

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

**CITY OF GOSNELLS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

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**CITY OF GOSNELLS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the City at 30th June 2019 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed as authorisation of issue on the *22nd* day of *November* 2019.



Ian Cowie
Chief Executive Officer



CITY OF GOSNELLS
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	26(a)	67,537,936	67,354,639	65,712,636
Operating grants, subsidies and contributions	2(a)	6,903,968	6,771,983	6,973,533
Fees and charges	2(a)	25,174,850	25,570,448	23,446,659
Interest earnings	2(a)	3,824,845	4,704,000	3,755,246
Other revenue	2(a)	273,688	67,151	143,163
		<u>103,715,287</u>	<u>104,468,221</u>	<u>100,031,237</u>
Expenses				
Employee costs		(44,991,941)	(46,909,692)	(43,687,750)
Materials and contracts		(28,323,591)	(36,336,841)	(26,196,213)
Utility charges		(4,635,371)	(4,975,724)	(4,887,304)
Amortisation and depreciation	11(c)	(23,779,377)	(24,059,974)	(24,288,624)
Interest expenses	2(b)	(388,976)	(377,151)	(456,285)
Insurance expenses		(694,471)	(1,112,005)	(1,015,615)
Other expenditure	2(b)	(1,017,097)	(1,338,978)	(2,308,139)
		<u>(103,830,824)</u>	<u>(115,110,365)</u>	<u>(102,839,930)</u>
Non-operating grants, subsidies and contributions	2(a)	18,460,321	13,515,474	15,890,540
Fair value adjustments to financial assets at fair value through profit or loss	6	20,503	0	177,775
Profit on asset disposals	11(b)	229,838	11,682,396	2,480,066
Loss on asset disposals	11(b)	(627,546)	(209,320)	(10,425,103)
Net result		17,967,579	14,346,406	5,314,585
Other comprehensive income				
Changes on revaluation of Non-Current Assets	12	4,605,376	0	(40,326,250)
Total other comprehensive income/(loss)		4,605,376	0	(40,326,250)
Total comprehensive income/(loss)		<u>22,572,955</u>	<u>14,346,406</u>	<u>(35,011,665)</u>

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

The City has restated the 2018 comparatives. Refer to Note 17 for further information.



CITY OF GOSNELLS
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue	2(a)			
Governance		5,866	7,367	23,807
General purpose funding		76,781,067	77,215,569	74,688,978
Law, order, public safety		658,106	706,607	544,929
Health		351,058	314,317	327,087
Education and welfare		809,045	642,161	788,576
Community amenities		17,924,152	17,944,324	15,879,033
Recreation and culture		4,184,626	4,248,106	4,204,621
Transport		296,702	376,000	353,351
Economic services		1,841,800	2,364,401	2,301,725
Other property and services		862,865	649,370	919,130
		<u>103,715,287</u>	<u>104,468,222</u>	<u>100,031,237</u>
Expenses	2(b)			
Governance		(5,863,818)	(6,148,947)	(6,152,972)
General purpose funding		(1,513,397)	(1,724,866)	(1,512,729)
Law, order, public safety		(3,551,812)	(3,616,922)	(4,070,235)
Health		(1,293,455)	(1,338,464)	(1,239,889)
Education and welfare		(4,433,300)	(4,712,513)	(4,086,985)
Community amenities		(20,133,413)	(25,418,353)	(19,745,171)
Recreation and culture		(36,776,385)	(37,872,684)	(34,846,454)
Transport		(25,458,003)	(28,353,308)	(26,766,119)
Economic services		(3,025,378)	(3,338,180)	(2,839,524)
Other property and services		(1,392,887)	(2,208,977)	(1,123,567)
		<u>(103,441,848)</u>	<u>(114,733,214)</u>	<u>(102,383,645)</u>
Finance costs	2(b)			
Community amenities		(145,353)	(112,008)	(130,756)
Recreation and culture		(243,623)	(265,143)	(325,529)
		<u>(388,976)</u>	<u>(377,151)</u>	<u>(456,285)</u>
Fair value adjustments to financial assets at fair value through profit or loss				
General purpose funding	6(b)	20,503	0	177,775
		<u>20,503</u>	<u>0</u>	<u>177,775</u>



CITY OF GOSNELLS
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
Non-operating grants, subsidies and contributions	2(a)			
Law, order, public safety		5,250	0	35,372
Community amenities		2,188,315	4,290,000	2,456,951
Recreation and culture		2,176,634	1,835,921	1,971,360
Transport		14,049,951	7,389,553	11,410,555
Other property and services		40,171	0	16,302
		<u>18,460,321</u>	<u>13,515,474</u>	<u>15,890,540</u>
Profit/(Loss) on disposal of assets	11(b)			
Law, order, public safety		1,642	0	0
Health		(79)	0	0
Education and welfare		(3,503)	0	0
Community amenities		186,002	0	0
Recreation and culture		(192,352)	0	(4,122,339)
Transport		(10,980)	(161,550)	(6,271,086)
Other property and services		(378,438)	11,634,625	2,448,388
		<u>(397,708)</u>	<u>11,473,075</u>	<u>(7,945,037)</u>
Net result		<u>17,967,579</u>	<u>14,346,406</u>	<u>5,314,585</u>
Other comprehensive income				
Changes on revaluation of Non-Current assets	12	4,605,376	0	(40,326,250)
Total other comprehensive income/(loss)		<u>4,605,376</u>	<u>0</u>	<u>(40,326,250)</u>
Total comprehensive income/(loss)		<u><u>22,572,955</u></u>	<u><u>14,346,406</u></u>	<u><u>(35,011,665)</u></u>

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

The City has restated the 2018 comparatives. Refer to Note 17 for further information.



CITY OF GOSNELLS
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 Actual \$	2018 Actual \$
Current Assets			
Cash and cash equivalents	3	58,352,441	11,082,731
Trade and other receivables	4	9,218,194	7,543,790
Inventories	5	1,859,082	288,840
Other financial assets	6(a)	46,535,282	81,769,606
Other current assets	7	134,896	0
Total Current Assets		<u>116,099,895</u>	<u>100,684,967</u>
Non-Current Assets			
Trade and other receivables	4	1,364,103	1,200,200
Inventories	5	1,178,172	2,700,711
Other financial assets	6(b)	175,171	154,668
Property, plant and equipment	8	264,973,737	264,643,484
Infrastructure	9	998,458,856	991,654,552
Intangible assets	10	2,849,144	2,755,371
Investment property	13	3,600	3,600
Total Non-Current Assets		<u>1,269,002,783</u>	<u>1,263,112,586</u>
Total Assets		<u>1,385,102,678</u>	<u>1,363,797,553</u>
Current Liabilities			
Trade and other payables	14	10,476,498	10,665,997
Current portion of long term borrowings	15	6,226,223	1,385,894
Employee related provisions	16	9,229,796	8,949,159
Total Current Liabilities		<u>25,932,517</u>	<u>21,001,050</u>
Non-Current Liabilities			
Employee related provisions	16	704,129	677,203
Long term borrowings	15	4,532,555	10,758,778
Total Non-Current Liabilities		<u>5,236,684</u>	<u>11,435,981</u>
Total Liabilities		<u>31,169,201</u>	<u>32,437,031</u>
Net Assets		<u>1,353,933,477</u>	<u>1,331,360,522</u>
Equity			
Retained surplus		412,819,005	412,567,274
Reserves - cash backed	17	78,375,965	60,303,904
Revaluation surplus	12	862,738,507	858,489,344
Total Equity		<u>1,353,933,477</u>	<u>1,331,360,522</u>

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

The City has restated the 2018 comparatives. Refer to Note 17 for further information.



CITY OF GOSNELLS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Retained Surplus \$	Reserves Cash Backed \$	Revaluation Surplus \$	Total Equity \$
Balance as at 1 July 2017		409,728,599	57,701,796	898,941,792	1,366,372,187
Comprehensive income					
Net result		5,314,585	0	0	5,314,585
Changes on revaluation of Non-Current Assets	12	<u>0</u>	<u>0</u>	<u>(40,326,250)</u>	<u>(40,326,250)</u>
Total comprehensive income		5,314,585	0	(40,326,250)	(35,011,665)
Revaluation write back on disposals	12	126,198	0	(126,198)	0
Transfers to/(from) reserves	17	<u>(2,602,108)</u>	<u>2,602,108</u>	<u>0</u>	<u>0</u>
Balance as at 30 June 2018		412,567,274	60,303,904	858,489,344	1,331,360,522
Comprehensive income					
Net result		17,967,579	0	0	17,967,579
Changes on revaluation of Non-Current Assets	12	<u>0</u>	<u>0</u>	<u>4,605,376</u>	<u>4,605,376</u>
Total comprehensive income		17,967,579	0	4,605,376	22,572,955
Revaluation write back on disposals	12	356,213	0	(356,213)	0
Transfers to/(from) reserves	17	<u>(18,072,061)</u>	<u>18,072,061</u>	<u>0</u>	<u>0</u>
Balance as at 30 June 2019		<u>412,819,005</u>	<u>78,375,965</u>	<u>862,738,507</u>	<u>1,353,933,477</u>

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

The City has restated the 2018 comparatives. Refer to Note 17 for further information.

CITY OF GOSNELLS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
Cash Flows from Operating Activities				
Receipts				
Rates		66,248,939	67,354,639	64,530,515
Operating grants, subsidies and contributions		6,899,448	6,421,983	6,973,533
Fees and charges		23,337,212	26,032,448	24,425,600
Interest earnings		4,105,085	4,552,774	4,018,402
Goods and services tax		4,877,705	3,800,000	5,045,313
Other revenue		273,688	67,150	143,163
		<u>105,742,077</u>	<u>108,228,994</u>	<u>105,136,526</u>
Payments				
Employee costs		(43,863,233)	(46,902,827)	(43,580,820)
Materials and contracts		(28,587,855)	(37,481,560)	(27,596,206)
Utility charges		(4,635,370)	(5,075,724)	(5,910,922)
Interest expenses		(371,306)	(377,151)	(415,593)
Insurance expenses		(694,471)	(1,112,005)	(1,015,614)
Goods and services tax		(4,756,000)	(3,850,000)	(5,111,794)
Other expenditure		(1,017,097)	(1,338,978)	(2,308,139)
		<u>(83,925,332)</u>	<u>(96,138,245)</u>	<u>(85,939,088)</u>
Net cash provided by operating activities	18	<u>21,816,745</u>	<u>12,090,749</u>	<u>19,197,438</u>
Cash Flows from Investing Activities				
Payments for development of assets held for sale		(94,454)	(14,260,667)	(78,950)
Payments for purchase of property, plant and equipment		(3,207,651)	(11,882,634)	(4,685,898)
Payments for construction of infrastructure assets		(16,397,928)	(26,336,667)	(17,632,395)
Non-operating grants, subsidies and contributions		10,636,482	13,515,474	9,572,030
Proceeds from sale of assets		668,086	13,654,310	5,555,720
Proceeds from sale of investments		0	0	2,181,881
Proceeds from matured term deposits		81,769,606	0	75,136,509
Investments in term deposits		(46,535,282)	0	(81,769,606)
Fee rebates from investments		0	0	1,770
		<u>26,838,859</u>	<u>(25,310,184)</u>	<u>(11,718,939)</u>
Net cash used in investing activities		<u>26,838,859</u>	<u>(25,310,184)</u>	<u>(11,718,939)</u>
Cash Flows from Financing Activities				
Repayment of loan facilities		(1,385,894)	(6,985,894)	(8,746,704)
Proceeds from loan facilities		0	22,400,000	0
		<u>(1,385,894)</u>	<u>15,414,106</u>	<u>(8,746,704)</u>
Net cash provided by / (used in) financing activities		<u>(1,385,894)</u>	<u>15,414,106</u>	<u>(8,746,704)</u>
Net increase / (decrease) in cash held		47,269,710	2,194,671	(1,268,205)
Cash at beginning of year		11,082,731	120,940,555	12,350,936
Cash and cash equivalents at the end of the year	18	<u>58,352,441</u>	<u>123,135,226</u>	<u>11,082,731</u>

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

The City has restated the 2018 comparatives. Refer to Note 17 for further information.

CITY OF GOSNELLS
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue from operating activities excluding rates:				
Governance		5,866	7,367	23,807
General purpose funding		9,263,635	9,860,930	8,976,342
Law, order, public safety		659,748	706,607	544,929
Health		351,058	314,317	327,087
Education and welfare		809,045	642,161	788,576
Community amenities		18,110,154	17,944,324	15,879,033
Recreation and culture		4,184,626	4,248,106	4,204,621
Transport		296,702	423,771	353,351
Economic services		1,841,800	2,364,401	2,301,725
Other property and services		862,865	12,283,995	3,367,518
		<u>36,385,499</u>	<u>48,795,979</u>	<u>36,766,989</u>
Expenditure from operating activities				
Governance		(5,863,818)	(6,148,947)	(6,152,972)
General purpose funding		(1,513,399)	(1,724,866)	(1,512,729)
Law, order, public safety		(3,551,812)	(3,616,922)	(4,070,235)
Health		(1,293,534)	(1,338,464)	(1,239,889)
Education and welfare		(4,436,803)	(4,712,513)	(4,086,985)
Community amenities		(20,278,766)	(25,530,361)	(19,875,927)
Recreation and culture		(37,212,360)	(38,137,827)	(39,294,322)
Transport		(25,468,983)	(28,562,628)	(33,037,205)
Economic services		(3,025,378)	(3,338,180)	(2,839,524)
Other property and services		(1,771,324)	(2,208,977)	(1,123,567)
		<u>(104,416,177)</u>	<u>(115,319,685)</u>	<u>(113,233,355)</u>
Net operating result excluding rates		<u>(68,030,678)</u>	<u>(66,523,706)</u>	<u>(76,466,366)</u>
Adjustments for cash budget requirements:				
Non-cash expenditure and revenue				
(Profit)/Loss on asset disposals	11(b)	397,708	(11,473,076)	7,945,037
Depreciation and amortisation on assets	11(c)	24,011,580	24,290,938	24,491,611
Fair value adjustment to financial assets	6	(20,503)	0	177,775
Fair value adjustment to investments	6	0	0	(139,204)
Movement in Non-Current Assets		(163,904)	0	2,036,528
Movement in Non-Current Liabilities		26,926	0	54,480
		<u>24,251,807</u>	<u>12,817,862</u>	<u>34,566,227</u>
Amount attributable to operating activities		<u>(43,778,871)</u>	<u>(53,705,844)</u>	<u>(41,900,139)</u>

