



Annual Financial Report for the year ended 30 June 2022

CITY OF GOSNELLS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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**CITY OF GOSNELLS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

**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 2022 is based on proper accounts and records to present fairly the financial position of the City at 30 June 2022 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 16th day of November 2022



Ian Cowie PSM
Chief Executive Officer



CITY OF GOSNELLS
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Revenue				
Rates	2(a)	72,021,006	71,912,528	70,376,373
Operating grants, subsidies and contributions	3(a)	8,569,087	5,919,565	6,467,571
Fees and charges	3(a)	24,852,009	24,641,913	25,021,930
Interest earnings	3(a)	1,572,667	2,908,650	1,442,925
Other revenue	3(a)	83,656	0	155,949
		107,098,425	105,382,656	103,464,748
Expenses				
Employee costs		(49,640,442)	(51,483,433)	(49,755,128)
Materials and contracts		(32,955,777)	(30,941,005)	(29,800,225)
Utility charges		(4,737,417)	(4,753,122)	(4,593,694)
Amortisation and depreciation	11(c)	(26,258,483)	(26,146,346)	(26,542,423)
Interest expenses	3(b)	(347,173)	(321,359)	(357,923)
Insurance expenses		(966,033)	(1,000,598)	(755,940)
Other expenses	3(b)	(6,868,384)	(1,281,345)	(12,990,758)
		(121,773,709)	(115,927,208)	(124,796,091)
Non-operating grants, subsidies and contributions	3(a)	27,744,416	17,115,996	29,732,804
Public Open Space - Cash-in-Lieu contributions		859,090	0	1,591,393
Fair value adjustments to financial assets at fair value through profit or loss	7	16,791	0	(105,986)
Profit on asset disposals	11(b)	3,856,343	4,158,577	2,887,654
Loss on asset disposals	11(b)	(2,030,884)	(220,615)	(3,375,671)
Net result		15,770,472	10,509,406	9,398,851
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	17,041,546	0	0
Total comprehensive income		32,812,018	10,509,406	9,398,851

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



CITY OF GOSNELLS
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Revenue				
General purpose funding		80,149,059	79,713,378	76,740,416
Governance		2,642	7,030	5,473
Law, order and public safety		1,119,243	604,138	832,354
Health		354,613	364,981	336,938
Education and welfare		414,768	372,665	380,772
Community amenities		18,130,000	17,721,015	18,380,051
Recreation and culture		4,052,527	4,123,792	3,807,620
Transport		370,593	279,965	422,980
Economic services		2,098,176	1,986,841	2,124,077
Other property and services		<u>406,804</u>	<u>208,851</u>	<u>434,067</u>
		107,098,425	105,382,656	103,464,748
Expenses				
General purpose funding		(1,515,117)	(1,551,073)	(2,970,341)
Governance		(2,987,546)	(3,298,851)	(2,516,079)
Law, order and public safety		(3,810,322)	(3,386,382)	(3,542,773)
Health		(1,273,960)	(1,331,270)	(1,118,140)
Education and welfare		(4,425,673)	(4,520,772)	(4,441,254)
Community amenities		(26,482,668)	(20,711,801)	(29,886,876)
Recreation and culture		(40,655,154)	(40,619,268)	(40,185,074)
Transport		(27,319,990)	(27,168,433)	(26,887,998)
Economic services		(2,074,315)	(2,293,630)	(2,351,734)
Other property and services		<u>(10,881,791)</u>	<u>(10,724,369)</u>	<u>(10,537,899)</u>
		(121,426,536)	(115,605,849)	(124,438,168)
Finance costs	3(b)			
Community amenities		(196,847)	(193,919)	(177,174)
Recreation and culture		(81,095)	(94,627)	(175,088)
Other property and services		<u>(69,231)</u>	<u>(32,813)</u>	<u>(5,661)</u>
		(347,173)	(321,359)	(357,923)
Fair value adjustments to financial assets at fair value through profit or loss	7			
General purpose funding		16,791	0	(105,986)

