings (Continued)**

(c) Refinanced loan facilities

Particulars/Purpose	Loan Facility Limit		Loan Facility Expiry		Institution
	Original	New	Original	New	
Community Amenities Central Maddington ODP Infrastructure	5,000,000	10,000,000	1/11/2018	1/11/2019	WA Treasury Corporation

A \$5,000,000 loan facility was established in 2015/16 financial year to fund Common Infrastructure Works and Public Open Space in accordance with the Central Maddington ODP Development Contribution Plan report (DCP). The DCP provides a framework to guide land uses, development, details the method by which costs will be apportioned to land owners and the City. DCP includes \$10,000,000 loan facility to assist with a progressive redevelopment and subdivision of land within the ODP area. Development has progressed and the balance of the loan facility was required in the 2016/17 financial year. Therefore the City has refinanced the existing facility to increase the facility limit to \$10,000,000 and extend the expiry date to 1 November 2019.

(d) Unspent Debentures  
The City did not have any unspent loan funds as at 30 June 2017.

(e) 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 2017**

**26. Rating Information**

**(a) Rates**

Rate Type	2017 Actual						2017 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)												
	11.4320	3	415,000	47,443	0	0	47,443	47,443	0	0	47,443	
	6.0170	34,772	836,017,484	50,303,172	1,188,227	0	51,491,399	50,303,172	908,000	0	51,211,172	
	7.2200	875	21,890,091	1,580,465	77,695	0	1,658,160	1,580,465	0	0	1,580,465	
	6.5170	48	2,153,815	140,364	561	0	140,925	140,364	0	0	140,364	
	6.9200	74	9,349,464	646,983	392	0	647,375	646,983	0	0	646,983	
	Unimproved Value (UV)											
	Rural UV	0.2367	26	34,200,000	80,951	3,552	0	84,503	80,951	0	0	80,951
	Rural UV Agricultural Concession	0.1894	9	73,850,000	139,872	2	0	139,874	139,872	0	0	139,872
	Minimum		35,807	977,875,854	52,939,250	1,270,429	0	54,209,679	52,939,250	908,000	0	53,847,250
Minimum payment Gross Rental Value (GRV)												
	926	0	0	0		0	0	0	0	0	0	
	926	10,046	129,463,275	9,302,596		0	9,302,596	9,302,596	0	0	9,302,596	
	926	64	723,809	59,264		0	59,264	59,264	0	0	59,264	
	926	8	55,880	7,408		0	7,408	7,408	0	0	7,408	
	926	5	41,090	4,630		0	4,630	4,630	0	0	4,630	
	Unimproved Value (UV)											
	Rural UV	926	2	660,000	1,852		0	1,852	1,852	0	0	1,852
	Rural UV Agricultural Concession	926	0	0	0		0	0	0	0	0	0
			10,125	130,944,054	9,375,750	0	0	9,375,750	9,375,750	0	0	9,375,750
		45,932	1,108,819,908	62,315,000	1,270,429	0	63,585,429	62,315,000	908,000	0	63,223,000	

**Total amount raised from general rates**

Specified Area Rate (refer note 27)

Ex-gratia Rates

**Total Rates**

63,585,429  
442,337  
56,335  
64,084,100

63,223,000  
437,000  
50,000  
63,710,000

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

**26. Rating Information (Continued)**

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

	<b>Note</b>	<b>2017 (1 July 2017 Carried Forward) \$</b>	<b>2017 (1 July 2016 Brought Forward) \$</b>	<b>2016 (30 June 2016 Carried Forward) \$</b>
<b>Surplus/(Deficit) Rate Setting Statement</b>		<u>15,774,700</u>	<u>15,359,446</u>	<u>15,359,446</u>
<b>Comprises:</b>				
<b>Current Assets</b>				
Cash and cash equivalents	3	117,850,936	106,278,347	106,278,347
Investments	4	0	0	0
Trade and Other Receivables	5	7,725,307	5,373,170	5,373,170
Inventories	6	313,832	337,684	337,684
Assets Held for Sale	7	2,279,293	1,168,844	1,168,844
<b>Total Current Assets</b>		<u>128,169,368</u>	<u>113,158,045</u>	<u>113,158,045</u>
<b>Current Liabilities</b>				
Trade and other payables	12	(12,972,488)	(9,844,306)	(9,844,306)
Borrowings	13	(8,746,705)	(9,608,624)	(9,608,624)
Provisions	14	(9,077,600)	(8,661,911)	(8,661,911)
<b>Total Current Liabilities</b>		<u>(30,796,793)</u>	<u>(28,114,841)</u>	<u>(28,114,841)</u>
<b>Net Current Assets</b>		<u>97,372,575</u>	<u>85,043,204</u>	<u>85,043,204</u>
<b>Less:</b>				
Reserves - restricted cash	15	(88,065,287)	(78,123,538)	(78,123,538)
Assets Held for Sale	7	(2,279,293)	(1,168,844)	(1,168,844)
<b>Add:</b>				
Current portion of long term borrowings		8,746,705	9,608,624	9,608,624
<b>Surplus/(deficit)</b>		<u><b>15,774,700</b></u>	<u><b>15,359,446</b></u>	<u><b>15,359,446</b></u>