CITY OF GOSNELLS
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
Investing Activities				
Grants/Contributions for construction of assets		18,460,321	13,515,474	15,890,540
Proceeds from disposal of assets	11(b)	668,086	13,654,310	5,555,722
Purchase of assets held for sale	5	(94,454)	(14,260,667)	(78,950)
Purchase of intangible assets	10	(332,323)	0	(383,117)
Purchase of property, plant and equipment	8	(3,107,534)	(11,882,634)	(4,505,770)
Construction / Purchase of infrastructure assets	9	(24,221,767)	(26,567,631)	(23,950,903)
		<u>(8,627,671)</u>	<u>(25,541,148)</u>	<u>(7,472,478)</u>
Amount attributable to investing activities		<u>(8,627,671)</u>	<u>(25,541,148)</u>	<u>(7,472,478)</u>
Financing Activities				
Proceeds from new loan facilities	15(b)	4,800,000	22,400,000	4,800,000
Repayment of loan facilities	15(b)	(6,185,894)	(6,985,894)	(13,546,704)
Transfers to reserves (restricted assets)	17	(21,590,232)	(26,540,604)	(13,800,474)
Transfers from reserves (restricted assets)	17	3,518,171	11,249,495	11,198,366
		<u>(19,457,955)</u>	<u>122,997</u>	<u>(11,348,812)</u>
Amount attributable to financing activities		<u>(19,457,955)</u>	<u>122,997</u>	<u>(11,348,812)</u>
Net-Current Assets - surplus/(deficit) at:				
The start of the year	29	20,765,907	12,569,356	15,774,700
The end of the year	29	(16,439,346)	(800,000)	(20,765,907)
Total amount raised from general rates	26	<u>(67,537,936)</u>	<u>(67,354,639)</u>	<u>(65,712,636)</u>

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

The City has restated the 2018 comparatives. Refer to Note 17 for further information.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

1. 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) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads paragraph 15* and *AASB 116 Property, Plant and Equipment paragraph 7*.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 24 to these financial statements.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Operating grants, subsidies and contributions:			
Governance	5,866	7,267	6,724
General purpose funding	4,455,905	4,361,000	4,333,972
Law, order, public safety	297,787	242,207	183,202
Health	4,541	10,102	7,568
Education and welfare	640,848	461,111	609,979
Community amenities	598,395	610,499	507,704
Recreation and culture	334,054	630,709	517,489
Transport	148,003	118,000	142,269
Economic services	8,276	9,569	13,229
Other property and services	410,293	321,519	651,397
	<u>6,903,968</u>	<u>6,771,983</u>	<u>6,973,533</u>
Non-operating grants, subsidies and contributions			
Law, order, public safety	5,250	0	35,372
Community amenities	2,188,315	4,290,000	2,456,951
Recreation and culture	2,176,634	1,835,921	1,971,360
Transport	14,049,951	7,389,553	11,410,555
Other property and services	40,171	0	16,302
	<u>18,460,321</u>	<u>13,515,474</u>	<u>15,890,540</u>
	<u><u>25,364,289</u></u>	<u><u>20,287,457</u></u>	<u><u>22,867,073</u></u>

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

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

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 25. 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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

2. REVENUE AND EXPENSES (continued)

(a) Revenue (continued)

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Fees and Charges			
Governance	0	100	13
General purpose funding	938,471	795,930	810,616
Law, order, public safety	360,319	464,400	361,727
Health	346,518	304,215	319,519
Education and welfare	168,127	181,049	173,524
Community amenities	17,326,259	17,333,825	15,371,329
Recreation and culture	3,850,427	3,617,297	3,707,224
Transport	148,699	258,000	211,083
Economic services	1,833,525	2,354,832	2,288,496
Other property and services	202,505	260,800	203,128
	<u>25,174,850</u>	<u>25,570,448</u>	<u>23,446,659</u>

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

Interest earnings

Reserve funds	1,809,151	2,563,000	1,577,609
Other funds	1,112,868	1,459,000	1,178,390
Rates instalment and penalty interest (Note 28)	902,826	682,000	999,247
	<u>3,824,845</u>	<u>4,704,000</u>	<u>3,755,246</u>

Other revenue

Discount received	11,313	60,000	55,748
Other	200,397	7,151	87,415
Impairment gain on receivables	61,978	0	0
	<u>273,688</u>	<u>67,151</u>	<u>143,163</u>

(b) Expenses

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Auditors remuneration			
Audit of the annual financial report	62,663	82,000	55,122
Audit of grant acquittals	1,132	2,200	2,139
	<u>63,795</u>	<u>84,200</u>	<u>57,261</u>
Interest expenses (finance costs)			
Operating interest loan facilities	388,976	377,151	456,285
Capital interest loan facilities	0	384,000	0
	<u>388,976</u>	<u>761,151</u>	<u>456,285</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

2. REVENUE AND EXPENSES (continued)

(b) Expenses (continued)

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Other expenditure			
Elected Members remuneration (Note 30(a))	518,347	511,966	520,432
Election expenditure	0	0	241,613
Community sponsorship and donations	191,773	605,388	316,265
Rate waivers	74,227	68,500	69,685
Refund of Fees & Charges	11,558	39,900	37,530
Land donated to crown and land acquisition costs	229	0	9,438
ESL council properties	76,536	74,848	69,106
Developer contribution reimbursements	110,856	0	1,004,050
Other	33,571	38,376	40,020
	<u>1,017,097</u>	<u>1,338,978</u>	<u>2,308,139</u>
Rental charges			
Operating leases	146,443	128,147	138,532
	<u>146,443</u>	<u>128,147</u>	<u>138,532</u>

3. CASH AND CASH EQUIVALENTS

	Note	2019 Actual \$	2018 Actual \$
Cash on hand		9,276	9,385
Cash in bank		9,343,165	11,073,346
Term deposits		49,000,000	0
		<u>58,352,441</u>	<u>11,082,731</u>
Cash and cash equivalents		58,352,441	11,082,731
Term deposits classified as Financial assets at amortised cost	6	46,535,282	81,769,606
		<u>104,887,723</u>	<u>92,852,337</u>
Comprises:			
- Unrestricted		25,165,612	31,361,444
- Restricted		79,722,111	61,490,893
		<u>104,887,723</u>	<u>92,852,337</u>

The following restrictions have been imposed by regulations or other externally imposed requirements:

Restricted Cash and Financial Assets at Amortised Cost

Reserves - cash backed	17	78,375,965	60,303,904
Unspent grants and contributions	25	1,346,146	1,186,989
		<u>79,722,111</u>	<u>61,490,893</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

3. CASH AND CASH EQUIVALENTS (continued)

SIGNIFICANT ACCOUNTING POLICIES

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

4. TRADE AND OTHER RECEIVABLES

	2019	2018
	Actual	Actual
	\$	\$
Current		
Rates receivable	5,778,535	4,653,441
Sundry receivables	1,525,636	462,345
Allowance for impairment of receivables	(36,818)	(102,208)
GST receivable	541,101	662,808
Prepayments	0	22,133
Accrued revenue	1,409,740	1,845,271
	<u>9,218,194</u>	<u>7,543,790</u>
Non-current		
Pensioner's rates and ESL deferred	1,364,103	1,200,200
	<u>1,364,103</u>	<u>1,200,200</u>

SIGNIFICANT ACCOUNTING POLICIES

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.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 34.

Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

4. TRADE AND OTHER RECEIVABLES (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification and subsequent measurement

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.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

5. INVENTORIES

	Note	2019 Actual \$	2018 Actual \$
Current			
Fuel and materials		280,792	288,840
Land under development and developed land - cost			
- Acquisition cost		1,212,175	0
- Work in progress		366,115	0
		1,859,082	288,840
Non-current			
Land under development and developed land - cost			
- Acquisition cost		958,425	2,185,500
- Development cost		170,875	170,475
- Work in progress		48,872	344,736
		1,178,172	2,700,711

The following movements in inventories occurred during the year:

Carrying amount at 1 July		2,989,551	2,593,125
Inventories expensed during the year		(150,728)	(113,014)
Additions to fuel and materials		142,680	88,022
Additions to land under development and developed land		94,454	78,950
Sale/disposals of inventory	11(b)	(38,703)	(1,843,032)
Transfers between asset classes		0	2,185,500
Carrying amount at 30 June		3,037,254	2,989,551

SIGNIFICANT ACCOUNTING POLICIES

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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

5. INVENTORIES (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Land under development and developed land

Land held for development and developed land 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. Borrowing 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 under development and developed land is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

6. OTHER FINANCIAL ASSETS

(a) Current assets

	2019 Actual \$	2018 Actual \$
Financial assets at amortised cost		
- Term deposits	<u>46,535,282</u>	<u>81,769,606</u>

(b) Non-current assets

	2019 Actual \$	2018 Actual \$
Financial assets at fair value through profit and loss		
- Units in Local Government House Trust	<u>175,171</u>	<u>0</u>
Financial assets previously classified as available for sale financial assets		
- Units in Local Government House Trust	<u>0</u>	<u>154,668</u>

The following movement occurred during the year:

Carrying amount at 1 July	154,668	15,464
Unrealised gain - Investment in Local Government Trust House	<u>20,503</u>	<u>139,204</u>
Carrying amount at 30 June	<u>175,171</u>	<u>154,668</u>

The equity the City has in the Local Government House Trust ("the Trust") is as a consequence of a contribution towards the cost of purchasing 10 units in the Trust. The total contribution by all Councils towards the cost of the WALGA building was \$582,000. There are 620 units in the Trust.

Changes in fair value of units in the Trust have been recognised based on the audited financial statements of the Trust as at 30 June 2018 as the audited financial statements as at 30 June 2019 were not available at the time of the preparation of the financial report. Changes in the fair value of units in the Trust as at 30 June 2019 are unlikely to be material.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

6. OTHER FINANCIAL ASSETS (continued)

(b) Non-current assets (continued)

	2019	2018
	Actual	Actual
	\$	\$
During the year, the following gains were recognised in profit and loss:		
Fair value gains on equity investments at fair value through profit and loss are recognised in other gains and classified as general purpose funding	20,503	177,775

The fair value gains of \$177,775 recognised in 2018 includes \$38,571 gains related to investments that were disposed of during the year and had nil carrying amount as at 30 June 2018.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

The City classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit and loss

The City classifies the following financial assets at fair value through profit and loss:

- Equity investments which the City has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 34.

Previous accounting policy: available for sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as 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.

Refer to Note 36 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

7. OTHER ASSETS

	2019	2018
	Actual	Actual
	\$	\$
Other current assets		
Accrued revenue	134,896	0
	134,896	0

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other current assets include accrued revenue that do not meet the definition of financial assets under AASB 9 and are expected to be realised within 12 months of the end of the reporting period.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

8. PROPERTY, PLANT AND EQUIPMENT

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

Year ended 30 June 2019	Land	Buildings	Furniture and Equipment	Plant and Equipment	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2018	145,713,665	104,330,688	2,628,163	11,970,968	264,643,484
Additions					
- Completed Works	566,957	751,725	564,251	1,010,240	2,893,173
- Works in Progress	0	214,361	0	0	214,361
	<u>566,957</u>	<u>966,086</u>	<u>564,251</u>	<u>1,010,240</u>	<u>3,107,534</u>
Disposals	(482,591)	0	(162,494)	(238,830)	(883,915)
Depreciation (expense)	0	(3,269,883)	(626,880)	(2,436,014)	(6,332,777)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	2,785,860	1,653,551	4,439,411
Carrying amount at 30 June 2019	<u>145,798,031</u>	<u>102,026,891</u>	<u>5,188,900</u>	<u>11,959,915</u>	<u>264,973,737</u>
Comprises					
Independent valuation 2017	146,709,405	184,017,407	0	0	330,726,812
Management valuation 2019	0	0	12,335,500	20,967,980	33,303,480
Additions after valuation – cost	718,259	982,102	0	0	1,700,361
Disposals/Transfers between asset classes	(1,629,633)	0	0	0	(1,629,633)
Work in progress	0	934,642	0	0	934,642
Less: Accumulated depreciation at 30 June 2019	0	(83,907,260)	(7,146,600)	(9,008,065)	(100,061,925)
Carrying amount at 30 June 2019	<u>145,798,031</u>	<u>102,026,891</u>	<u>5,188,900</u>	<u>11,959,915</u>	<u>264,973,737</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

8. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Year ended 30 June 2018	Land	Buildings	Furniture and Equipment	Plant and Equipment	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2017	146,709,405	106,599,336	2,941,808	13,063,581	269,314,130
Additions					
- Completed Works	127,500	905,620	425,410	2,620,063	4,078,593
- Works in Progress	0	444,248	0	0	444,248
	<u>127,500</u>	<u>1,349,868</u>	<u>425,410</u>	<u>2,620,063</u>	<u>4,522,841</u>
Disposals	(67,040)	0	0	(1,165,582)	(1,232,622)
Depreciation (expense)	0	(3,193,908)	(739,055)	(2,547,094)	(6,480,057)
Transfer between asset classes	(1,056,200)	(424,608)	0	0	(1,480,808)
Carrying amount at 30 June 2018	<u>145,713,665</u>	<u>104,330,688</u>	<u>2,628,163</u>	<u>11,970,968</u>	<u>264,643,484</u>
Comprises					
Independent valuation 2017	146,709,405	184,017,407	0	0	330,726,812
Management valuation 2016	0	0	11,636,733	19,684,391	31,321,124
Additions after valuation – cost	127,500	506,410	1,225,243	137,321	1,996,474
Disposals/Transfers between asset classes	(1,123,240)	0	0	0	(1,123,240)
Work in progress	0	444,248	0	0	444,248
Accumulated depreciation at 30 June 2018	0	(80,637,377)	(10,233,813)	(7,850,744)	(98,721,934)
Carrying amount at 30 June 2018	<u>145,713,665</u>	<u>104,330,688</u>	<u>2,628,163</u>	<u>11,970,968</u>	<u>264,643,484</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

9. INFRASTRUCTURE

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

Year ended 30 June 2019	Roads, Footpaths and Kerbs	Bridges	Drainage	Park Development	Other	Total
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2018	592,418,438	46,128,894	258,223,708	76,807,645	18,075,867	991,654,552
Additions						
- Completed Works	9,395,569	278,574	180,853	2,582,891	84,883	12,522,770
- Developer Contributed Assets	3,710,909	0	3,805,136	290,330	0	7,806,375
- Works in Progress	2,567,411	75,810	246,418	1,002,983	0	3,892,622
	<u>15,673,889</u>	<u>354,384</u>	<u>4,232,407</u>	<u>3,876,204</u>	<u>84,883</u>	<u>24,221,767</u>
Disposals	0	0	0	(109,444)	(13,623)	(123,067)
Depreciation (expense)	(8,053,343)	(1,101,922)	(3,575,226)	(4,150,522)	(413,383)	(17,294,396)
Carrying amount at 30 June 2019	<u>600,038,984</u>	<u>45,381,356</u>	<u>258,880,889</u>	<u>76,423,883</u>	<u>17,733,744</u>	<u>998,458,856</u>
Comprises:						
Management valuation 2018	670,956,809	85,189,520	357,895,583	89,442,900	23,296,696	1,226,781,508
Additions after valuation – cost	11,163,268	278,574	180,853	4,088,481	84,883	15,796,059
Developer contribution – fair value	3,710,909	0	3,805,136	290,330	0	7,806,375
Disposals	0	0	0	(109,444)	(13,623)	(123,067)
Work in progress	4,592,342	75,810	246,418	1,008,116	0	5,922,686
Depreciation write-back on disposal	0	0	0	(57,033)	(15,197)	(72,230)
Accumulated depreciation at 30 June 2019	(90,384,344)	(40,162,548)	(103,247,101)	(18,239,467)	(5,619,015)	(257,652,475)
Carrying amount at 30 June 2019	<u>600,038,984</u>	<u>45,381,356</u>	<u>258,880,889</u>	<u>76,423,883</u>	<u>17,733,744</u>	<u>998,458,856</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