CITY OF GOSNELLS
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Non-operating grants, subsidies and contributions				
	3(a)			
Law, order, public safety		53,500	0	0
Education and welfare		14,605	0	7,895
Community amenities		8,382,008	0	15,616,783
Recreation and culture		5,905,440	6,574,719	3,011,991
Transport		13,141,679	10,541,277	11,095,680
Other property and services		247,184	0	455
		<u>27,744,416</u>	<u>17,115,996</u>	<u>29,732,804</u>
Public Open Space - Cash-in-Lieu contributions				
Recreation and culture		848,681	0	1,180,393
Other property and services		10,409	0	411,000
		<u>859,090</u>	<u>0</u>	<u>1,591,393</u>
Profit/(Loss) on asset disposals	11(b)			
Health		(1,017)	0	0
Education and welfare		0	0	(147)
Community amenities		2,159	0	52,778
Recreation and culture		(2,017,073)	0	(345,948)
Transport		262,532	237,915	109,860
Other property and services		3,578,858	3,700,047	(304,558)
		<u>1,825,459</u>	<u>3,937,962</u>	<u>(488,017)</u>
Net result		<u>15,770,472</u>	<u>10,509,406</u>	<u>9,398,851</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	17,041,546	0	0
Total comprehensive income		<u>32,812,018</u>	<u>10,509,406</u>	<u>9,398,851</u>

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



CITY OF GOSNELLS
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 Actual \$	2021 Actual \$
Current Assets			
Cash and cash equivalents	4	74,604,382	71,812,788
Trade and other receivables	5	10,739,501	9,938,455
Inventories	6	531,319	1,196,339
Other financial assets	7	79,000,000	76,507,007
Total Current Assets		164,875,202	159,454,589
Non-Current Assets			
Trade and other receivables	5	1,671,746	1,595,265
Inventories	6	1,206,977	1,206,977
Other financial assets	7	302,104	285,313
Property, plant and equipment	8	271,319,686	254,582,275
Infrastructure	9	1,019,414,468	1,010,862,336
Intangible assets	10	1,441,249	1,956,107
Right of use assets	13(a)	15,450	42,681
Total Non-Current Assets		1,295,371,680	1,270,530,954
Total Assets		1,460,246,882	1,429,985,543
Current Liabilities			
Trade and other payables	14	17,651,783	15,226,399
Contract, grant and contribution liabilities	15	10,401,155	9,770,903
Lease liabilities	13(b)	16,403	29,507
Current portion of long term borrowings	16(a)	8,116,332	2,457,922
Employee related provisions	17	11,582,991	11,256,626
Total Current Liabilities		47,768,664	38,741,357
Non-Current Liabilities			
Lease liabilities	13(b)	1,204	17,607
Contract, grant and contribution liabilities	15	17,666,955	21,150,815
Long term borrowings	16(a)	7,157,329	15,273,661
Employee related provisions	17	661,935	623,326
Total Non-Current Liabilities		25,487,423	37,065,409
Total Liabilities		73,256,087	75,806,766
Net Assets		1,386,990,795	1,354,178,777
Equity			
Retained surplus		396,067,457	385,782,121
Cash-backed reserves	18	127,642,696	119,632,928
Revaluation surplus	12	863,280,642	848,763,728
Total Equity		1,386,990,795	1,354,178,777

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



CITY OF GOSNELLS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Note	Retained Surplus \$	Reserves Cash Backed \$	Revaluation Surplus \$	Total Equity \$
Balance as at 1 July 2020		381,334,384	113,605,484	849,840,058	1,344,779,926
Comprehensive income					
Net result		9,398,851	0	0	9,398,851
Total comprehensive income		9,398,851	0	0	9,398,851
Revaluation write back on disposals	12	1,076,330	0	(1,076,330)	0
Transfers to reserves	18	(6,027,444)	6,027,444	0	0
Balance as at 30 June 2021		385,782,121	119,632,928	848,763,728	1,354,178,777
Comprehensive income					
Net result		15,770,472	0	0	15,770,472
Changes on revaluation of Non-Current Assets	12	0	0	17,041,546	17,041,546
Total comprehensive income		15,770,472	0	17,041,546	32,812,018
Revaluation write back on disposals	12	2,524,632	0	(2,524,632)	0
Transfers to reserves	18	(8,009,768)	8,009,768	0	0
Balance as at 30 June 2022		396,067,457	127,642,696	863,280,642	1,386,990,795