**Difference**

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

**City Of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

**27. Specified Area Rate**

<b>Gross Rental Value (GRV)</b>	<b>Rate in \$ Cents</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Applied to Costs \$</b>
Bletchley Park	0.488	1,197	28,089,904	142,181	137,163	137,163
Brookland Greens	0.390	562	16,435,192	64,273	64,081	64,081
Sanctuary Waters	0.433	691	18,108,184	78,494	78,445	78,445
The Avenues	0.480	498	11,883,530	57,112	57,088	57,088
The Boardwalk	0.380	623	18,522,250	70,502	70,459	70,459
The Reserve	0.308	347	9,676,261	29,774	29,764	29,764
				<b>442,337</b>	<b>437,000</b>	<b>437,000</b>

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

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

**28. Service Charges**

The City did not impose any service charges in 2016/17.

**29. Payment Incentives, Discounts, Waivers, Concessions and Write-offs**

	<b>Type</b>	<b>Disc %</b>	<b>Total Cost/ Value \$</b>	<b>Budget Cost/ Value \$</b>
Rates Incentive A	Incentive	N/A	5,000	5,000
Leisure World	Discount	Various	51,500	50,000
Leisure Programs	Discount	Various	1,441	900
Don Russell Performing Arts Centre	Discount	Various	889	2,500
Rangers Services	Discount	Various	39,200	40,000
Library & Heritage Services	Discount	Various	0	250
Health Services	Discount	Various	20,396	12,170
Facility Hire Charges	Discount	100%	713	389
Rates Waivers	Waiver	N/A	63,077	61,780
Sundry Debtor Write Off	Write-Off	N/A	1,355	0

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

**29. 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 2016/17 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.

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

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

**29. 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:

	<b>2017</b>
	<b>\$</b>
Gosnells Junior Football Club Inc	2,639
Grand Lodge of Western Australia Freemasons Homes for the Aged Inc.	60,438
	<u>63,077</u>

**Sundry Debt Write-Off**

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

**30. Interest Charges and Instalments**

	<b>Interest Rate %</b>	<b>Admin. Charge \$</b>	<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
<b>Interest</b>				
Interest on Instalment Payment Plan	5.50%	N/A	455,167	410,000
Late Payment/Special Payment Arrangement	11.00%	N/A	387,907	187,000
Interest on Deferred Rates and ESL		N/A	27,740	0
<b>Administration Fees</b>				
Charges on Instalment Payment Plan	N/A	13.50	220,340	218,000
Special Payment Arrangement Plan	N/A	11.00	51,968	27,000
			<u>1,143,122</u>	<u>842,000</u>

**Rates Instalment Options**

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

**Payment in full by** 31 August 2016

**Payment by Four Instalments:**

1st Instalment due by 31 August 2016  
 2nd Instalment due by 4 November 2016  
 3rd Instalment due by 20 January 2017  
 4th Instalment due by 24 March 2017

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



**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

**30. Interest Charges and Instalments (Continued)**

**Description of Instalment Arrangement Plans and Charges**

**Late Payment Interest**

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

**Special Payment Arrangement Plan**

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

**31. Employee Numbers**

The number of full-time equivalent employees as at:

30 June 2016	477
30 June 2017	495

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

**(a) Key Management Personnel (KMP) Compensation Disclosure**

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

	<b>2017</b>
	<b>\$</b>
Short-term employee benefits	1,534,261
Post-employment benefits	157,009
Other long-term benefits	379,019
Termination benefits	0
	<u><b>2,070,288</b></u>

***Short-term employee benefits***

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

***Post-term employee benefits***

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

***Other long-term benefits***

These amounts represent long service benefits accrued during the year.

***Termination benefits***

These amounts represent termination benefits paid to KMP.

**(b) Related parties**

The City's main related parties are as follows:

***(i) Key Management Personnel***

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

***(ii) Entities subject to significant influence by the City***

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

**(c) Transactions with related parties**

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

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

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

(i) Details

Council developed and subdivided Lot 85 Streatham Street and Lot 900 Railway Parade, Beckenham, known as Sydenham St Reserve. This subdivision created 52 residential lots and the development of a new public open space area adjacent to Beckenham Community Centre. The City sold the residential lots during the 2015/16 financial year.

The development and subdivision costs for this project were funded by a loan from the WA Treasury Corporation and were repaid from the proceeds of the sale of residential lots.