9. INFRASTRUCTURE (continued)

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

Year ended 30 June 2018	Roads, Footpaths and Kerbs \$	Bridges \$	Drainage \$	Park Development \$	Other \$	Total \$
Balance as at 1 July 2017	615,224,188	57,528,365	314,049,884	36,562,802	12,298,321	1,035,663,560
Additions						
Completed Works	8,839,981	155,745	615,829	2,636,174	64,231	12,311,960
Developer Contributed Assets	3,093,184	0	2,276,276	929,589	19,462	6,318,511
Works in Progress	3,792,630	0	0	1,510,723	0	5,303,353
	<u>15,725,795</u>	<u>155,745</u>	<u>2,892,105</u>	<u>5,076,486</u>	<u>83,693</u>	<u>23,933,824</u>
Revaluation increments / (decrements) transferred to revaluation surplus	(29,680,680)	(10,331,704)	(54,394,676)	41,471,079	12,609,731	(40,326,250)
Disposals	0	(87,522)	0	(4,122,339)	(6,215,242)	(10,425,103)
Depreciation (expense)	(8,850,865)	(1,250,575)	(4,323,605)	(2,629,203)	(561,839)	(17,616,087)
Transfers	0	114,585	0	448,820	(138,797)	424,608
Carrying amount at 30 June 2018	<u>592,418,438</u>	<u>46,128,894</u>	<u>258,223,708</u>	<u>76,807,645</u>	<u>18,075,867</u>	<u>991,654,552</u>
Comprises:						
Management valuation 2018	670,956,809	85,189,520	357,895,583	89,442,900	23,296,695	1,226,781,507
Work in progress	3,792,630	0	0	1,510,723	0	5,303,353
Accumulated depreciation at 30 June 2018	(82,331,001)	(39,060,626)	(99,671,875)	(14,145,978)	(5,220,828)	(240,430,308)
Carrying amount at 30 June 2018	<u>592,418,438</u>	<u>46,128,894</u>	<u>258,223,708</u>	<u>76,807,645</u>	<u>18,075,867</u>	<u>991,654,552</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

10. INTANGIBLE ASSETS

Movement in the carrying amount of each intangible asset between the beginning and the end of the year.

	Note	2019 \$	2018 \$
Computer Software:			
Balance at 1 July		2,755,371	2,767,720
Additions		332,323	383,118
Disposals	11(b)	(20,109)	0
Amortisation (expense)	11(c)	(384,406)	(395,467)
Revaluation increment	12	165,965	0
Carrying amount at 30 June		<u>2,849,144</u>	<u>2,755,371</u>
Comprises:			
Management valuation 2019		4,661,000	0
Management valuation 2016		0	3,389,478
Additions after valuation - cost		0	533,323
Accumulated amortisation at 30 June		<u>(1,828,856)</u>	<u>(1,167,430)</u>
Carrying amount at 30 June		<u>2,849,144</u>	<u>2,755,371</u>

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING LAND UNDER DEVELOPMENT AND DEVELOPED LAND, INFRASTRUCTURE AND INTANGIBLE ASSETS)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Intangible assets are carried at cost or fair value as indicated less, where applicable, any accumulated amortisation and impairment losses.

Change in accounting policy – asset capitalisation threshold

In accordance with the amendment to *Local Government (Financial Management) Regulation 1996*, the City is required to capitalise assets in excess of \$5,000 only. The City made a retrospective assessment in respect of previously capitalised assets costing less than \$5,000 at the date of acquisition. Based on the assessment performed, the City recognised a loss on disposal of assets with a total written down value of \$167,881. This was reflected in the Statement of Comprehensive Income for the year given that the amount was considered immaterial to restate the retained surplus as at 1 July 2018.

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING LAND UNDER DEVELOPMENT AND DEVELOPED LAND, INFRASTRUCTURE AND INTANGIBLE ASSETS) (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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 class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

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.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control

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

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

Land under roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 *Land Under Roads* and the fact *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

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

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

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING LAND UNDER DEVELOPMENT AND DEVELOPED LAND, INFRASTRUCTURE AND INTANGIBLES) (continued)

(a) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Property Plant and Equipment					
Land	Level 2	Market Approach	Independent	30 June 2017	Price per square metre
	Level 3	Cost Approach	Independent	30 June 2017	Price per square metre
Buildings	Level 3	Cost Approach	Independent	30 June 2017	Estimates of useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Furniture and Equipment	Level 2	Market Approach	Management	30 June 2019	Estimates of useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
	Level 3	Cost Approach	Management	30 June 2019	Estimates of useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Plant and Equipment	Level 2	Market Approach	Management	30 June 2019	Make, size, year of manufacture, condition, estimated residual value and market values.
	Level 3	Cost Approach	Management	30 June 2019	Make, size, year of manufacture, condition, estimated residual value and market values.
Infrastructure					
Roads, Footpaths and Kerbs	Level 3	Cost Approach	Management	30 June 2018	Determination of gross replacement cost for each component, after adjusting for the differences in service potential between the existing asset and a modern equivalent. Estimates of useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING LAND UNDER DEVELOPMENT AND DEVELOPED LAND, INFRASTRUCTURE AND INTANGIBLES) (continued)

(a) Fair Value Measurements (continued)

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING LAND UNDER DEVELOPMENT AND DEVELOPED LAND, INFRASTRUCTURE AND INTANGIBLES) (continued)

(a) Fair Value Measurements (continued)

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Intangibles					
Intangibles	Level 2	Market Approach	Management	30 June 2019	Estimates of remaining useful life, pattern of consumption and asset obsolescence to assess level of remaining service potential of the depreciable amount.
	Level 3	Cost Approach	Management	30 June 2019	Estimates of remaining useful life, pattern of consumption and asset obsolescence to assess level of remaining service potential of the depreciable amount.
Investment Properties					
Investment Properties	Level 2	Market Approach	Independent	30 June 2017	Estimates of remaining useful life, pattern of consumption and asset obsolescence to assess level of remaining service potential of the depreciable amount.

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

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

During the period there were no changes in the valuation techniques used by 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 2019

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING LAND UNDER DEVELOPMENT AND DEVELOPED LAND, INFRASTRUCTURE AND INTANGIBLES) (continued)

(b) Disposal of Assets

Asset Class / Program	2019		2019		2019		2018	2018	2018
	Net Book Value		Sale Proceeds		Profit (Loss)		Net book value	Sale Proceeds	Profit (Loss)
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Actual	Actual
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land under Development and Developed Land									
- Community amenities	14,900	0	203,284	0	188,384	0	0	0	0
- Other properties and services	23,803	1,085,375	0	12,720,000	(23,803)	11,634,625	1,843,032	3,933,460	2,090,428
Land under Development and Developed Land	38,703	1,085,375	203,284	12,720,000	164,581	11,634,625	1,843,032	3,933,460	2,090,428
Property, Plant and Equipment									
Plant and Equipment									
- Community amenities	1,151	0	0	0	(1,151)	0	0	0	0
- Recreation and culture	37,345	0	22,614	0	(14,731)	0	0	0	0
- Other properties and services	112,461	0	110,895	0	(1,566)	0	0	0	0
- Law, order, public safety	37,992	0	39,634	0	1,642	0	0	0	0
- Transport	49,881	1,095,860	51,293	934,310	1,412	(161,550)	1,165,582	1,197,260	31,678
Land									
- Other Properties and Services	482,591	0	230,928	0	(251,663)	0	67,040	425,000	357,960
Furniture and Equipment									
- Education and welfare	3,503	0	0	0	(3,503)	0	0	0	0
- Health	79	0	0	0	(79)	0	0	0	0
- Other properties and services	90,735	0	9,438	0	(81,297)	0	0	0	0
- Recreation and culture	68,177	0	0	0	(68,177)	0	0	0	0
Total Property Plant and Equipment	883,915	1,095,860	464,802	934,310	(419,113)	(161,550)	1,232,622	1,622,260	389,638
Balance carried forward	922,618	2,181,235	668,086	13,654,310	(254,532)	11,473,075	3,075,654	5,555,720	2,480,066

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING LAND UNDER DEVELOPMENT AND DEVELOPED LAND, INFRASTRUCTURE AND INTANGIBLES) (continued)

(b) Disposal of Assets (continued)

Asset Class / Program	2019		2019		2019		2018	2018	2018
	Net Book Value		Sale Proceeds		Profit (Loss)		Net book value	Sale Proceeds	Profit (Loss)
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Actual	Actual
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance brought forward	922,618	2,181,235	668,086	13,654,310	(254,532)	11,473,075	3,075,654	5,555,720	2,480,066
Infrastructure Assets									
Other Infrastructure									
- Transport	12,392	0	0	0	(12,392)	0	6,215,242	0	(6,215,242)
- Community amenities	1,231	0	0	0	(1,231)	0			
Bridge									
- Transport	0	0	0	0	0	0	87,522	0	(87,522)
Park Development									
- Recreation and culture	109,444	0	0	0	(109,444)	0	4,122,339	0	(4,122,339)
Total Infrastructure Assets	123,067	0	0	0	(123,067)	0	10,425,103	0	(10,425,103)
Intangible Assets									
- Other properties and services	20,109	0	0	0	(20,109)	0	0	0	0
	1,065,794	2,181,235	668,086	13,654,310	(397,708)	11,473,075	13,500,757	5,555,720	(7,945,037)

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING LAND UNDER DEVELOPMENT AND DEVELOPED LAND, INFRASTRUCTURE AND INTANGIBLES) (continued)

(b) Disposal of Assets (continued)

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Profit	229,838	11,682,396	2,480,066
Loss	<u>(627,546)</u>	<u>(209,320)</u>	<u>(10,425,103)</u>
Total	<u>(397,708)</u>	<u>11,473,076</u>	<u>(7,945,037)</u>

(c) Depreciation and Amortisation

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Bridges	1,101,922	1,281,046	1,250,575
Buildings	3,269,883	3,248,817	3,193,908
Drainage	3,575,226	4,393,691	4,323,605
Furniture and equipment	626,880	594,454	739,055
Intangible assets	384,406	396,250	395,467
Other infrastructure	413,383	911,478	561,839
Park development	4,150,522	2,780,113	2,629,203
Plant and equipment	2,203,812	2,393,267	2,344,107
Roads, footpaths and kerbs	<u>8,053,343</u>	<u>8,060,858</u>	<u>8,850,865</u>
	23,779,377	24,059,974	24,288,624
Depreciation Capitalised			
Plant and equipment	<u>232,202</u>	<u>230,964</u>	<u>202,987</u>
	232,202	230,964	202,987
Total Depreciation and Amortisation	<u><u>24,011,579</u></u>	<u><u>24,290,938</u></u>	<u><u>24,491,611</u></u>

SIGNIFICANT ACCOUNTING POLICIES

Depreciation and Amortisation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested 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.

Similarly, intangible assets are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use.

The assets 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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING LAND UNDER DEVELOPMENT AND DEVELOPED LAND, INFRASTRUCTURE AND INTANGIBLES) (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Depreciation and amortisation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

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

Infrastructure

Bridges	
Footbridges, Boardwalks and Lookouts	15 to 105 years
Road Bridges	60 to 100 years
Drainage	50 to 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	25 to 30 years
Kerbing	36 to 60 years
Footpaths	60 to 80 years
Park Developments	1 to 100 years
Bus Shelters	15 to 40 years
Street Lights	20 to 30 years
Other Infrastructure	15 to 60 years

Intangibles

Intangible Assets	1 to 20 years
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CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

12. REVALUATION SURPLUS

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

	2019	2019	2019	2019	2018	2018	2018	2018
	Opening	Revaluation	Revaluation	Closing	Opening	Revaluation	Revaluation	Closing
	Balance	Increment	Write back	Balance	Balance	(Decrement)	Write back	Balance
	\$	\$	\$	\$	\$	\$	\$	\$
Land and buildings	165,852,040	0	(169,135)	165,682,905	165,889,412	0	(37,372)	165,852,040
Plant and equipment	41,540	1,653,551	(8,240)	1,686,851	130,366	0	(88,826)	41,540
Furniture and equipment	0	2,785,860	0	2,785,860	0	0	0	0
Roads, footpaths and kerbs	406,197,641	0	0	406,197,641	435,878,321	(29,680,680)	0	406,197,641
Bridges	14,320,887	0	0	14,320,887	24,652,591	(10,331,704)	0	14,320,887
Drainage	214,703,646	0	0	214,703,646	269,098,322	(54,394,676)	0	214,703,646
Other infrastructure	13,264,312	0	(7,521)	13,256,791	654,581	12,609,731	0	13,264,312
Intangible assets	2,638,199	165,965	(75,135)	2,729,029	2,638,199	0	0	2,638,199
Park developments	41,471,079	0	(96,182)	41,374,897	0	41,471,079	0	41,471,079
	<u>858,489,344</u>	<u>4,605,376</u>	<u>(356,213)</u>	<u>862,738,507</u>	<u>898,941,792</u>	<u>(40,326,250)</u>	<u>(126,198)</u>	<u>858,489,344</u>

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

13. INVESTMENT PROPERTY

	2019	2018
	Actual	Actual
	\$	\$
Non-current assets – at fair value		
Balance at 1 July	3,600	1,132,900
Reclassification to Assets Held for Sale	0	(1,129,300)
Carrying amount at 30 June	<u>3,600</u>	<u>3,600</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

13. INVESTMENT PROPERTY (continued)

SIGNIFICANT ACCOUNTING POLICIES

Investment property

Investment property is a freehold parcel of land with a green title, held for capital appreciation and/or long-term rental yields and not occupied by the City. 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. 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. For the year ended 30 June 2019, no income has been generated from investment property.

Fair value of investment property

Investment property is valued by independent valuer as at 30 June 2017 and is included in the Statement of Financial Position at its open market value. This value is supported by market evidence and is determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment.

14. TRADE AND OTHER PAYABLES

	2019	2018
	Actual	Actual
	\$	\$
Current		
Trade creditors	4,192,769	4,000,000
Bonds and deposits	4,251,549	4,902,782
Accrued expenditure	1,602,262	1,247,482
Income in advance	285,971	368,610
Deferred salaries	143,947	147,123
	<u>10,476,498</u>	<u>10,665,997</u>

SIGNIFICANT ACCOUNTING POLICIES

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.