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

CITY OF GOSNELLS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash Flows from Operating Activities				
Receipts				
Rates		73,481,196	71,755,888	70,635,097
Operating grants, subsidies and contributions		8,463,558	5,919,565	6,394,208
Fees and charges		24,377,502	26,396,295	25,286,263
Interest earnings		1,519,660	2,495,310	1,620,452
Goods and services tax		6,327,871	5,000,000	5,452,661
Other revenue		83,656	165,610	155,950
		<u>114,253,443</u>	<u>111,732,668</u>	<u>109,554,631</u>
Payments				
Employee costs		(49,369,129)	(50,710,489)	(48,369,793)
Materials and contracts		(32,210,055)	(29,311,768)	(29,869,025)
Utility charges		(4,737,417)	(4,753,122)	(4,593,694)
Interest expenses		(196,986)	(334,463)	(207,736)
Insurance expenses		(966,033)	(1,000,598)	(755,939)
Goods and services tax		(6,385,561)	(5,112,131)	(5,537,681)
Other expenditure		(6,868,383)	(1,281,347)	(12,990,760)
		<u>(100,733,564)</u>	<u>(92,503,918)</u>	<u>(102,324,628)</u>
Net cash provided by operating activities	19	<u>13,519,879</u>	<u>19,228,750</u>	<u>7,220,003</u>
Cash Flows from Investing Activities				
Payments for:				
Land under development and developed land		(9,787)	(41,447)	(1,422,911)
Purchase of property, plant and equipment		(7,241,968)	(14,268,224)	(8,094,854)
Construction of infrastructure assets		(21,186,269)	(30,360,360)	(16,409,555)
Investments in term deposits		(79,000,000)	(71,118,868)	(62,507,007)
Proceeds from:				
Assets disposals		4,610,355	5,514,500	3,553,458
Matured term deposits		76,507,007	76,100,000	56,100,000
Non-operating grants, subsidies and contributions		18,079,806	15,839,439	26,620,291
		<u>(8,240,856)</u>	<u>(18,334,960)</u>	<u>(2,160,578)</u>
Net cash used in investing activities		<u>(8,240,856)</u>	<u>(18,334,960)</u>	<u>(2,160,578)</u>
Cash Flows from Financing Activities				
Repayment of loan facilities		(8,057,922)	(2,457,922)	(4,434,072)
Proceeds from loan facilities		5,600,000	665,510	5,600,000
Repayment of lease liabilities		(29,507)	0	(26,944)
		<u>(2,487,429)</u>	<u>(1,792,412)</u>	<u>1,138,984</u>
Net cash (used in) / provided by financing activities		<u>(2,487,429)</u>	<u>(1,792,412)</u>	<u>1,138,984</u>
Net increase (decrease) in cash held		<u>2,791,594</u>	<u>(898,622)</u>	<u>6,198,409</u>
Cash at beginning of year		71,812,788	82,879,513	65,614,379
Cash and cash equivalents at the end of the year	19	<u><u>74,604,382</u></u>	<u><u>81,980,891</u></u>	<u><u>71,812,788</u></u>