(ii) Revenue and Expenditure

	<b>Project Budget \$</b>	<b>Project Actual \$</b>	<b>2017 Budget \$</b>	<b>2017 Actual \$</b>
<b>Funding Sources</b>				
<b>Capital Revenue</b>				
Proceeds - Asset Disposals	12,751,754	12,874,784	0	0
<b>Other Funding Sources</b>				
Loan Proceeds	5,300,000	5,300,000	0	0
General Purpose Revenue	608,000	426,360	179,834	93,005
	<u>5,908,000</u>	<u>5,726,360</u>	<u>179,834</u>	<u>93,005</u>
<b>Total funding sources</b>	<u>18,659,754</u>	<u>18,601,144</u>	<u>179,834</u>	<u>93,005</u>
<b>Disbursement of Funds</b>				
<b>Operating Expense</b>				
Interest Expense	(350,000)	(320,823)	0	0
Other Expenditure	(208,000)	(121,171)	(179,834)	(93,005)
	<u>(558,000)</u>	<u>(441,994)</u>	<u>(179,834)</u>	<u>(93,005)</u>
<b>Capital Expenditure</b>				
Materials & Contracts	(6,350,000)	(6,573,276)	0	0
Interest Expense	(520,000)	(305,189)	0	0
	<u>(6,870,000)</u>	<u>(6,878,465)</u>	<u>0</u>	<u>0</u>
<b>Other Expenses</b>				
Loan Repayment	(5,300,000)	(5,300,000)	0	0
Allocation of net proceeds to Mills Park	(5,931,754)	(5,980,685)	0	0
	<u>(11,231,754)</u>	<u>(11,280,685)</u>	<u>0</u>	<u>0</u>
<b>Total disbursement of funds</b>	<u>(18,659,754)</u>	<u>(18,601,144)</u>	<u>(179,834)</u>	<u>(93,005)</u>
<b>Total</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

(iii) Expected Future Projections

	<b>2018 \$</b>	<b>2019 \$</b>	<b>2020 \$</b>	<b>Total \$</b>
<b>Expenditure</b>				
Other Expenditure	(88,679)	0	0	(88,679)
<b>Net Future Projections</b>	<u>(88,679)</u>	<u>0</u>	<u>0</u>	<u>(88,679)</u>

(iv) Assets and Liabilities

The land sales occurred during the 2015/16 financial year. Consequently, any assets associated with the subdivision were disposed by 30 June 2016.

There were no liabilities that exist in relation to this land transaction as at 30 June 2017.

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

**(b) Robinson Park Redevelopment and Subdivision**

(i) Details

The City plans to revitalise Robinson Park (the Park). The revitalisation includes a substantial park enhancement and a 44 lot residential subdivision around the perimeter of the park to provide much needed visual security to the area.

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

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

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

Further work has been undertaken mid 2017 in relation to site investigations, with tendering commencing late 2017. Construction is expected to begin in early 2018 and be completed within the 2018/2019 financial year.

(ii) Revenue and Expenditure

	<b>Project Budget \$</b>	<b>Project Actual \$</b>	<b>2017 Budget \$</b>	<b>2017 Actual \$</b>
<b>Funding Sources</b>				
<b>Capital Revenue</b>				
Proceeds - Asset Disposals	10,400,000	0	10,400,000	0
<b>Other Funding Sources</b>				
Loan Proceeds	5,600,000	0	5,600,000	0
<b>Total funding sources</b>	<u>16,000,000</u>	<u>0</u>	<u>16,000,000</u>	<u>0</u>
<b>Disbursement of Funds</b>				
<b>Operating Expense</b>				
Materials and Contracts	(690,000)	(299,355)	(437,973)	(47,327)
	<u>(690,000)</u>	<u>(299,355)</u>	<u>(437,973)</u>	<u>(47,327)</u>
<b>Capital Expenditure</b>				
Materials & Contracts	(5,600,000)	(266,234)	(5,584,735)	(250,969)
Interest Expense	(324,000)	0	(324,000)	0
	<u>(5,924,000)</u>	<u>(266,234)</u>	<u>(5,908,735)</u>	<u>(250,969)</u>
<b>Other Expenses</b>				
Loan Repayment	(5,600,000)	0	(5,600,000)	0
Transfer to Reserve - Local Open Space Strategy	(3,786,000)	0	(3,786,000)	0
	<u>(9,386,000)</u>	<u>0</u>	<u>(9,386,000)</u>	<u>0</u>
<b>Total disbursement of funds</b>	<u>(16,000,000)</u>	<u>(565,589)</u>	<u>(15,732,708)</u>	<u>(298,296)</u>
<b>Total</b>	<u>0</u>	<u>(565,589)</u>	<u>267,292</u>	<u>(298,296)</u>

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

**(b) Robinson Park Redevelopment and Subdivision (continued)**

(iii) Expected Future Projections

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>				
Proceeds - Asset Disposals	10,400,000	0	0	10,400,000
Loan Proceeds	5,600,000	0	0	5,600,000
	<u>16,000,000</u>	<u>0</u>	<u>0</u>	<u>16,000,000</u>
<b>Expenditure</b>				
Material & Contracts	(5,582,677)	0	0	(5,582,677)
Interest Expense	(324,000)	0	0	(324,000)
Loan Repayment	(5,600,000)	0	0	(5,600,000)
Transfer to Reserve	(3,786,000)	0	0	(3,786,000)
	<u>(15,292,677)</u>	<u>0</u>	<u>0</u>	<u>(15,292,677)</u>
<b>Net Future Projections</b>	<u>707,323</u>	<u>0</u>	<u>0</u>	<u>707,323</u>

(iv) Assets and Liabilities

Assets associated with this land transaction have a written down value of \$1,122,832 as at 30 June 2017.