15. INFORMATION ON BORROWINGS

(a) Borrowings

	2019	2018
	Actual	Actual
	\$	\$
Current	6,226,223	1,385,894
Non-Current	4,532,555	10,758,778
	<u>10,758,778</u>	<u>12,144,672</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

15. INFORMATION ON BORROWINGS (continued)

(b) Repayments - Borrowings

Year ended 30 June 2019	Interest Rate	2019 Actual Principal at 1 July	2019 Actual New Loans	2019 Actual Principal repayments	2019 Actual Principal outstanding at 30 June	2019 Actual Interest repayments	2019 Budget Principal at 1 July	2019 Budget New Loans	2019 Budget Principal repayments	2019 Budget Principal outstanding at 30 June	2019 Budget Interest repayments
Particulars/Purpose		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Community Amenities											
Central Maddington ODP Infrastructure	1.91%	4,800,000	4,800,000	(4,800,000)	4,800,000	(131,658)	4,800,000	5,200,000	0	10,000,000	(112,008)
Recreation and Culture											
Mills Park - Long Term Facility	2.91%	7,344,672	0	(1,385,894)	5,958,778	(239,648)	7,344,671	0	(1,385,894)	5,958,777	(265,143)
Other Property and Services											
Robinson Park Subdivision and Park Development	4%	0	0	0	0	0	0	5,600,000	(5,600,000)	0	(324,000)
Operations Centre	4%	0	0	0	0	0	0	1,500,000	0	1,500,000	(60,000)
Southern River Business Park	4%	0	0	0	0	0	0	5,100,000	0	5,100,000	0
Lot 800 Albany Highway	4%	0	0	0	0	0	0	5,000,000	0	5,000,000	0
		<u>12,144,672</u>	<u>4,800,000</u>	<u>(6,185,894)</u>	<u>10,758,778</u>	<u>(371,306)</u>	<u>12,144,671</u>	<u>22,400,000</u>	<u>(6,985,894)</u>	<u>27,558,777</u>	<u>(761,151)</u>

Central Maddington ODP and Infrastructure loan facility repayment will be financed by Central Maddington ODP developer contributions and general purpose revenue.

Mills Park fixed rate (long term) loan facility repayments will be financed by general purpose revenue.

All other loan repayments will be financed by sale of land proceeds.

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 2019

15. INFORMATION ON BORROWINGS (continued)

(b) Repayments - Borrowings (continued)

Year ended 30 June 2018	Interest Rate	2018 Actual Principal at 1 July	2018 Actual New Loans	2018 Actual Principal repayments	2018 Actual Principal outstanding at 30 June	2018 Actual Interest repayments
Particulars/Purpose		\$	\$	\$	\$	\$
Community Amenities						
Central Maddington ODP Infrastructure	2.39%	4,800,000	0	0	4,800,000	(99,322)
Recreation and Culture						
Mills Park - Short Term Facility	1.97%	7,400,000	0	(7,400,000)	0	(23,883)
Mills Park - Long Term Facility	2.91%	8,691,377	0	(1,346,704)	7,344,672	(292,388)
		<u>20,891,377</u>	<u>0</u>	<u>(8,746,704)</u>	<u>12,144,672</u>	<u>(415,593)</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

15. INFORMATION ON BORROWINGS (continued)

(c) New Borrowings

Particulars/Purpose	Established Facility Limit	Amount Borrowed		Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
		Actual \$	Budget \$					Actual \$	Budget \$	
Community Amenities										
Central Maddington ODP Infrastructure	10,000,000	4,800,000	5,200,000	Short Term	3	145,353	1.91%	4,800,000	5,200,000	0
Other Properties and Services										
Robinson Park Redevelopment and subdivision*	5,600,000	0	5,600,000	Short Term	3	0	4.00%	0	5,600,000	0
Operations Centre*	16,500,000	0	1,500,000	Short Term	3	0	4.00%	0	1,500,000	0
Southern River Business Park*	9,600,000	0	5,100,000	Short Term	3	0	4.00%	0	5,100,000	0
Lot 800 Albany Highway*	15,000,000	0	5,000,000	Short Term	3	0	4.00%	0	5,000,000	0
	<u>56,700,000</u>	<u>4,800,000</u>	<u>22,400,000</u>			<u>145,353</u>		<u>4,800,000</u>	<u>22,400,000</u>	<u>0</u>

*These loan facilities were not established as at 30 June 2019.

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 2019

15. INFORMATION ON BORROWINGS (continued)

(d) Unspent Borrowings

The City did not have any unspent loan funds as at 30 June 2019.

(e) Undrawn Borrowing Facilities

	2019	2018
	\$	\$
Credit Standby Arrangements*		
Credit card limit	250,000	105,000
Credit card balance at balance date	(49,026)	(23,783)
Total amount of credit unused	<u>200,974</u>	<u>81,217</u>
Loan facilities		
Loan facilities - current	6,226,223	1,385,894
Loan facilities - non-current	4,532,555	10,758,777
Total facilities in use at 30 June	<u>10,758,778</u>	<u>12,144,671</u>
Loan facilities at balance date**		
Loan facilities in use	10,758,778	12,144,671
Loan facilities not in use	9,241,222	7,855,329

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

** Funds only available for the purposes detailed in Note 15(b).

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are recognised at fair value when the City becomes a party to the contractual provisions to the instrument.

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

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.

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.

Risk

Information regarding exposure to risk can be found at Note 34.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

16. EMPLOYEE RELATED PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Provision for On-costs \$	Total \$
Opening balance at 1 July 2018				
Current provisions	3,623,305	4,304,050	1,021,804	8,949,159
Non-current provisions	<u>0</u>	<u>604,645</u>	<u>72,558</u>	<u>677,203</u>
	3,623,305	4,908,695	1,094,362	9,626,362
Additional provision	3,012,503	912,906	471,049	4,396,458
Amounts used	(2,891,721)	(751,892)	(507,754)	(4,151,367)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	<u>0</u>	<u>55,779</u>	<u>6,693</u>	<u>62,472</u>
Balance at 30 June 2019	<u><u>3,744,087</u></u>	<u><u>5,125,488</u></u>	<u><u>1,064,350</u></u>	<u><u>9,933,925</u></u>
Comprises				
Current	3,744,087	4,496,802	988,907	9,229,796
Non-Current	<u>0</u>	<u>628,686</u>	<u>75,443</u>	<u>704,129</u>
	<u><u>3,744,087</u></u>	<u><u>5,125,488</u></u>	<u><u>1,064,350</u></u>	<u><u>9,933,925</u></u>

Annual leave liabilities

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

	2019 \$	2018 \$
Within 12 months of the end of the reporting period	2,560,787	2,442,854
More than 12 months after the end of the reporting period	<u>1,183,300</u>	<u>1,180,451</u>
	<u><u>3,744,087</u></u>	<u><u>3,623,305</u></u>

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

Long service leave liabilities

Unconditional long service leave provisions are classified as current liabilities as the City does not have an unconditional right to defer settlement of the liability until the employee has completed requisite years of service. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2019 \$	2018 \$
Within 12 months of the end of the reporting period	3,389,262	3,230,109
More than 12 months after the end of the reporting period	<u>1,736,226</u>	<u>1,678,586</u>
	<u><u>5,125,488</u></u>	<u><u>4,908,695</u></u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

16. EMPLOYEE RELATED PROVISIONS (continued)

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

Employment On-Cost Provision

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

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

	2019	2018
	\$	\$
Carrying amount at start of period	1,094,362	1,084,735
Additional (reversal of) provisions recognised	<u>(30,012)</u>	<u>9,627</u>
	<u><u>1,064,350</u></u>	<u><u>1,094,362</u></u>

Employee numbers

The number of full-time equivalent employees as at:

30 June 2018	447
30 June 2019	445

SIGNIFICANT ACCOUNTING POLICIES

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.

Other long-term employee benefits

The City's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

16. EMPLOYEE RELATED PROVISIONS (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

17. RESERVES – CASH BACKED

(a) Summary of movements

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Ordinary Reserves			
a) Asset Management			
Opening Balance	2,090,953	2,111,253	1,948,033
Amount set aside / transfer to reserve	58,026	41,013	191,554
Amount used / transfer from reserve	0	(500,000)	(48,634)
	<u>2,148,979</u>	<u>1,652,266</u>	<u>2,090,953</u>
b) Developer Contributions Infrastructure			
Opening Balance	596,993	580,372	557,920
Amount set aside / transfer to reserve	114,081	117,318	39,073
	<u>711,074</u>	<u>697,690</u>	<u>596,993</u>
c) Don Russell Performing Arts Centre			
Opening Balance	364,781	366,616	331,723
Amount set aside / transfer to reserve	35,037	32,866	33,058
Amount used / transfer from reserve	(28,638)	0	0
	<u>371,180</u>	<u>399,482</u>	<u>364,781</u>
d) Emergency Services			
Opening Balance	136,610	136,030	126,441
Amount set aside / transfer to reserve	9,848	5,001	10,169
Amount used / transfer from reserve	(49,846)	0	0
	<u>96,612</u>	<u>141,031</u>	<u>136,610</u>
Total ordinary reserves carried forward	3,327,845	2,890,469	3,189,337

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

17. RESERVES – CASH BACKED (continued)

(a) Summary of movements (continued)

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Ordinary Reserves (continued)			
Total ordinary reserves brought forward	3,327,845	2,890,469	3,189,337
e) Floodlighting Levy			
Opening Balance	37,608	31,846	55,047
Amount set aside / transfer to reserve	20,552	19,904	21,941
Amount used / transfer from reserve	0	0	(39,380)
	<u>58,160</u>	<u>51,750</u>	<u>37,608</u>
f) Gosnells Oval Redevelopment			
Opening Balance	922,803	955,284	823,795
Amount set aside / transfer to reserve	81,706	69,948	99,008
	<u>1,004,509</u>	<u>1,025,232</u>	<u>922,803</u>
g) Gosnells Town Centre Revitalisation			
Opening Balance	3,544,375	3,481,109	974,037
Amount set aside / transfer to reserve	1,853,540	177,873	2,594,651
Amount used / transfer from reserve	(77,076)	(157,586)	(24,313)
	<u>5,320,839</u>	<u>3,501,396</u>	<u>3,544,375</u>
h) Harmony Fields			
Opening Balance	150,646	45,218	308,258
Amount set aside / transfer to reserve	54,506	35,384	55,835
Amount used / transfer from reserve	(1,826)	(25,000)	(213,447)
	<u>203,326</u>	<u>55,602</u>	<u>150,646</u>
i) Heritage Condition Reward Scheme			
Opening Balance	58,167	43,657	50,795
Amount set aside / transfer to reserve	1,601	930	14,032
Amount used / transfer from reserve	(6,460)	(7,100)	(6,660)
	<u>53,308</u>	<u>37,487</u>	<u>58,167</u>
j) Insurance			
Opening Balance	611,610	614,187	1,095,720
Amount set aside / transfer to reserve	16,973	15,645	15,890
Amount used / transfer from reserve	0	0	(500,000)
	<u>628,583</u>	<u>629,832</u>	<u>611,610</u>
k) Langford Oval Redevelopment			
Opening Balance	255,452	256,933	223,707
Amount set aside / transfer to reserve	33,365	27,078	31,745
Amount used / transfer from reserve	(47,712)	(160,000)	0
	<u>241,105</u>	<u>124,011</u>	<u>255,452</u>
Total ordinary reserves carried forward	10,837,675	8,315,779	8,769,998

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

17. RESERVES – CASH BACKED (continued)

(a) Summary of movements (continued)

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Ordinary Reserves (continued)			
Total ordinary reserves brought forward	10,837,675	8,315,779	8,769,998
l) Leisure World Asset Management			
Opening Balance	357,077	360,200	260,333
Amount set aside / transfer to reserve	8,847	7,002	261,708
Amount used / transfer from reserve	<u>(45,910)</u>	<u>(85,000)</u>	<u>(164,964)</u>
	<u>320,014</u>	<u>282,202</u>	<u>357,077</u>
m) Local Government Elections			
Opening Balance	73,228	71,034	192,497
Amount set aside / transfer to reserve	126,052	126,916	122,344
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>(241,613)</u>
	<u>199,280</u>	<u>197,950</u>	<u>73,228</u>
n) Local Open Space Strategy			
Opening Balance	365,086	364,266	328,501
Amount set aside / transfer to reserve	500,666	4,139,980	36,824
Amount used / transfer from reserve	<u>(192,356)</u>	<u>(350,000)</u>	<u>(239)</u>
	<u>673,396</u>	<u>4,154,246</u>	<u>365,086</u>
o) Maddington/Kenwick Revitalisation			
Opening Balance	2,480,570	2,486,213	2,433,213
Amount set aside / transfer to reserve	68,839	61,635	64,753
Amount used / transfer from reserve	<u>0</u>	<u>(65,000)</u>	<u>(17,396)</u>
	<u>2,549,409</u>	<u>2,482,848</u>	<u>2,480,570</u>
p) MGB Plant and Equipment			
Opening Balance	6,600,562	5,083,744	5,991,379
Amount set aside / transfer to reserve	3,426,173	1,334,245	2,045,878
Amount used / transfer from reserve	<u>(347,167)</u>	<u>(1,010,000)</u>	<u>(1,436,695)</u>
	<u>9,679,568</u>	<u>5,407,989</u>	<u>6,600,562</u>
q) Mills Park			
Opening Balance	368,307	243,376	4,891,247
Amount set aside / transfer to reserve	64,276	53,458	172,369
Amount used / transfer from reserve	<u>(20,758)</u>	<u>0</u>	<u>(4,695,309)</u>
	<u>411,825</u>	<u>296,834</u>	<u>368,307</u>
r) Operations Centre			
Opening Balance	1,422,261	1,438,759	476,168
Amount set aside / transfer to reserve	<u>3,907,629</u>	<u>3,938,622</u>	<u>946,093</u>
	<u>5,329,890</u>	<u>5,377,381</u>	<u>1,422,261</u>
Total ordinary reserves carried forward	30,001,057	26,515,229	20,437,089

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

17. RESERVES – CASH BACKED (continued)

(a) Summary of movements (continued)