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

CITY OF GOSNELLS
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Revenue from Operating Activities excluding Rates				
General purpose funding		8,714,599	8,354,830	6,949,212
Governance		2,642	7,030	5,473
Law, order, public safety		1,119,243	604,138	832,354
Health		354,613	364,981	336,938
Education and welfare		414,768	372,665	380,922
Community amenities		18,132,159	17,721,015	18,432,830
Recreation and culture		4,052,527	4,123,792	3,807,675
Transport		638,080	738,495	559,220
Economic services		2,098,176	1,986,841	2,124,077
Other property and services		3,993,501	3,908,898	3,132,497
		<u>39,520,308</u>	<u>38,182,685</u>	<u>36,561,198</u>
Expense from Operating Activities				
General purpose funding		(1,515,117)	(1,551,073)	(3,076,327)
Governance		(2,987,546)	(3,298,851)	(2,516,079)
Law, order, public safety		(3,810,322)	(3,386,382)	(3,542,773)
Health		(1,274,977)	(1,331,270)	(1,118,140)
Education and welfare		(4,425,673)	(4,520,772)	(4,441,551)
Community amenities		(26,679,515)	(20,905,720)	(30,064,050)
Recreation and culture		(42,753,322)	(40,713,895)	(40,706,165)
Transport		(27,324,945)	(27,389,048)	(26,914,380)
Economic services		(2,074,315)	(2,293,630)	(2,351,734)
Other property and services		(10,958,866)	(10,757,181)	(13,546,549)
		<u>(123,804,598)</u>	<u>(116,147,822)</u>	<u>(128,277,748)</u>
Net operating result excluding rates		<u>(84,284,290)</u>	<u>(77,965,137)</u>	<u>(91,716,550)</u>
Adjustments for cash budget requirements:				
Non-cash revenue and expenses				
(Profit)/Loss on asset disposals	11(b)	(1,825,459)	(3,937,962)	488,017
Depreciation and amortisation on assets	11(c)	26,533,859	26,349,855	26,798,563
Fair value adjustment to financial assets		(16,791)	0	105,986
Movement in non-current assets		(76,481)	0	(108,220)
Movement in current developer contribution plan liability		385,695	0	(3,345,025)
Movement in non-current contract, grant and contribution liabilities		(3,483,860)	0	781,185
Movement in non-current employee related provisions		38,609	0	(54,332)
		<u>21,555,572</u>	<u>22,411,893</u>	<u>24,666,174</u>
Amount attributable to Operating Activities		<u>(62,728,718)</u>	<u>(55,553,244)</u>	<u>(67,050,376)</u>

CITY OF GOSNELLS
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Investing Activities				
Contributions/Grants for construction of assets		27,744,417	17,115,996	29,732,804
Public Open Space Cash-in-Lieu contributions		859,090	0	1,591,393
Proceeds from asset disposals	11(b)	4,609,827	5,514,500	3,557,525
Purchase of land under development and developed land	6	(9,787)	(41,447)	(1,422,911)
Movement in intangible assets	10	48,571	0	(58,675)
Purchase of property, plant and equipment	8	(7,507,555)	(14,236,897)	(9,194,273)
Construction/Purchase of infrastructure assets	9	<u>(28,887,802)</u>	<u>(30,391,688)</u>	<u>(21,681,003)</u>
Amount attributable to investing activities		<u>(3,143,239)</u>	<u>(22,039,536)</u>	<u>2,524,860</u>
Financing Activities				
Proceeds from loan facilities	16(b)	5,600,000	665,510	5,600,000
Repayment of loan facilities	16(b)	(8,057,922)	(2,457,922)	(4,434,072)
Amortisation of lease liability	13	(29,507)	0	(26,944)
Transfers to reserves (restricted cash)	18	(23,518,474)	(11,816,806)	(31,827,789)
Transfers from reserves (restricted cash)	18	<u>15,508,706</u>	<u>18,891,848</u>	<u>25,800,345</u>
Amount attributable to financing activities		<u>(10,497,197)</u>	<u>5,282,630</u>	<u>(4,888,460)</u>
Net Current Assets - surplus/(deficit) at:				
The start of the financial year		8,608,613	951,602	8,231,385
The end of the financial year	26	<u>(3,690,710)</u>	<u>0</u>	<u>(8,608,613)</u>
		4,917,903	951,602	377,228
Total amount raised from rates	2(a)	<u>(71,451,251)</u>	<u>(71,358,548)</u>	<u>(69,791,204)</u>

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* ("the Act") and accompanying regulations.