It is anticipated assets related to the land transactions will be disposed by 30 June 2018.

There were no liabilities that exist in relation to this land transaction as at 30 June 2017.

It is anticipated a \$5,600,000 short term loan facility be established during the financial year ending 30 June 2018 to be repaid from the sale proceeds.

**City of Gosnells**  
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**33. Major Land Transactions**

**(c) Southern River Business Park (Continued)**

(i) Details

The proposed Southern River Business Park consists of Lot 21 Furley Rd, Lots 100 and 1768 Southern River Rd and Lot 1767 Matison St which are owned fee simple by the City. Work commenced in January 2017 on the preparation of a suitable subdivision layout which will be guided by a marketing analysis. The marketing analysis was completed June 2017 and the consultant will complete the draft business case in October 2017. Following this and various other studies such as a geotechnical report, groundwater monitoring, the project will move into the detailed design stage and as part of this stage a drainage strategy will be prepared, followed by tender and construction.

(ii) Revenue and Expenditure

	<b>Project Budget \$</b>	<b>Project Actual \$</b>	<b>2017 Budget \$</b>	<b>2017 Actual \$</b>
<b>Funding Sources</b>				
<b>Capital Revenue</b>				
Proceeds - Asset Disposals	28,000,000	0	0	0
<b>Other Funding Sources</b>				
Loan Proceeds	9,600,000	0	5,100,000	0
<b>Total funding sources</b>	<u>37,600,000</u>	<u>0</u>	<u>5,100,000</u>	<u>0</u>
<b>Disbursement of Funds</b>				
<b>Operating Expense</b>				
Materials and Contracts	(600,000)	(210,634)	(615,031)	(210,634)
	<u>(600,000)</u>	<u>(210,634)</u>	<u>(615,031)</u>	<u>(210,634)</u>
<b>Capital Expenditure</b>				
Materials & Contracts	(9,000,000)	(27,090)	(600,000)	(27,090)
Interest Expense	(380,000)	0	0	0
	<u>(9,380,000)</u>	<u>(27,090)</u>	<u>(600,000)</u>	<u>(27,090)</u>
<b>Other Expenses</b>				
Loan Repayment	(9,600,000)	0	0	0
Transfer to Reserve - Local Open Space Strategy	(16,500,000)	0	0	0
	<u>(26,100,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total disbursement of funds</b>	<u>(36,080,000)</u>	<u>(237,724)</u>	<u>(1,215,031)</u>	<u>(237,724)</u>
<b>Total</b>	<u>1,520,000</u>	<u>(237,724)</u>	<u>3,884,969</u>	<u>(237,724)</u>

(iii) Expected Future Projections

	<b>2018 \$</b>	<b>2019 \$</b>	<b>2020 \$</b>	<b>2021 \$</b>	<b>Total \$</b>
<b>Revenue</b>					
Proceeds - Asset Disposals	0	9,000,000	9,000,000	10,000,000	28,000,000
Loan Proceeds	5,100,000	4,500,000	0	0	9,600,000
	<u>5,100,000</u>	<u>13,500,000</u>	<u>9,000,000</u>	<u>10,000,000</u>	<u>37,600,000</u>
<b>Expenditure</b>					
Material & Contracts	(4,500,000)	(4,500,000)	0	0	(9,000,000)
Interest Expense	(600,000)	(180,000)	(200,000)	0	(980,000)
Loan Repayment	0	(4,500,000)	(5,100,000)	0	(9,600,000)
Transfer to Reserve	0	(4,320,000)	(3,700,000)	(8,480,000)	(16,500,000)
	<u>(5,100,000)</u>	<u>(13,500,000)</u>	<u>(9,000,000)</u>	<u>(8,480,000)</u>	<u>(36,080,000)</u>
<b>Net Future Projections</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,520,000</u>	<u>1,520,000</u>

(iv) Assets and Liabilities

Assets associated with this land transaction have a written down value of \$23,765,300 as at 30 June 2017.

There were no liabilities that exist in relation to this land transaction as at 30 June 2017. It is anticipated a \$9,600,000 short term loan facility be established during the financial year ending 30 June 2018. The loan is expected to be repaid from sale proceeds.

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

**(d) Hester Park Redevelopment and Subdivision (Continued)**

(i) Details

The City is currently working with the Department of Planning to develop a Master Plan for the future of Hester Park. A community consultation process has taken place which has driven the development of the Master Plan to include amenities that the community would like to see such as playgrounds, pathways, lighting, BBQ's etc. The project will be funded by subdividing a portion of the existing reserve and selling the land. The amount of amenity that can be provided will be dependent on the amount of land developed and the subsequent revenue raised from these land sales.