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Ordinary Reserves (continued)			
Total ordinary reserves brought forward	30,001,057	26,515,229	20,437,089
s) Plant and Equipment			
Opening Balance	5,707,300	4,932,965	3,999,724
Amount set aside / transfer to reserve	1,757,002	1,730,296	2,504,275
Amount used / transfer from reserve	<u>(645,405)</u>	<u>(2,421,175)</u>	<u>(796,699)</u>
	<u>6,818,897</u>	<u>4,242,086</u>	<u>5,707,300</u>
t) Rate Revaluation			
Opening Balance	370,560	373,697	224,461
Amount set aside / transfer to reserve	<u>152,576</u>	<u>155,125</u>	<u>146,099</u>
	<u>523,136</u>	<u>528,822</u>	<u>370,560</u>
u) Recreation and Culture Infrastructure			
Opening Balance	823,300	629,747	1,084,406
Amount set aside / transfer to reserve	5,240,774	8	26,821
Amount used / transfer from reserve	<u>(574,571)</u>	<u>(629,572)</u>	<u>(287,927)</u>
	<u>5,489,503</u>	<u>183</u>	<u>823,300</u>
v) Refuse Disposal Site Rehabilitation			
Opening Balance	715,300	697,304	719,187
Amount set aside / transfer to reserve	63,617	42,116	46,113
Amount used / transfer from reserve	<u>(92,305)</u>	<u>(50,000)</u>	<u>(50,000)</u>
	<u>686,612</u>	<u>689,420</u>	<u>715,300</u>
w) Southern River Contaminated Site Rehabilitation			
Opening Balance	0	0	461,591
Amount set aside / transfer to reserve	0	0	100
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>(461,691)</u>
	<u>0</u>	<u>0</u>	<u>0</u>
x) Strategic Capital Acquisition			
Opening Balance	688,109	697,988	0
Amount set aside / transfer to reserve	555,335	786,859	688,109
Amount used / transfer from reserve	<u>(11,950)</u>	<u>0</u>	<u>0</u>
	<u>1,231,494</u>	<u>1,484,847</u>	<u>688,109</u>
y) Sutherlands Park			
Opening Balance	943,055	948,660	820,804
Amount set aside / transfer to reserve	76,922	94,036	122,251
Amount used / transfer from reserve	<u>0</u>	<u>(300,000)</u>	<u>0</u>
	<u>1,019,977</u>	<u>742,696</u>	<u>943,055</u>
Total ordinary reserves carried forward	45,770,676	34,203,283	29,684,713

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

17. RESERVES – CASH BACKED (continued)

(a) Summary of movements (continued)

	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Ordinary Reserves (continued)			
Total ordinary reserves brought forward	45,770,676	34,203,283	29,684,713
z) Synthetic Surfaces Renewal			
Opening Balance	163,570	165,974	10,983
Amount set aside / transfer to reserve	186,362	188,486	152,587
Amount used / transfer from reserve	(115,836)	(12,500)	0
	<u>234,096</u>	<u>341,960</u>	<u>163,570</u>
aa) Walter Padbury Park			
Opening Balance	135,844	70,413	456,269
Amount set aside / transfer to reserve	51,949	46,714	57,928
Amount used / transfer from reserve	0	0	(378,353)
	<u>187,793</u>	<u>117,127</u>	<u>135,844</u>
Total Ordinary Reserves	<u>46,192,565</u>	<u>34,662,370</u>	<u>29,984,127</u>
Planning Reserves			
ab) ODP - Canning Vale			
Opening Balance	1,098,807	973,834	874,551
Amount set aside / transfer to reserve	29,887	34,279	254,256
Amount used / transfer from reserve	(80,987)	(30,000)	(30,000)
	<u>1,047,707</u>	<u>978,113</u>	<u>1,098,807</u>
ac) ODP - Central Maddington Precinct 1			
Opening Balance	618,730	51,383	924,367
Amount set aside / transfer to reserve	355,918	5,778,753	673,542
Transfer between Reserves - Equity	10,900	0	0
Amount used / transfer from reserve	(588,510)	(435,594)	(979,179)
	<u>397,038</u>	<u>5,394,542</u>	<u>618,730</u>
ad) ODP - Central Maddington Precinct 2			
Opening Balance	557,925	509,539	538,617
Amount set aside / transfer to reserve	23,665	100,135	19,308
	<u>581,590</u>	<u>609,674</u>	<u>557,925</u>
ae) ODP - Homestead Road			
Opening Balance	642,517	403,454	422,922
Amount set aside / transfer to reserve	17,085	18,489	234,595
Amount used / transfer from reserve	(254,402)	(80,000)	(15,000)
	<u>405,200</u>	<u>341,943</u>	<u>642,517</u>
Total planning reserves carried forward	2,431,535	7,324,272	2,917,979

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

17. RESERVES – CASH BACKED (continued)

(a) Summary of movements (continued)

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Planning Reserves (continued)			
Total planning reserves brought forward	2,431,535	7,324,272	2,917,979
af) ODP - Maddington Road A and B			
Opening Balance	740,246	644,545	737,826
Amount set aside / transfer to reserve	187,550	26,229	19,420
Amount used / transfer from reserve	(17,058)	(17,000)	(17,000)
	<u>910,738</u>	<u>653,774</u>	<u>740,246</u>
ag) ODP - Southern River Precinct 1			
Opening Balance	3,816,245	3,832,043	3,741,816
Amount set aside / transfer to reserve	594,181	96,912	99,429
Amount used / transfer from reserve	(25,086)	(25,000)	(25,000)
	<u>4,385,340</u>	<u>3,903,955</u>	<u>3,816,245</u>
ah) ODP - Southern River Precinct 2			
Opening Balance	6,649,654	6,291,973	6,471,345
Amount set aside / transfer to reserve	187,841	204,905	198,309
Amount used / transfer from reserve	(20,156)	(257,000)	(20,000)
	<u>6,817,339</u>	<u>6,239,878</u>	<u>6,649,654</u>
ai) ODP - Southern River Precinct 3			
Opening Balance	5,053,555	4,663,164	3,943,023
Amount set aside / transfer to reserve	914,496	370,895	1,177,532
Amount used / transfer from reserve	(176,798)	(2,177,747)	(67,000)
	<u>5,791,253</u>	<u>2,856,312</u>	<u>5,053,555</u>
aj) ODP - Southern River Precinct 3A			
Opening Balance	210,987	213,346	161,932
Amount set aside / transfer to reserve	23,816	25,938	49,055
	<u>234,803</u>	<u>239,284</u>	<u>210,987</u>
ak) ODP - Southern River Precinct 3E			
Opening Balance	0	0	0
Amount set aside / transfer to reserve	17,678	0	0
	<u>17,678</u>	<u>0</u>	<u>0</u>
al) ODP - Southern River Precinct 3F			
Amount Set Aside / Transfer To Reserve	2,921	0	0
	<u>2,921</u>	<u>0</u>	<u>0</u>
am) ODP - Southern River Precinct 5			
Opening Balance	66,525	9,209	64,796
Amount set aside / transfer to reserve	1,846	236	1,729
	<u>68,371</u>	<u>9,445</u>	<u>66,525</u>
Total planning reserves carried forward	20,659,978	21,226,920	19,455,191

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

17. RESERVES – CASH BACKED (continued)

(a) Summary of movements (continued)

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Planning Reserves (continued)			
Total planning reserves brought forward	20,659,978	21,226,920	19,455,191
an) ODP - West Canning Vale			
Opening Balance	7,462,333	7,510,835	7,055,989
Amount set aside / transfer to reserve	422,918	190,392	437,344
Amount used / transfer from reserve	<u>(92,989)</u>	<u>(31,000)</u>	<u>(31,000)</u>
	<u>7,792,262</u>	<u>7,670,227</u>	<u>7,462,333</u>
ao) Public Open Space - Cash in Lieu *			
Opening Balance	0	32,375,040	0
Amount set aside / transfer to reserve	0	6,340,896	0
Amount used / transfer from reserve	<u>0</u>	<u>(2,408,221)</u>	<u>0</u>
	<u>0</u>	<u>36,307,715</u>	<u>0</u>
ap) TPS - 9A			
Opening Balance	1,656,425	1,688,380	1,642,610
Amount set aside / transfer to reserve	293,575	42,843	43,686
Amount used / transfer from reserve	<u>(5,103)</u>	<u>(5,000)</u>	<u>(29,871)</u>
	<u>1,944,897</u>	<u>1,726,223</u>	<u>1,656,425</u>
aq) TPS - 15			
Opening Balance	496,785	511,176	450,805
Amount set aside / transfer to reserve	16,022	23,138	50,980
Amount used / transfer from reserve	<u>(5,149)</u>	<u>(5,000)</u>	<u>(5,000)</u>
	<u>507,658</u>	<u>529,314</u>	<u>496,785</u>
ar) TPS - 17			
Opening Balance	843,352	846,848	826,385
Amount set aside / transfer to reserve	23,321	31,683	21,967
Amount used / transfer from reserve	<u>(5,017)</u>	<u>(5,000)</u>	<u>(5,000)</u>
	<u>861,656</u>	<u>873,531</u>	<u>843,352</u>
Total planning reserves carried forward	31,766,451	68,333,930	29,914,086

* The City has recognised actual funds held in Cash-in-lieu of Public Open Space in trust to meet the requirements of Section 154 of the *Planning and Development Act 2005*. Refer to Note 24.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

17. RESERVES – CASH BACKED (continued)

(b) Summary of movements (continued)

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Planning Reserves (continued)			
Total planning reserves brought forward	31,766,451	68,333,930	29,914,086
as) TPS - 20			
Opening Balance	405,691	251,508	998,573
Amount set aside / transfer to reserve	11,258	6,423	18,114
Amount used / transfer from reserve	0	0	(610,996)
	<u>416,949</u>	<u>257,931</u>	<u>405,691</u>
Total Planning Reserves	<u>32,183,400</u>	<u>68,591,861</u>	<u>30,319,777</u>
Total Reserves	<u>78,375,965</u>	<u>103,254,231</u>	<u>60,303,904</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.

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Summary of Reserves			
Opening balance	60,303,904	87,963,122	57,701,796
Amount set aside / transfer to reserve	21,590,232	26,540,604	13,800,474
Amount used / transfer from reserve	(3,529,071)	(11,249,495)	(11,198,366)
Transfers between reserves - equity	10,900	(11,249,495)	0
Total Reserves	<u>78,375,965</u>	<u>103,254,231</u>	<u>60,303,904</u>

Reserves - cash backed and Financial assets at amortised cost (Note 6) for 30 June 2018 have been restated to remove Cash in Lieu of Public Open Space ("POS") of \$31,730,394 to meet the requirements of Section 154 of the *Planning and Development Act 2005*. These funds have been restated and recognised at Note 24 -Trust Funds. The City's income and expenditure have also been restated to reflect the receipts received (\$4,516,905) and expenses paid (\$3,150,002) from POS for the year ended 30 June 2018.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

17. RESERVES – CASH BACKED (continued)

(a) Purpose of reserves

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

Reserve Name	Anticipated date of use	Purpose of the Reserve
Ordinary Reserves		
Asset Management	Ongoing	To fund costs associated with asset data collection and management, including the acquisition and implementation of an asset management system.
Developer Contributions Infrastructure	Ongoing	To fund future expenditure on developments that fall outside of a TPS or ODP.
Don Russell Performing Arts Centre	2019-20	Construction, equipping and assessment of Don Russell Performing Arts Centre funded from Telco Tower Leases.
Emergency Services	2019-20	To fund excess Bushfire and SES expenditure from the prior year over budget reimbursements.
Floodlighting Levy	2019-20	To upgrade the City's active reserve floodlighting.
Gosnells Oval Redevelopment	Ongoing	To fund Council's expenditure on Gosnells Oval funded from Telco Tower leases.
Gosnells Town Centre Revitalisation	Ongoing	To fund the cost of redeveloping and additional operational expenses of Gosnells Town Centre.
Harmony Fields	Ongoing	To provide future expenditure at Harmony Fields funded from Telco Tower leases.
Heritage Condition Reward Scheme	Ongoing	To fund the preservation or restoration of the City's significant historic items and to fund payments to owners of properties and trees listed in the City of Gosnells Heritage Inventory through the Condition Reward Scheme.
Insurance	Ongoing	To provide funds in case of calls on Council's participation in the self-insurance scheme.
Langford Oval Redevelopment	Ongoing	To assist with the development of Langford Oval funded from Telco Tower leases.
Leisure World Asset Management	2019-20	Purchase and/or major repair of plant and buildings located at the Leisure World complex.
Local Government Elections	Ongoing	For expenditure associated with holding of local government elections.
Local Open Space Strategy	Ongoing	For expenditure associated with the implementation of the Local Open Space Strategy.
Maddington/Kenwick Revitalisation	Ongoing	To fund the cost of urban renewal in Maddington/Kenwick.
MGB Plant and Equipment	Ongoing	To fund costs associated with the delivery of the City's waste services.
Mills Park	Ongoing	To assist with the development of Mills Park funded from Telco Tower leases.
Operations Centre	Ongoing	To fund expenditure relating to the redevelopment of the Operations Centre.
Plant and Equipment	Ongoing	To fund replacement or new acquisition of plant and associated equipment.
Rate Revaluation	Ongoing	For expenditure associated with the revaluation of properties on which Council raises rates.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

17. RESERVES – CASH BACKED (continued)

(b) Purpose of reserves (continued)

Reserve Name	Anticipated date of use	Purpose of the Reserve
Ordinary Reserves (continued)		
Recreation and Culture Infrastructure	2019-20	To fund future expenditure on Recreational and Cultural Infrastructure.
Refuse Disposal Site Rehabilitation	Ongoing	Rehabilitation the Kelvin Road Refuse Disposal Site following future closure funded from Telco Tower Lease.
Strategic Capital Acquisition	Ongoing	Royalties received from quarry set aside for investing in profit generating assets.
Sutherlands Park	Ongoing	To fund future works at Sutherlands Park funded from Telco Tower leases.
Synthetic Surface Renewal	Ongoing	Renewal of synthetic surfaces as required.
Walter Padbury Park	Ongoing	To provide for future works at Walter Padbury Park funded from Telco Tower leases
Planning Reserves		
ODP - Canning Vale	Ongoing	To fund expenditure on infrastructure and administrative items within the ODP site with contributions from developers.
ODP - Central Maddington Precinct 1		
ODP - Central Maddington Precinct 2		
ODP - Homestead Road		
ODP - Maddington Road A and B		
ODP - Southern River Precinct 1		
ODP - Southern River Precinct 2		
ODP - Southern River Precinct 3		
ODP - Southern River Precinct 3A		
ODP - Southern River Precinct 3E		
ODP - Southern River Precinct 3F		
ODP - Southern River Precinct 5		
ODP - West Canning Vale		
Public Open Space – Cash in Lieu	Ongoing	To fund expenditure arising out of the need to meet our obligations in respect of provision of Public Open Space.
TPS - 9A	Ongoing	To fund expenditure on infrastructure and administrative items within the TPS site with contributions from developers.
TPS - 15		
TPS - 17		
TPS - 20		

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

18. NOTES TO THE STATEMENT OF CASH FLOWS

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:

	2019 \$	2019 Budget \$	2018 \$
Cash and cash equivalents	<u>58,352,441</u>	<u>123,135,227</u>	<u>11,082,731</u>

Reconciliation of Net Cash Provided by Operating Activities to Net Result

Net result	17,967,579	14,346,406	5,314,585
Non-cash flows in Net result:			
Depreciation	23,779,377	24,059,974	24,288,624
(Profit)/Loss on sale of asset	397,708	(11,473,076)	7,945,037
Fair value adjustments to financial assets at fair value through profit or loss	(20,503)	0	(177,775)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(1,838,310)	(139,226)	72,965
(Increase)/Decrease in inventories	8,048	(15,000)	24,993
(Increase)/Decrease in other current assets	(134,896)	0	0
Increase/(Decrease) in payables	(189,499)	(1,179,719)	(2,306,493)
Increase/(Decrease) in provisions	307,562	6,865	(73,958)
Grants contributions for the development of assets	<u>(18,460,321)</u>	<u>(13,515,475)</u>	<u>(15,890,540)</u>
Net cash from operating activities	<u>21,816,745</u>	<u>12,090,749</u>	<u>19,197,438</u>

19. CONTINGENT LIABILITIES

The City did not have any contingent liabilities at the reporting date.

20. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

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

	2019 \$	2018 \$
Payable:		
- not later than one year	35,310	27,408
- later than one year but not later than five years	<u>78,065</u>	<u>4,745</u>
	<u>113,375</u>	<u>32,153</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

20. CAPITAL AND LEASING COMMITMENTS (continued)

(b) Capital Expenditure Commitments * (continued)

	2019	2018
	\$	\$
Contracted for:		
- capital expenditure projects	1,151,386	578,640
- plant & equipment purchases	372,900	218,730
Payable:		
- not later than one year	1,524,286	797,370

* Commitments greater than \$250,000

SIGNIFICANT ACCOUNTING POLICIES

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.

21. JOINT VENTURE ARRANGEMENTS

The City is not involved in any joint venture arrangements.

22. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	290,330	18,000
General purpose funding	104,089,986	7,551,365
Law, order, public safety	4,418,619	4,627,116
Health	608,449	590,983
Education and welfare	5,117,061	5,281,483
Community amenities	5,068,833	5,395,924
Recreation and culture	143,601,052	142,582,113
Transport	914,488,056	906,759,834
Economic services	175,598	186,089
Other property and services	197,175,978	197,133,760
Unallocated	10,068,716	93,670,886
	<u>1,385,102,678</u>	<u>1,363,797,553</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

23. FINANCIAL RATIOS

	2019	2018	2017
Current ratio	1.40	1.87	1.26
Asset sustainability ratio	1.06	0.73	0.73
Debt service cover ratio	3.61	1.55	1.56
Operating surplus ratio	(0.01)	(0.11)	(0.02)
Own source revenue coverage ratio	0.93	0.85	0.90
Asset consumption ratio	0.69	0.70	0.64
Asset renewal funding ratio	1.01	0.97	0.88

The above ratios are calculated as follows:

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

Debt service cover ratio, operating surplus ratio and own source revenue coverage ratio for 2018 have been restated due to the restatement of the City's income and expenditure as of 30 June 2018 to meet the requirements of Section 154 of the *Planning and Development Act 2005*. The audited ratios prior to restatement were 1.30, (0.13) and 0.83 respectively.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

24. TRUST FUNDS

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

	Restated Balance 1 July 2018	Amounts Received	Amounts Paid	Balance 30 June 2019
	\$	\$	(\$)	\$
Unclaimed Money	43,242	10,838	(5,082)	48,998
Construction Training Fund	0	278,550	(243,405)	35,145
Building Commission	16,452	307,826	(263,965)	60,313
Development Applications	0	75,669	(75,669)	0
Public Open Space – Cash In Lieu	31,730,394	3,418,508	(1,684,184)	33,464,718
	<u>31,790,088</u>	<u>4,091,391</u>	<u>(2,272,305)</u>	<u>33,609,174</u>

Trust fund balance as at 30 June 2018 has been restated to include Cash in Lieu of Public Open Space ("POS") of \$31,730,394 to meet the requirements of Section 154 of the *Planning and Development Act 2005*. It was previously recognised under Financial assets at amortised cost and Reserves - cash backed. The audited balance prior to restatement was \$59,694.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

25. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/17 \$	Received ⁽²⁾ 2017/18 \$	Expended ⁽³⁾ 2017/18 \$	Closing Balance ⁽¹⁾ 30/06/18 \$	Received ⁽²⁾ 2018/19 \$	Expended ⁽³⁾ 2018/19 \$	Closing Balance 30/06/19 \$
<u>Non - Operating</u>							
Bridge Rehabilitation							
Station St - Bridge # 0928 Substructure Repairs	0	0	0	0	186,380	(186,380)	0
Nicholson Rd - Bridge # 0925 Renewal	40,000	0	(40,000)	0	0	0	0
Brixton St - Bridge # 0943 Rehabilitation	30,000	30,000	(38,815)	21,185	0	(21,185)	0
	70,000	30,000	(78,815)	21,185	186,380	(207,565)	0
Carpark Construction							
Southern River College Car Parking	158,121	67,348	(225,469)	0	0	0	0
	158,121	67,348	(225,469)	0	0	0	0
Drainage Construction							
Drain - Boardwalk Estate Modification Work	41,656	0	0	41,656	0	(41,656)	0
Kelvin Road & Maddington Area drainage	146,548	47,713	(194,261)	0	0	0	0
	188,204	47,713	(194,261)	41,656	0	(41,656)	0
Footpath Construction							
Lot 5 Campbell Road footpath (Amherst Road Side)	13,745	0	(12,853)	892	0	0	892
Shreeve Rd Footpath Upgrade	19,104	0	(10,612)	8,492	0	0	8,492
Beckenham PSP - from Lacey to William St	0	0	0	0	138,020	(138,020)	0
	32,849	0	(23,465)	9,384	138,020	(138,020)	9,384
Furniture & Equipment							
Pioneer Park pathway between Amphitheatre - CCTV Project	18,050	12,730	(30,780)	0	3,300	0	3,300
4 x Rapid Deployment cameras	17,900	14,393	(32,293)	0	3,600	(3,471)	129
Jean Garvey Skate Park - CCTV Project	11,400	9,164	(20,564)	0	2,250	(2,205)	45
	47,350	36,287	(83,637)	0	9,150	(5,676)	3,474

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

25. CONDITIONS OVER GRANTS/CONTRIBUTIONS (continued)

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/17 \$	Received ⁽²⁾ 2017/18 \$	Expended ⁽³⁾ 2017/18 \$	Closing Balance ⁽¹⁾ 30/06/18 \$	Received ⁽²⁾ 2018/19 \$	Expended ⁽³⁾ 2018/19 \$	Closing Balance 30/06/19 \$
<u>Non – Operating (continued)</u>							
Halls & Community Centres							
Indoor Training Facility - Gosnells Cricket Club	0	0	0	0	150,000	0	150,000
	0	0	0	0	150,000	0	150,000
ICT Equipment							
Libraries - 12 Laptops & Software	0	0	0	0	30,000	(17,949)	12,051
	0	0	0	0	30,000	(17,949)	12,051
Library							
Amherst Library - CCTV Project	3,150	2,511	(5,661)	0	900	(827)	73
	3,150	2,511	(5,661)	0	900	(827)	73
National Black Spot							
Spencer - Langford Intersection	0	214,581	(214,581)	0	0	0	0
Mills Rd West & Station St - Pre-deflections	0	0	0	0	47,213	(47,213)	0
	0	214,581	(214,581)	0	47,213	(47,213)	0
Operating Buildings							
Civic Centre - CCTV Project	16,000	14,524	(30,524)	0	3,300	(3,300)	0
	16,000	14,524	(30,524)	0	3,300	(3,300)	0
Other Buildings							
EOC - CCTV Project	8,500	6,678	(15,178)	0	1,650	(1,221)	429
CCTV Various Location - Local Projects Grant	0	0	0	0	49,977	(47,218)	2,759
Liddelw Homestead - Installation of Solar PVs	13,271	0	(13,271)	0	0	0	0
	21,771	6,678	(28,449)	0	51,627	(48,439)	3,188

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

25. CONDITIONS OVER GRANTS/CONTRIBUTIONS (continued)

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/17 \$	Received ⁽²⁾ 2017/18 \$	Expended ⁽³⁾ 2017/18 \$	Closing Balance ⁽¹⁾ 30/06/18 \$	Received ⁽²⁾ 2018/19 \$	Expended ⁽³⁾ 2018/19 \$	Closing Balance 30/06/19 \$
Non – Operating (continued)							
Park Development Construction							
Walking and Cycle Path Link	32,000	0	(13,476)	18,524	0	(13,524)	5,000
Appledore Reserve Renewal	0	50,000	(48,163)	1,837	0	(1,837)	0
	32,000	50,000	(61,639)	20,361	0	(15,361)	5,000
Recreation Construction							
Jean Garvey Skate Park - Outdoor Activity Space	0	17,750	(3,680)	14,070	0	(14,070)	0
	0	17,750	(3,680)	14,070	0	(14,070)	0
Road Improvements							
Garden Street Extension - Harpenden/Holmes	0	933,333	(44,970)	888,363	0	(22,519)	865,844
Campbell Modification Left Lane to Ranford	0	34,667	(506)	34,161	72,000	(70,826)	35,335
Burslem Dr MRRG Improvement (Olga - Attfield)	0	0	0	0	133,333	0	133,333
New access to Tom Bateman House	21,421	0	0	21,421	0	(21,421)	0
Spencer Road - Median and Turning Pockets	0	720,000	(709,315)	10,685	1,059,400	(1,070,085)	0
Shoemaker Lane Upgrade Gosnells	0	450,000	(434,512)	15,488	0	(15,488)	0
Furley Rd left lane to Warton Rd	0	0	0	0	28,000	(28,000)	0
Nicholson Rd left lane to Spencer Rd	0	0	0	0	144,565	(144,565)	0
Southern River Road - Stage 3	0	0	0	0	1,280,000	(1,280,000)	0
William St and Sevenoaks St Intersection Signals	208,258	0	(208,258)	0	0	0	0
Warton Rd / Ranford Rd Left Slip Lane Design Investigation	43,789	93,334	(137,123)	0	0	0	0
William - Camberwell/Bickley - Road Rehabilitation	0	160,000	(160,000)	0	0	0	0
Spencer Rd / Yale Rd - Road Rehabilitation	111,900	0	(111,900)	0	0	0	0
	385,368	2,391,334	(1,806,584)	970,118	2,717,298	(2,652,904)	1,034,512

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

25. CONDITIONS OVER GRANTS/CONTRIBUTIONS (continued)

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/17 \$	Received ⁽²⁾ 2017/18 \$	Expended ⁽³⁾ 2017/18 \$	Closing Balance ⁽¹⁾ 30/06/18 \$	Received ⁽²⁾ 2018/19 \$	Expended ⁽³⁾ 2018/19 \$	Closing Balance 30/06/19 \$
<u>Non – Operating (continued)</u>							
Road Rehabilitation							
Austin Ave - Railway/Albany Hwy Road Rehabilitation	50,293	0	(50,293)	0	14,787	(14,787)	0
Nicholson Road - Road Rehab	0	0	0	0	22,307	(22,307)	0
Shillington Way-Overlay/Kerbing/Footpath	0	0	0	0	100,000	(100,000)	0
Regal Drive - Overlay/Kerbing	0	0	0	0	284,511	(284,511)	0
Ranford Road East - Rd Rehab	0	0	0	0	100,000	(100,000)	0
Spencer Road - Yale Road to Thornlie Ave - Road Rehab	0	0	0	0	745,600	(745,600)	0
Corfield St MRRG Rehab reserve project	0	0	0	0	68,587	(68,587)	0
Nicholson Rd - Railway / Yale - Road Rehabilitation	75,480	113,220	(188,700)	0	0	0	0
Reservoir Rd - Asphalt overlay	10,000	0	(10,000)	0	0	0	0
Attifield St Maddington - Road Rehabilitation	972	0	(972)	0	0	0	0
	136,745	113,220	(249,965)	0	1,335,792	(1,335,792)	0
Sports Facility							
Sutherlands Reserve E Hockey Synthetic	0	0	0	0	1,691,239	(1,691,239)	0
	0	0	0	0	1,691,239	(1,691,239)	0
State Black Spot							
Town Centre Dr / Sugarwood Dr	0	0	0	0	22,547	(22,547)	0
Fremantle Rd/King St Roundabout	0	0	0	0	36,258	(36,258)	0
Balfour St Slow Point	0	0	0	0	34,000	(34,000)	0
Warton Rd/Garden Street - Extension of left Turn Pocket	0	50,667	(44,232)	6,435	91,088	(97,523)	0
Warton Rd/Huntingdale Rd/Forest Lakes Dr	0	0	0	0	90,666	(90,666)	0
Corfield St/Dorothy St/Southern River Rd	0	0	0	0	53,334	(53,334)	0
Huntingdale Rd (Forest Lakes-Warton)	68,534	11,080	(79,614)	0	0	0	0
Nicholson - Langford Intersection	75,222	0	(75,222)	0	0	0	0
	143,756	61,747	(199,068)	6,435	327,893	(334,328)	0

CITY OF GOSNELLS
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FOR THE YEAR ENDED 30 JUNE 2019

25. CONDITIONS OVER GRANTS/CONTRIBUTIONS (continued)

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/17 \$	Received ⁽²⁾ 2017/18 \$	Expended ⁽³⁾ 2017/18 \$	Closing Balance ⁽¹⁾ 30/06/18 \$	Received ⁽²⁾ 2018/19 \$	Expended ⁽³⁾ 2018/19 \$	Closing Balance 30/06/19 \$
<u>Non – Operating (continued)</u>							
Streetscape Construction							
Gay Street Slow Point	0	0	0	0	100,000	(100,000)	0
	0	0	0	0	100,000	(100,000)	0
Total Non-Operating	1,235,314	3,053,693	(3,205,798)	1,083,209	6,788,812	(6,654,339)	1,217,682
<u>Operating</u>							
Community Engagement							
Harmony Week	0	0	0	0	7,100	(4,136)	2,964
Langford Late Night Basketball Activation	0	0	0	0	24,442	0	24,442
Be Connected	0	0	0	0	2,000	(1,752)	248
Nomad 2.0	0	0	0	0	19,614	0	19,614
RoadWise Program	526	4,800	(5,326)	0	2,777	0	2,777
Every Club Funding	0	0	0	0	20,000	(5,696)	14,304
Meals on Wheels	50,322	80,297	(59,695)	70,924	125,212	(133,530)	62,606
Youth Crime Prevention Projects	45,000	0	(43,491)	1,509	0	0	1,509
Community Independence Program - Growth Funds	0	18,000	0	18,000	0	(18,000)	0
Night Fields 2.0 Program	0	10,000	0	10,000	0	(10,000)	0
Operation Bounce Back	5,537	0	(5,537)	0	0	0	0
Senior Service Program (Safer Seniors Program)	5,821	0	(5,821)	0	0	0	0
YCAN	154	0	(154)	0	0	0	0
Young People Library	1,650	0	(1,650)	0	0	0	0
Homegrown Festival	10,000	64,000	(74,000)	0	0	0	0
	119,010	177,097	(195,674)	100,433	201,145	(173,114)	128,464

CITY OF GOSNELLS
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25. CONDITIONS OVER GRANTS/CONTRIBUTIONS (continued)