(ii) Revenue and Expenditure

	<b>Project Budget \$</b>	<b>Project Actual \$</b>	<b>2017 Budget \$</b>	<b>2017 Actual \$</b>
<b>Funding Sources</b>				
<b>Capital Revenue</b>				
Proceeds - Asset Disposals	46,000,000	0	0	0
<b>Other Funding Sources</b>				
General Purpose Revenue	650,000	59,498	590,502	7,964
<b>Total funding sources</b>	<u>46,650,000</u>	<u>59,498</u>	<u>590,502</u>	<u>7,964</u>
<b>Disbursement of Funds</b>				
<b>Operating Expense</b>				
Materials and Contracts	<u>(650,000)</u>	<u>(59,498)</u>	<u>(590,502)</u>	<u>(7,964)</u>
	(650,000)	(59,498)	(590,502)	(7,964)
<b>Capital Expenditure</b>				
Materials & Contracts	<u>(46,000,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
	(46,000,000)	0	0	0
<b>Total disbursement of funds</b>	<u>(46,650,000)</u>	<u>(59,498)</u>	<u>(590,502)</u>	<u>(7,964)</u>
<b>Total</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

(iii) Expected Future Projections

	<b>2018 \$</b>	<b>2019 \$</b>	<b>2020 \$</b>	<b>Total \$</b>
<b>Revenue</b>				
Proceeds - Asset Disposals	0	46,000,000	0	46,000,000
Municipal Funds	<u>582,538</u>	<u>0</u>	<u>0</u>	<u>582,538</u>
	582,538	46,000,000	0	46,582,538
<b>Expenditure</b>				
Material & Contracts	<u>(582,538)</u>	<u>(46,000,000)</u>	<u>0</u>	<u>(46,582,538)</u>
	(582,538)	(46,000,000)	0	(46,582,538)
<b>Net Future Projections</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

(iv) Assets and Liabilities

Assets associated with this land transaction have a written down value of \$20,830 as at 30 June 2017.

There were no liabilities that exist in relation to this land transaction as at 30 June 2017.

**City Of Gosnells**  
**Notes to and forming part of the Financial Report**  
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**34. Trading Undertakings and Major Trading Undertakings**

Council did not participate in any trading undertakings or major trading undertakings during the 2016/17 financial year.

**35. Major Project**

**(a) 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 of years helped inform the concept plan. The City undertook consultation with the general community, the Mills Park sporting clubs and State Government agencies, which informed the development of the current form of the Mills Park Master Plan that was adopted by Council in 2013.

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

- New multi-purpose two-storey community facility including clubrooms, function centre, change rooms, café, meeting rooms
- Additional satellite toilets, change rooms and kiosk facilities
- Newly re-surfaced active sports grounds for a variety of sports including AFL and cricket
- Fitness track incorporating outdoor exercise equipment
- Two new synthetic all weather soccer pitches
- Four new public use tennis courts
- Sports field lighting
- New plaza style skate park
- Piazza style area for outdoor community events
- Regional playground incorporating nature play
- Bicycle/walking paths incorporating path lighting
- Site wide formalised and overflow car parking

Works commenced onsite in March 2015 and the project was completed in two stages, with the first stage handed over in May 2016 and the second in June 2016.

Environmental sustainability is a high priority for the City and the facility achieved Australia's first 6 Star Green Star Public Building (As Built Certified). In addition, the facility has garnered a number of other awards including:

- Department of Sports and Recreation - Places and Spaces: Planning and Design (Gosnells)
- Department of Sports and Recreation - Ministers Award for Industry Excellence (Gosnells)
- Civil Contractors Federation Earth Awards - Excellence in Civil Construction (Ertech)
- Project Management Achievement Awards - Category 8 Sustainable Projects WA (Gosnells)
- Project Management Achievement Awards - Category 8 Sustainable Projects National (Gosnells)
- Project Management Achievement Awards - Project of the Year WA (Gosnells)
- National Finalist for Architecture and Design Awards for Public Building Sustainability (Hodge Collard Preston)
- National Growth Areas Alliance Awards – Designing for the Future (Gosnells)
- Master Builder Awards – Excellence in Waste Management (Pact Construction)
- Master Builder Awards – High Commendation for Excellence in Energy Efficiency (Pact Construction)
- RICS – Quantity Surveying Team of the Year Award (Aqunta)
- IPWEA Awards – Excellence in Environment and Sustainability (Gosnells)
- IPWEA Awards – Australasian Project of the Year (Gosnells)



**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
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**35. Major Project (Continued)**

**(a) Mills Park (Continued)**

(ii) Revenue and Expenditure

	<b>Project Budget \$</b>	<b>Project Actual \$</b>	<b>2017 Budget \$</b>	<b>2017 Actual \$</b>
<b><u>Mills Park Redevelopment</u></b>				
<b>Funding Sources</b>				
<b>Capital Revenue</b>				
Non Operating Grants	8,000,000	8,010,000	0	10,000
Proceeds - Asset Disposals				
Streatham Street	8,072,754	5,980,685	2,141,000	0
Central Terrace Hall	440,000	0	440,000	0
	<u>16,512,754</u>	<u>13,990,685</u>	<u>2,581,000</u>	<u>10,000</u>
<b>Other Revenue Sources</b>				
Transfer from Reserve				
Mills Park	1,621,600	1,621,600	0	0
POS Beckenham	846,859	846,859	0	0
Loan Proceeds	27,026,000	24,330,000	0	14,330,000
General Purpose Revenue	1,656,780	4,303,849	361,000	787,329
	<u>31,151,239</u>	<u>31,102,308</u>	<u>361,000</u>	<u>15,117,329</u>
<b>Total funding sources</b>	<u>47,663,993</u>	<u>45,092,993</u>	<u>2,942,000</u>	<u>15,127,329</u>
<b>Distribution of Funds</b>				
<b>Operating Expense</b>				
Materials & Contracts	(466,600)	(502,412)	(157,744)	(68,101)
Capital Expenses	(5,666,693)	(5,666,693)	(122,318)	(122,318)
	<u>(6,133,293)</u>	<u>(6,169,105)</u>	<u>(280,062)</u>	<u>(190,419)</u>
<b>Capital Expenditure</b>				
Materials & Contracts	(40,808,920)	(40,153,326)	(1,602,051)	(1,817,355)
Interest Expense	(721,780)	(818,765)	(361,000)	(787,329)
	<u>(41,530,700)</u>	<u>(40,972,091)</u>	<u>(1,963,051)</u>	<u>(2,604,684)</u>
<b>Total distribution of funds</b>	<u>(47,663,993)</u>	<u>(47,141,196)</u>	<u>(2,243,113)</u>	<u>(2,795,103)</u>
	<u>0</u>	<u>(2,048,203)</u>	<u>698,887</u>	<u>12,332,226</u>

(iii) Expected Future Projections

	<b>2018 \$</b>	<b>2019 \$</b>	<b>2020 \$</b>	<b>Total \$</b>
<b>Revenue</b>				
Proceeds - Asset Disposals	2,581,000	0	0	2,581,000
	<u>2,581,000</u>	<u>0</u>	<u>0</u>	<u>2,581,000</u>
<b>Expenditure</b>				
Materials & Contracts	(741,594)	0	0	(741,594)
Interest Expense	0	0	0	0
	<u>(741,594)</u>	<u>0</u>	<u>0</u>	<u>(741,594)</u>
<b>Net Future Projections</b>	<u>1,839,406</u>	<u>0</u>	<u>0</u>	<u>1,839,406</u>

**City of Gosnells**  
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**35. Major Project (Continued)**

**(b) Operations Centre Redevelopment**

(i) Details

The City is currently investigating the suitability of land at Lot 801 Corfield Street, Kelmscott for the development of a new Operations Centre to replace the existing Operations Centre in Maddington, which is nearing the end of its useful life. As of 30 June 2017, an environmental investigation and feature survey has been undertaken. Investigative work will continue into late 2017. In the event the site is deemed suitable to accommodate the new Operations Centre, the project will progress to the next phase, being detailed design and construction.

(ii) Revenue and Expenditure

	<b>Project Budget \$</b>	<b>Project Actual \$</b>	<b>2017 Budget \$</b>	<b>2017 Actual \$</b>
<b>Funding Sources</b>				
<b>Other Revenue Sources</b>				
Transfer from Reserve				
Operations Centre	16,500,000	0	0	0
Loan Proceeds	16,500,000	0	1,500,000	0
General Purpose Revenue	1,060,000	0	0	0
<b>Total funding sources</b>	<b>34,060,000</b>	<b>0</b>	<b>1,500,000</b>	<b>0</b>
<b>Disbursement of Funds</b>				
<b>Capital Expenditure</b>				
Materials & Contracts	(16,500,000)	(12,752)	(1,500,000)	(12,752)
Interest Expense	(1,060,000)	0	0	0
	<b>(17,560,000)</b>	<b>(12,752)</b>	<b>(1,500,000)</b>	<b>(12,752)</b>
<b>Other Expenses</b>				
Loan Repayment	(16,500,000)	0	0	0
	<b>(16,500,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total disbursement of funds</b>	<b>(34,060,000)</b>	<b>(12,752)</b>	<b>(1,500,000)</b>	<b>(12,752)</b>
<b>Total</b>	<b>0</b>	<b>(12,752)</b>	<b>0</b>	<b>(12,752)</b>

(iii) Expected Future Projections

	<b>2018 \$</b>	<b>2019 \$</b>	<b>2020 \$</b>	<b>2021 \$</b>	<b>Total \$</b>
<b>Revenue</b>					
Transfer to Reserve	0	0	0	16,500,000	16,500,000
Loan Proceeds	0	5,000,000	10,000,000	0	15,000,000
General Purpose Revenue	0	200,000	600,000	200,000	1,000,000
	<b>0</b>	<b>5,200,000</b>	<b>10,600,000</b>	<b>16,700,000</b>	<b>32,500,000</b>
<b>Expenditure</b>					
Material & Contracts	(1,488,493)	(5,000,000)	(10,000,000)	0	(16,488,493)
Interest Expense	(60,000)	(200,000)	(600,000)	(200,000)	(1,060,000)
Loan Repayment	0	0	0	(16,500,000)	(16,500,000)
	<b>(1,548,493)</b>	<b>(5,200,000)</b>	<b>(10,600,000)</b>	<b>(16,700,000)</b>	<b>(34,048,493)</b>
<b>Net Future Projections</b>	<b>(1,548,493)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,548,493)</b>