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/17 \$	Received ⁽²⁾ 2017/18 \$	Expended ⁽³⁾ 2017/18 \$	Closing Balance ⁽¹⁾ 30/06/18 \$	Received ⁽²⁾ 2018/19 \$	Expended ⁽³⁾ 2018/19 \$	Closing Balance 30/06/19 \$
<u>Operating (continued)</u>							
Fire and Emergency Services							
Bushfire Brigade	30,934	93,805	(121,392)	3,347	145,209	(148,556)	0
State Emergency Service	7,729	30,113	(37,842)	0	62,910	(62,910)	0
	38,663	123,918	(159,234)	3,347	208,119	(211,466)	0
Total Operating	157,673	301,015	(354,908)	103,780	409,264	(384,580)	128,464
Total	1,392,987	3,354,708	(3,560,706)	1,186,989	7,198,076	(7,038,919)	1,346,146

Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

26. RATING INFORMATION

(a) Rates

Rate Type	2019 Actual							2019 Budget				2018 Actual
	Rate in cents	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Total Revenue \$
Differential General Rate												
Gross Rental Value (GRV)												
Extractive Industry	12.143	3	393,000	47,722	(4,697)	0	43,025	47,722	0	0	47,722	55,206
General GRV	6.391	39,368	893,775,959	57,121,235	1,060,379	0	58,181,614	57,121,235	784,000	0	57,905,235	56,248,275
Rural GRV	7.669	886	23,640,548	1,812,994	(98,293)	0	1,714,701	1,812,994	0	0	1,812,994	1,842,283
Tenancy Agreements	6.891	53	2,394,301	164,991	(4,048)	0	160,943	164,991	0	0	164,991	170,800
Town Centre	7.35	74	8,615,175	633,215	13,971	0	647,186	633,215	0	0	633,215	627,038
Unimproved Value (UV)												
Rural UV	0.2492	21	29,030,000	72,343	(15)	0	72,328	72,343	0	0	72,343	90,291
Rural UV Agricultural Concession	0.1994	7	65,860,000	131,325	0	0	131,325	131,325	0	0	131,325	143,431
		40,412	1,023,708,983	59,983,825	967,297	0	60,951,122	59,983,825	784,000	0	60,767,825	59,177,324
Minimum payment	\$											
Gross Rental Value (GRV)												
General GRV	962	6,800	85,641,051	6,541,600	0	0	6,541,600	6,541,600	0	0	6,541,600	6,489,056
Rural GRV	962	30	314,592	28,860	0	0	28,860	28,860	0	0	28,860	30,208
Tenancy Agreements	962	9	60,210	8,658	0	0	8,658	8,658	0	0	8,658	8,496
Town Centre	962	5	42,205	4,810	0	0	4,810	4,810	0	0	4,810	4,720
Unimproved Value (UV)												
Rural UV	962	3	696,000	2,886	0	0	2,886	2,886	0	0	2,886	2,832
		6,847	86,754,058	6,586,814	0	0	6,586,814	6,586,814	0	0	6,586,814	6,535,312
		47,259	1,110,463,041	66,570,638	967,297	0	67,537,936	66,570,639	784,000	0	67,354,639	65,712,636
Total amount raised from general rates							67,537,936				67,354,639	65,712,636
<i>Specified Area Rate (refer to (b))</i>							472,859				465,930	492,906
<i>Ex-gratia Rates</i>							57,715				57,000	56,649
Total Rates							<u>68,068,510</u>				<u>67,877,569</u>	<u>66,262,191</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

26. RATING INFORMATION (continued)

(b) Specified Area Rates

Gross Rental Value (GRV)	2019 Actual							2019 Budget				2018 Actual
	Rate in cents	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Rate Revenue \$	Interim Rate \$	Back Rate \$	Total Revenue \$	Total Revenue \$
Bletchley Park	0.5583	1,432	32,431,060	181,056	6,816	0	187,872	181,056	0	0	181,056	187,679
Brookland Greens	0.4236	562	16,178,260	68,528	13	0	68,541	68,528	0	0	68,528	73,570
Sanctuary Waters	0.4407	691	17,745,200	78,200	(8)	0	78,192	78,200	0	0	78,200	85,207
The Avenues	0.4979	498	11,609,600	57,802	0	0	57,802	57,802	0	0	57,802	59,474
The Boardwalk	0.2986	623	18,504,488	55,250	108	0	55,358	55,251	0	0	55,251	58,002
The Reserve	0.2665	347	9,416,645	25,094	0	0	25,094	25,093	0	0	25,093	28,974
				<u>465,930</u>	<u>6,929</u>	<u>0</u>	<u>472,859</u>	<u>465,930</u>	<u>0</u>	<u>0</u>	<u>465,930</u>	<u>492,906</u>

Purpose for the rate and proposed application of proceeds:

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

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

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

(c) Service Charges

The City did not impose any service charges in 2018/19.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

27. PAYMENT INCENTIVES, DISCOUNTS, WAIVERS, CONCESSIONS AND WRITE-OFFS

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates				
Rates Incentive A	Incentive	N/A	5,000	5,000
Rates Waivers	Waiver	N/A	74,227	72,186
Fees and Charges				
Don Russell Performing Arts Centre	Discount	Various	8,200	1,500
Facility Hire Charges	Discount	100%	2,563	800
Health Services	Discount	Various	22,017	22,475
Leisure Programs	Discount	Various	366	700
Leisure World	Discount	Various	33,926	65,000
Library & Heritage Services	Discount	Various	219	270
Rangers Services	Discount	Various	25,357	30,000
Sundry Debtor Write Off	Write-Off	N/A	3,528	0

Description of Incentives, Discounts, Waivers, Concessions and Write-Offs

Incentive A

Five prizes of \$1,000 each, funded by the City of Gosnells, was drawn on a random basis as an incentive for ratepayers to pay their rates in full by the due date.

Westpac Banking Corporation also provided a \$3,500 savings account.

Inclusion in the draw was automatic for all ratepayers who paid their rates in full by the advertised due date of the first instalment. Winners were notified.

Incentive B

A further incentive for the early payment of rates was offered for all ratepayers who pay their rates in full before each draw date.

Courtesy of Forest Lakes Forum, four City of Gosnells ratepayers won up to \$1,000 each off their rates bill, plus \$750 worth of shopping vouchers to spend at Forest Lakes Forum.

One winner was drawn each week on a Friday. Inclusion in the draw was dependent on eligible ratepayers placing their entry form in the barrel located outside the Centre Management Office at Forest Lakes Forum between Saturday 21 July and noon on Friday 24 August 2018 for a chance to win one of the four prizes.

Rate Waivers

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

	2019 \$	2018 \$
Gosnells Junior Football Club Inc	2,860	2,810
Grand Lodge of Western Australia Freemasons Homes for the Aged Inc.	71,367	66,875
	<u>74,227</u>	<u>69,685</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

27. PAYMENT INCENTIVES, DISCOUNTS, WAIVERS, CONCESSIONS AND WRITE-OFFS (continued)

Don Russell Performing Arts Centre

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

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

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

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

Group Bookings - 1 free ticket with every 10 purchased

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

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

Facility Hire Charges

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

Health Services

In relation to Food Businesses (Food Act 2008) a discount was granted to School Canteens (50%), Community Associations and Not For Profit Organisations (100%), and Meals on Wheels distribution (100%) in recognition of their community benefit.

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

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

Leisure World

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

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

10% Discount (general offer)

15% Discount (general offer)

20% Discount (special offer)

25% Discount (special offer)

33% Discount (special offer)

50% Discount (2 for 1 offer)

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

Group Bookings - 1 free pass with every 10 purchased

Group Bookings - 3 free pass with every 20 purchased

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

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

27. PAYMENT INCENTIVES, DISCOUNTS, WAIVERS, CONCESSIONS AND WRITE-OFFS (continued)

Ranger Services

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

Assistance Dogs - 100% concession

Dogs used for Droving or tendering stock - 25% concession

Dogs owned by pensioners (being persons eligible for exemption pursuant to Regulation 4 (2)) - 50% concession

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

Annual Bulk Registration Pensioners (persons eligible for exemption pursuant to Regulation 4 (2)) - 50% concession

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

Sundry Debt Write-Off

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

28. INTEREST CHARGES AND INSTALMENTS

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest				
Four Instalment Payment Plan	5.50%	N/A	464,112	470,000
Late Payment/Special Payment Arrangement	11.00%	N/A	438,714	14,149
Interest on Deferred Rates and ESL		N/A	94,978	0
Administration Fees				
Four Instalment Payment Plan	N/A	14.00	263,830	270,000
Special Payment Arrangement Plan (Direct Debit)	N/A	37.00	133,829	197,851
			1,395,463	952,000

Rates Instalment Options

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

Payment in full by 24 August 2018

Payment by Four Instalments:

1st Instalment due by 24 August 2018

2nd Instalment due by 26 October 2018

3rd Instalment due by 11 January 2019

4th Instalment due by 15 March 2019

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

Description of Instalment Arrangement Plans and Charges

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.

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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

28. INTEREST CHARGES AND INSTALMENTS (continued)

Special Payment Arrangement Plan

Special weekly, fortnightly or four weekly payment arrangements were offered by way of Direct Debit (bank account only). An administration fee was charged (excluding registered Pensioners/Seniors with 100% equity) on each special payment arrangement plan.

29. RATE SETTING STATEMENT INFORMATION

Information on Surplus/(Deficit) Brought Forward

	Note	2019 (1 July 2019 Carried Forward) \$	2019 (1 July 2018 Brought Forward) \$	2018 (30 June 2018 Carried Forward) \$
Surplus/(Deficit) Rate Setting Statement		<u>16,439,346</u>	<u>20,765,907</u>	<u>20,765,907</u>
Comprises:				
Current Assets				
Cash and cash equivalents	3	58,352,441	124,582,731	11,082,731
Trade receivables	4	9,218,194	7,543,790	7,543,790
Inventories	5	1,859,082	288,840	288,840
Financial assets at amortised cost	6	46,535,282	81,769,606	81,769,606
Other current assets	7	134,896	0	0
Total Current Assets		<u>116,099,895</u>	<u>100,684,967</u>	<u>100,684,967</u>
Current Liabilities				
Trade and other payables	14	(10,476,498)	(10,665,997)	(10,665,997)
Borrowings	15	(6,226,223)	(1,385,894)	(1,385,894)
Provisions	16	(9,229,796)	(8,949,159)	(8,949,159)
Total Current Liabilities		<u>(25,932,517)</u>	<u>(21,001,050)</u>	<u>(21,001,050)</u>
Net Current Assets		<u>90,167,378</u>	<u>79,683,917</u>	<u>79,683,917</u>
Less:				
Reserves	17	(78,375,965)	(60,303,904)	(60,303,904)
Land under development and developed land	5	(1,578,290)	0	0
Add:				
Current portion of long term borrowings		6,226,223	1,385,894	1,385,894
Surplus/(deficit)		<u>16,439,346</u>	<u>20,765,907</u>	<u>20,765,907</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2018 brought forward position used in the 2019 financial report and the surplus/(deficit) carried forward position as disclosed in the 2018 audited financial report.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

30. RELATED PARTY TRANSACTIONS

(a) Elected Members' Remuneration

The following fees, expenses and allowances were paid to council members and/or the mayor.	2019 Actual \$	2019 Budget \$	2018 Actual \$
Meeting fees	360,686	360,686	366,228
Mayor's allowance	88,864	88,864	88,134
Deputy Mayor's allowance	22,216	22,216	22,033
Travelling expenses *	23,481	15,000	20,558
Telecommunications allowance	23,100	25,200	23,479
	<u>518,347</u>	<u>511,966</u>	<u>520,432</u>

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

(b) Key Management Personnel (KMP) Compensation Disclosure

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

	2019 \$	2018 \$
Short-term employee benefits	1,092,580	1,495,546
Post-employment benefits	110,073	139,270
Other long-term benefits	45,746	12,503
Termination benefits	208,346	0
	<u>1,456,745</u>	<u>1,647,319</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 30(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.

(c) 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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

30. RELATED PARTY TRANSACTIONS (continued)

(d) Transactions with related parties

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

31. MAJOR LAND TRANSACTIONS

(a) Robinson Park Redevelopment and Subdivision

i. Details

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

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

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

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

Further work was undertaken mid-2017 in relation to site investigations and a review of the site investigations was finalized late 2018. Construction is expected to begin in February 2020 and be completed by August 2020. Land sales strategy is to commence at the beginning of construction.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

31. MAJOR LAND TRANSACTIONS (continued)

(a) Robinson Park Redevelopment and Subdivision (continued)

ii. Revenue and Expenditure

	Project Budget \$	Project Actual \$	2019 Budget \$	2019 Actual \$
Funding Sources				
Capital Revenue				
Asset Disposal Proceeds	8,148,000	0	10,400,000	0
Other Funding Sources				
Loan Proceeds	5,600,000	0	5,600,000	0
Total Funding Sources	<u>13,748,000</u>	<u>0</u>	<u>16,000,000</u>	<u>0</u>
Disbursement of Funds				
Operating Expense				
Materials & Contracts	(714,000)	(503,652)	(270,000)	(163,429)
	(714,000)	(503,652)	(270,000)	(163,429)
Capital Expenditure				
Materials & Contracts	(5,600,000)	(360,155)	(5,326,793)	(41,847)
Interest Expense	(300,000)	0	(324,000)	0
	(5,900,000)	(360,155)	(5,650,793)	(41,847)
Other Expenses				
Loan Repayment	(5,600,000)	0	(5,600,000)	0
Transfer to Reserve - Local Open Space Strategy	(1,534,000)	0	(3,786,000)	0
	(7,134,000)	0	(9,386,000)	0
Total Disbursement of Funds	<u>(13,748,000)</u>	<u>(863,807)</u>	<u>(15,306,793)</u>	<u>(205,276)</u>
Total	<u>0</u>	<u>(863,807)</u>	<u>693,207</u>	<u>(205,276)</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

31. MAJOR LAND TRANSACTIONS (continued)

(a) Robinson Park Redevelopment and Subdivision (continued)

iii. Expected Future Projections

	2020	2021	2022	Total
	\$	\$	\$	\$
Revenue				
Asset Disposal Proceeds	8,148,000	0	0	8,148,000
Loan Proceeds	5,600,000	0	0	5,600,000
	<u>13,748,000</u>	<u>0</u>	<u>0</u>	<u>13,748,000</u>
Expenditure				
Materials & Contracts	(5,450,193)	0	0	(5,450,193)
Interest Expense	(300,000)	0	0	(300,000)
Loan Repayment	(5,600,000)	0	0	(5,600,000)
Transfer to Reserve	(1,534,000)	0	0	(1,534,000)
	<u>(12,884,193)</u>	<u>0</u>	<u>0</u>	<u>(12,884,193)</u>
Net Future Projections	<u><u>863,807</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>863,807</u></u>

iv. Assets and Liabilities

Assets associated with this land transaction have a written down value of \$1,375,220 as at 30 June 2019. It is anticipated assets related to the land transactions will be disposed by 30 June 2020.