**City of Gosnells**  
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**35. Major Project (Continued)**

**(c) Streatham Street Subdivision Stage 2**

(i) Details

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

(ii) Revenue and Expenditure

	<b>Project Budget \$</b>	<b>Project Actual \$</b>	<b>2017 Budget \$</b>	<b>2017 Actual \$</b>
<b>Funding Sources</b>				
<b>Capital Revenue</b>				
Proceeds - Asset Disposals	4,045,000	0	4,045,000	0
	<u>4,045,000</u>	<u>0</u>	<u>4,045,000</u>	<u>0</u>
<b>Other Revenue Sources</b>				
General Purpose Revenue	200,000	200,000	0	0
	<u>200,000</u>	<u>200,000</u>	<u>0</u>	<u>0</u>
<b>Total funding sources</b>	<u>4,245,000</u>	<u>200,000</u>	<u>4,045,000</u>	<u>0</u>
<b>Disbursement of Funds</b>				
<b>Operating Expense</b>				
Materials and Contracts	(72,000)	0	(72,000)	0
	<u>(72,000)</u>	<u>0</u>	<u>(72,000)</u>	<u>0</u>
<b>Capital Expenditure</b>				
Materials & Contracts	(2,032,000)	(1,101,839)	(1,920,490)	(990,329)
	<u>(2,032,000)</u>	<u>(1,101,839)</u>	<u>(1,920,490)</u>	<u>(990,329)</u>
<b>Other Expenses</b>				
Allocation of net proceeds to Mills Park	(2,141,000)	0	(2,141,000)	0
	<u>(2,141,000)</u>	<u>0</u>	<u>(2,141,000)</u>	<u>0</u>
<b>Total disbursement of funds</b>	<u>(4,245,000)</u>	<u>(1,101,839)</u>	<u>(4,133,490)</u>	<u>(990,329)</u>
<b>Total</b>	<u>0</u>	<u>(901,839)</u>	<u>(88,490)</u>	<u>(990,329)</u>

(iii) Expected Future Projections

	<b>2018 \$</b>	<b>2019 \$</b>	<b>2020 \$</b>	<b>Total \$</b>
<b>Revenue</b>				
Proceeds - Asset Disposals	4,045,000	0	0	4,045,000
General Purpose Revenue	0	0	0	0
	<u>4,045,000</u>	<u>0</u>	<u>0</u>	<u>4,045,000</u>
<b>Expenditure</b>				
Material & Contracts	(72,000)	0	0	(72,000)
Allocation of net proceeds to Mills Park	(2,141,000)	0	0	(2,141,000)
	<u>(2,213,000)</u>	<u>0</u>	<u>0</u>	<u>(2,213,000)</u>
<b>Net Future Projections</b>	<u>1,832,000</u>	<u>0</u>	<u>0</u>	<u>1,832,000</u>

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

**36. 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:*

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>				
Cash and cash equivalents	117,850,936	106,278,347	117,850,936	106,278,347
Investments	2,145,080	1,956,585	2,145,080	1,956,585
Receivables	8,816,951	6,623,420	8,816,951	6,623,420
	<u>128,812,967</u>	<u>114,858,352</u>	<u>128,812,967</u>	<u>114,858,352</u>
<b>Financial liabilities</b>				
Payables	12,972,488	9,844,306	12,972,488	9,844,306
Borrowings	20,891,377	18,300,000	16,352,459	13,117,652
	<u>33,863,865</u>	<u>28,144,306</u>	<u>29,324,947</u>	<u>22,961,958</u>

Fair value is determined as follows:

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

**(a) Cash and Cash Equivalents**

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

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

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

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

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

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

**36. Financial Risk Management (Continued)**

**(a) Cash and Cash Equivalents (Continued)**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Impact of a 10% <sup>(1)</sup> movement in price of investments		
- Equity	197,230	202,386
- Statement of Comprehensive Income	197,230	202,386
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	1,332,261	1,244,304
- Statement of Comprehensive Income	1,332,261	1,244,304

Notes:

<sup>(1)</sup> 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:

	<b>2017</b>	<b>2016</b>
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	95.94%	94.40%
- Overdue	4.06%	5.60%

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
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**36. 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:

	<u>2017</u>					
Payables	12,972,488	0	0	12,972,488		12,972,488
Borrowings	9,142,242	11,484,299	1,601,648	22,228,189		20,891,377
	<u>22,114,730</u>	<u>11,484,299</u>	<u>1,601,648</u>	<u>35,200,677</u>		<u>33,863,865</u>
	<u>2016</u>					
Payables	9,844,306	0	0	9,844,306		9,844,306
Borrowings	4,566,186	12,420,749	3,288,375	20,275,310		18,300,000
	<u>14,410,492</u>	<u>12,420,749</u>	<u>3,288,375</u>	<u>30,119,616</u>		<u>28,144,306</u>

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

**36. 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 %
<b>Year ended 30 June 2017</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	(8,746,705)	(1,385,894)	(6,226,223)	(1,467,726)	(1,510,437)	(1,554,392)	(20,891,377)	2.69%
Weighted average Effective interest rate	2.55%	2.44%	2.44%	2.91%	2.91%	2.91%		

**Year ended 30 June 2016**

<b>Borrowings</b>								
<b>Fixed rate</b>								
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%		

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

**37. 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**

	Note	30-Jun-17			Total
		Level 1	Level 2	Level 3	
<b>Financial Assets</b>					
Investments	4	2,145,080			2,145,080
<b>Non Financial Assets</b>					
Plant and Equipment	8a		9,163,278	3,900,303	13,063,581
Furniture and Equipment	8a		959,578	1,982,230	2,941,808
Land	8a		14,787,900	131,921,505	146,709,405
Buildings	8a		252,500	106,316,129	106,568,629
Roads, Kerbs, Footpaths	9a		35,935,732	579,257,039	615,192,771
Bridges	9a		1,828,815	55,219,061	57,047,876
Drainage	9a		13,817,089	300,232,795	314,049,884
Parks Development	9a		22,793,054	13,735,926	36,528,980
Other Infrastructure	9a		3,896,863	8,401,458	12,298,321
Intangibles	10a		150,206	2,617,514	2,767,720
Investment Property	11		1,132,900	0	1,132,900
		<u>2,145,080</u>	<u>104,717,915</u>	<u>1,203,583,960</u>	<u>1,309,314,055</u>

	Note	30-Jun-16			Total
		Level 1	Level 2	Level 3	
<b>Financial Assets</b>					
Investments	4	1,956,586			1,956,586
<b>Non Financial Assets</b>					
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
Investment Property	11	0		0	0
		<u>1,956,586</u>	<u>54,331,858</u>	<u>1,243,515,218</u>	<u>1,299,803,662</u>

**(a) Transfers Policy**

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

**(b) Highest and Best Use**

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



**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

**37. 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
<b>Property Plant and Equipment</b>					
Land	Level 2 Level 3	Market Approach Cost Approach	Independent Independent	30 June 2017 30 June 2017	Price per square metre Price per square metre
Buildings	Level 3	Cost Approach	Independent	30 June 2017	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.
<b>Infrastructure</b>					
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 2 Level 3	Cost Approach	Management Independent	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.

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
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**37. Fair Value Measurements (Continued)**

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

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
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.
<b>Intangibles</b>					
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.
<b>Investment Properties</b>					
Investment Properties	Level 2	Market Approach	Independent	30 June 2017	Estimates of remaining useful life, pattern of consumption and asset obsolescence to assess level of remaining service potential of the depreciable amount.

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

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

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

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

**37. 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 2017 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A. Whilst the additions since 1 July 2017 have been brought in the books at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered that the recorded written down values approximate fair values. Thus, the value of the class of assets in the City's asset register is considered to be in accordance with Local Government (Financial Management) Regulations 17A(2) which requires these assets to be shown at fair value. Buildings will be revalued during the year ended 30 June 2020 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**  
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**37. FAIR VALUE MEASUREMENTS (Continued)**

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

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

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

**Furniture and Equipment**

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

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

In addition the written down value of Furniture and Equipment represent less than 1% of The City's total fixed 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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**37. 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 ending 30 June 2018 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.

**Investment Properties**

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

**City of Gosnells**  
**Notes to and forming part of the Financial Report**  
**for the year ended 30 June 2017**

**37. 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 2017 revaluations were undertaken by The City for the following non current asset classes:

- Land
- Buildings
- Investment Properties

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.

**38. Events after the reporting period**

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

## INDEPENDENT AUDITOR'S REPORT

### TO: THE RATEPAYERS OF CITY OF GOSNELLS

#### Report on the Financial Report

##### Opinion

We have audited the financial report of City of Gosnells (the Council), which comprises the Statement of Financial position as at 30 June 2017, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity and Statement of Cash Flows and Rate Setting Statement for the year then ended, and a summary of significant accounting policies and other explanatory information and Statement by Chief Executive Officer.

In our opinion, the accompanying financial report of the City of Gosnells is in accordance with the *Local Government Act 1995* (as amended), including:

- (a) giving a true and fair view of the financial position of the City of Gosnells as at 30 June 2017 and of its financial performance for the year then ended; and
- (b) complying with the Australian Accounting Standards (including Australian Accounting Interpretations) and the *Local Government (Financial Management) Regulations 1996* (as amended).

#### 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 22 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.



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

### Basis for Opinion

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

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

### Information Other than the Financial Report and Auditor's Report Thereon

The management is responsible for the other information. The other information comprises the information included in the Council's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Management 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities for the Audit of the Financial Report

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

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




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

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

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

### 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 2017 included on the Council's website. Management is responsible for the integrity of the Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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

  
**A MACRI**  
**PARTNER**

**PERTH**  
**DATED THIS 6<sup>TH</sup> DAY OF NOVEMBER 2017.**