There were no liabilities that exist in relation to this land transaction as at 30 June 2019. It is anticipated a \$5,600,000 short term loan facility be established during the financial year ending 30 June 2020 to be repaid from sale proceeds.

(b) Southern River Business Park

i. Details

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

The market analysis was finalised late 2018, and further work was undertaken early 2018 to refine the Business Case and review projected costs. Further work was undertaken mid 2019 in relation to site investigations. Negotiations with Western Power regarding underground cable ratings are planned for completion late 2019. Based on the current work programme completion of the preliminary design phase is planned for mid-2020 with the detailed design phase targeted for completion late 2020. Upon completion of the design the project will be tendered and construction will commence upon award of tender.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

31. MAJOR LAND TRANSACTIONS (continued)

(b) Southern River Business Park (continued)

ii. Revenue and Expenditure

	Project Budget \$	Project Actual \$	2019 Budget \$	2019 Actual \$
Funding Sources				
Capital Revenue				
Asset Disposal Proceeds	31,045,455	0	0	0
Other Funding Sources				
Loan Proceeds	21,450,000	0	0	0
Total Funding Sources	<u>52,495,455</u>	<u>0</u>	<u>0</u>	<u>0</u>
Disbursement of Funds				
Operating Expense				
Materials & Contracts	(1,800,000)	(386,332)	(365,000)	(132,223)
Interest Expense	(136,994)	0	0	0
	<u>(1,936,994)</u>	<u>(386,332)</u>	<u>(365,000)</u>	<u>(132,223)</u>
Capital Expenditure				
Materials & Contracts	(19,650,000)	(48,872)	(5,051,128)	0
Interest Expense	(1,495,527)	0	0	0
	<u>(21,145,527)</u>	<u>(48,872)</u>	<u>(5,051,128)</u>	<u>0</u>
Other Expenses				
Loan Repayment	(21,450,000)	0	0	0
Transfer to Reserve Operations Centre	(7,962,934)	0	0	0
	<u>(29,412,934)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Disbursement of funds	<u>(52,495,455)</u>	<u>(435,204)</u>	<u>(5,416,128)</u>	<u>(132,223)</u>
Total	<u>0</u>	<u>(435,204)</u>	<u>(5,416,128)</u>	<u>(132,223)</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

31. MAJOR LAND TRANSACTIONS (continued)

(b) Southern River Business Park (continued)

iii. Expected Future Projections

	2020	2021	2022	2023	2024	Total
	\$	\$	\$	\$		\$
Revenue						
Asset Disposal Proceeds	0	5,772,727	9,545,455	9,545,455	6,181,818	31,045,455
Loan Proceeds	0	21,450,000	0	0	0	21,450,000
	<u>0</u>	<u>27,222,727</u>	<u>9,545,455</u>	<u>9,545,455</u>	<u>6,181,818</u>	<u>52,495,455</u>
Expenditure						
Materials & Contracts	300,000	20,714,796				21,014,796
Interest Expense	0	643,500	489,686	331,258	168,077	1,632,521
Loan Repayment	0	5,127,130	5,280,944	5,439,372	5,602,554	21,450,000
Transfer to Reserve	0	2,097	3,774,825	3,774,825	411,187	7,962,934
	<u>300,000</u>	<u>26,487,523</u>	<u>9,545,455</u>	<u>9,545,455</u>	<u>6,181,818</u>	<u>52,060,251</u>
Net Future Projections	<u>(300,000)</u>	<u>735,204</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>435,204</u>

iv. Assets and Liabilities

Assets associated with this land transaction have a written down value of \$23,765,300 as at 30 June 2019.

There were no liabilities that exist in relation to this land transaction as at 30 June 2019. It is anticipated a \$21,450,000 short term loan facility be established during the 2020/21 financial year. The loan is anticipated to be repaid from the Southern River Business Park sale proceeds.

32. MAJOR PROJECTS

The City did not participate in any major projects during the 2018/19 financial year.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The City did not participate in any trading undertakings or major trading undertakings during the 2018/19 financial year.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

34. FINANCIAL RISK MANAGEMENT

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

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

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

The City held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2019	2018	2019	2018
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	58,352,441	11,082,731	58,352,441	11,082,731
Financial assets at amortised cost –				
Term deposits	46,535,282	81,769,606	46,535,282	81,769,606
Receivables	10,582,297	8,743,990	10,582,297	8,743,990
	<u>115,470,020</u>	<u>101,596,327</u>	<u>115,470,020</u>	<u>101,596,327</u>
Financial liabilities				
Payables	10,476,498	10,665,997	10,476,498	10,665,997
Borrowings	10,758,778	12,144,672	8,430,496	8,889,750
	<u>21,235,276</u>	<u>22,810,669</u>	<u>18,906,994</u>	<u>19,555,747</u>

Fair value is determined as follows:

- Cash and cash equivalents, term deposits, 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.

(i) Cash and Cash Equivalents and Financial Assets at Amortised Cost – Term Deposits

The City's objective is to maximise its return on cash and term deposits whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and term deposits 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.

Cash and term deposits are 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 2019

34. FINANCIAL RISK MANAGEMENT (continued)

(i) Cash and Cash Equivalents, Financial Assets at Amortised Cost – Term Deposits (continued)

	2019	2018
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash and term deposits		
- Equity	1,491,473	1,402,403
- Statement of Comprehensive Income	1,491,473	1,402,403

Notes:

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

(ii) 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.

The City applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
	\$	\$	\$	\$	\$
Rates Receivable					
30 June 2019					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	5,510,136	501,414	282,823	848,265	7,142,638
Loss allowance	0	0	0	0	0
1 July 2018					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	4,498,728	361,369	226,079	767,465	5,853,641
Loss allowance	0	0	0	0	0

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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34. FINANCIAL RISK MANAGEMENT (continued)

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current \$	More than 30 days past due \$	More than 60 days past due \$	More than 90 days past due \$	Total \$
Sundry Receivables*					
30 June 2019					
Expected credit loss	0.00%	8.36%	0.60%	1.95%	
Gross carrying amount	872,974	142,613	26,269	483,780	1,525,636
Loss allowance	10	3,115	366	33,327	36,818
1 July 2018					
Expected credit loss	0.00%	8.36%	0.60%	1.95%	
Gross carrying amount	131,305	111,531	32,891	186,618	462,345
Loss allowance**	8	8,315	360	12,651	21,334

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

** The City has not adjusted its opening retained surplus for the implementation of AASB 9 – Financial Instruments given the impact was considered immaterial. Refer to Note 36 for further information.

(iii) Payables and Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2019					
Payables	10,476,498	0	0	10,476,498	10,476,498
Borrowings	6,480,252	4,798,872	0	11,279,124	10,758,779
	<u>16,956,750</u>	<u>4,798,872</u>	<u>0</u>	<u>21,755,622</u>	<u>21,235,277</u>
2018					
Payables	10,665,997	0	0	10,665,997	10,665,997
Borrowings	1,599,624	11,536,778	0	13,136,402	12,144,672
	<u>12,265,621</u>	<u>11,536,778</u>	<u>0</u>	<u>23,802,399</u>	<u>22,810,669</u>

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.

CITY OF GOSNELLS
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FOR THE YEAR ENDED 30 JUNE 2019

34. FINANCIAL RISK MANAGEMENT (continued)

(iv) Liquidity Risk and Interest Rate Exposure

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

	Weighted Average Effective Interest Rate (%)	Carrying Amount \$	Fixed Interest Rate \$	Non- Interest Bearing \$	Nominal Amount \$	Up to 1 month \$	1 - 3 Months \$	3 Months to 1 Year \$	More than 1 Year \$
Year ended 30 June 2019									
Financial Assets									
Cash and cash equivalents	2.22%	58,352,441	0	867,441	58,352,441	43,352,441	15,000,000	0	0
At amortised cost – Term deposits	2.74%	46,535,282	46,535,282	0	46,535,282	10,000,000	23,000,000	13,535,282	0
Receivables*	-	10,078,014	0	10,078,014	10,078,014	1,015,817	0	6,246,410	2,815,787
		<u>114,965,737</u>	<u>46,535,282</u>	<u>10,945,455</u>	<u>114,965,737</u>	<u>54,368,258</u>	<u>38,000,000</u>	<u>19,781,692</u>	<u>2,815,787</u>
Financial Liabilities									
Payables	-	10,476,498	0	10,476,498	10,476,498	10,476,498	0	0	0
Borrowings	2.23%	10,758,778	10,758,778	0	10,758,778	0	0	6,226,223	4,532,555
		<u>21,235,276</u>	<u>10,758,778</u>	<u>10,476,498</u>	<u>21,235,276</u>	<u>10,476,498</u>	<u>0</u>	<u>6,226,223</u>	<u>4,532,555</u>
Year ended 30 June 2018									
Financial Assets									
Cash and cash equivalents	2.56%	11,082,731	0	732,731	11,082,731	11,082,731	0	0	0
At amortised cost – Term deposits	2.63%	81,769,606	81,769,606	0	81,769,606	0	57,000,000	24,769,606	0
Receivables*	-	8,183,390	0	8,183,390	8,183,390	2,110,241	0	3,963,610	2,109,539
		<u>101,035,727</u>	<u>81,769,606</u>	<u>8,916,121</u>	<u>101,035,727</u>	<u>13,192,972</u>	<u>57,000,000</u>	<u>28,733,216</u>	<u>2,109,539</u>
Financial Liabilities									
Payables	-	10,665,997	0	10,665,997	10,665,997	10,665,997	0	0	0
Borrowings	2.81%	12,144,672	12,144,672	0	12,144,673	0	0	1,385,894	10,758,779
		<u>22,810,669</u>	<u>12,144,672</u>	<u>10,665,997</u>	<u>22,810,670</u>	<u>10,665,997</u>	<u>0</u>	<u>1,385,894</u>	<u>10,758,779</u>

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

CITY OF GOSNELLS
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35. 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.

36. INITIAL APPLICATION OF AUSTRALIAN 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 associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The City applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the City has not restated the comparative information which continues to be reported under AASB 139.

The City assessed that the effect of adopting AASB 9 as at 1 July 2018 was not material hence the impact of \$80,874 was not reflected as an adjustment to opening Retained Surplus but rather reported in the Statement of Comprehensive Income for the year ended 30 June 2019.

The nature of changes arising from implementing AASB 9 is described below:

a. Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the City's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the City's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact on the City. The following are the changes in the classification of the City's financial assets:

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
- Available for sale financial assets as at 30 June 2018 are classified and measured as Financial assets – Fair value through profit and loss beginning 1 July 2018.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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36. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (continued)

a. Classification and measurement (continued)

In summary, upon the adoption of AASB 9, the City had the following required (or elected) reclassifications as at 1 July 2018:

AASB 139 category	AASB 139 value	AASB 9 category amortised cost	Fair value through OCI	Fair value through P/L
	\$	\$	\$	\$
Loans and receivables				
Trade receivables*	8,743,990	8,649,257	0	0
Available for sale financial assets	154,668	0	0	154,668
	<u>7,522,852</u>	<u>7,449,058</u>	0	<u>154,668</u>

* The change in carrying amount is a result of decrease in impairment allowance. See the discussion on impairment below.

b. Impairment

The adoption of AASB 9 has fundamentally changed the City's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the City to recognise an allowance for ECLs for all financial assets not held at fair value through profit or loss. Upon adoption of AASB 9, the City recognised a reversal of impairment on the City's trade receivables of \$80,874. This was reflected in profit and loss for the year, given that the amount was considered immaterial to restate the retained surplus as at 1 July 2018.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

37. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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. The Standards and Interpretations that were issued but not yet effective for the year ended 30 June 2019 are listed below. At the date of authorisation of the financial statements, the City has not yet fully assessed the impact of these new or amended standards and interpretations, to the extent relevant.

Standard/Interpretation	Issued/Compiled	Applicable for annual reporting periods beginning after	Impact
AASB 15 <i>Revenue from Contracts with Customers</i>	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.
AASB 16 <i>Leases</i>	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 <i>Leases</i> which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted.
AASB 1058 <i>Income of Not-for-Profit Entities</i>	December 2016	1 January 2019	This Standard are likely to have a significant impact on the income recognition for Not-for-Profit Entities'. Key areas for consideration are: <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; and - Leases entered into at below market rates

CITY OF GOSNELLS
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FOR THE YEAR ENDED 30 JUNE 2019

38. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) 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.

b) Current and non-current classification

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 or non-current based on the City's intentions to release for sale.

c) Rounding off figures

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

d) 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 statements that has a material effect on the statement of financial position, 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.

e) 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.

f) 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.

g) Fair value of assets and liabilities

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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

38. OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

h) 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.

Cost approach

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

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.

i) Impairment of assets

In accordance with Australian Accounting Standards the City's cash generating non-specialised 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.

CITY OF GOSNELLS
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38. OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

39. STATEMENT OF OBJECTIVE

KEY TERMS AND DEFINITIONS – REPORTING PROGRAMS

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the City's 10 Year Community Plan, and for each of its broad activities/programs, as listed below:

OBJECTIVE

ACTIVITIES

Governance

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

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

To collect revenue to finance Council 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 investments is allocated to this program.

Law, Order and Public Safety

To provide services to ensure a safer community.

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 cat and dog registrations, infringements and prosecutions.

Health

To provide an operational framework for good community health.

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

Education and Welfare

To assist in meeting the education needs of the community.

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

Community Amenities

To provide services required by the community.

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 program. The administration of town planning schemes, planning applications and associated land issues. This program also includes administration and operations relating to bus shelters, the Kenwick Cemetery and graffiti management.

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39. STATEMENT OF OBJECTIVE (continued)

KEY TERMS AND DEFINITIONS – REPORTING PROGRAMS (CONTINUED)

OBJECTIVE

ACTIVITIES

Recreation and Culture

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

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

Transport

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

Administration, maintenance and construction of roads, drainage, footpaths, 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

To promote the City and improve its economic base.

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

To provide services required by the community

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 are 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.



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the City of Gosnells

Report on the Audit of the Annual financial report

Opinion

I have audited the annual financial report of the City of Gosnells which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the City of Gosnells:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the City in accordance with the *Auditor General Act 2006* and the relevant 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 my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

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

Responsibilities of the Chief Executive Officer and Council for the Annual financial report

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

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

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

Auditor's Responsibility for the Audit of the Annual financial report

The objectives of my audit are to obtain reasonable assurance about whether the annual 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the annual financial report.

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

- Identify and assess the risks of material misstatement of the annual 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 my 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 City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the annual financial report, including the disclosures, and whether the annual financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In my opinion, the following material matter indicates significant adverse trends in the financial position of the City:
 - a. Operating Surplus Ratio as reported in Note 23 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial report of the City for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2017 and 2018 in Note 23 of the audited annual financial report were included in the supplementary information and/or audited annual financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the City of Gosnells for the year ended 30 June 2019 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual 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 annual financial report to confirm the information contained in this website version of the annual financial report.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
26 November 2019