LOCAL GOVERNMENT ACT 1995 REQUIREMENTS

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the Act and, to the extent that they are not inconsistent with the Act, the *Australian Accounting Standards*. The *Australian Accounting Standards* (as they apply to local governments and not-for-profit entities) and *Interpretations of the Australian Accounting Standards Board* were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 *Leases* which would have required the City to measure any vested improvements at zero cost.

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 financial 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.

JUDGEMENTS AND 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 balances, transactions and disclosures impacted by accounting estimates are as follows:

- Estimated fair value of certain financial assets
- Impairment of financial assets
- Estimation of fair values of land and buildings and infrastructure
- Estimation uncertainties made in relation to lease accounting
- Estimated useful life of intangible assets

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 23 to these financial statements.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. RATES

(a) Rating Information

Rate Type	Rate in cents	Number of Properties	2022 Actual				2022 Budget				2021 Actual	
			Rateable Value	Rate Revenue	Interim Rates	Total Revenue	Rate Revenue	Interim Rates	Total Revenue	Total Revenue	Total Revenue	
			\$	\$	\$	\$	\$	\$	\$	\$	\$	
Differential Rates												
Gross Rental Value (GRV)												
Extractive Industry	14.237	3	384,000	54,670	0	54,670	54,669	0	54,669	54,129		
General GRV	7.493	33,262	716,469,007	53,677,229	812,866	54,490,095	53,685,023	707,000	54,392,023	53,120,561		
Rural GRV	8.992	831	18,757,137	1,686,642	(5,693)	1,680,949	1,686,567	0	1,686,567	1,654,967		
Tenancy Agreements	7.993	54	2,156,788	172,392	(172)	172,220	172,392	0	172,392	202,177		
Town Centre	8.617	65	7,586,061	653,691	(601)	653,090	653,687	0	653,687	649,170		
Unimproved Value (UV)												
Rural UV	0.2922	23	29,025,000	84,811	0	84,811	84,811	0	84,811	81,583		
Rural UV Agricultural Concession	0.2338	6	66,910,000	156,436	0	156,436	156,409	0	156,409	143,977		
Minimum Payment												
\$												
Gross Rental Value (GRV)												
General GRV	990	14,255	161,408,968	14,113,440	0	14,113,440	14,112,450	0	14,112,450	13,838,580		
Rural GRV	990	29	271,806	28,710	0	28,710	28,710	0	28,710	29,400		
Tenancy Agreements	990	9	59,148	8,910	0	8,910	8,910	0	8,910	8,820		
Town Centre	990	6	43,628	5,940	0	5,940	5,940	0	5,940	5,880		
Unimproved Value (UV)												
Rural UV	990	2	351,000	1,980	0	1,980	1,980	0	1,980	1,960		
Total amount raised from rates												
Specified Area Rate (refer to 2 (b))		14,301	162,134,550	14,158,980	0	14,158,980	14,157,990	0	14,157,990	13,884,640		
Ex-gratia Rates		48,545	1,003,422,543	70,644,851	806,400	71,451,251	70,651,548	707,000	71,358,548	69,791,204		
Total Rates												
										71,451,251	71,358,548	69,791,204
										498,458	495,480	523,843
										71,297	58,500	61,326
										72,021,006	71,912,528	70,376,373

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. RATES (continued)

Ex-gratia rates are payments received as contributions towards the City's operational costs from property owners which are otherwise exempt from paying rates.

SIGNIFICANT ACCOUNTING POLICIES

Rates Revenue

Rates revenue is recognised on commencement of the rating period. Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore, rates received in advance are recognised as Income in advance at Note 14.

(b) Specified Area Rates

Gross Rental Value (GRV)	Rate in cents	Number of Propertie s	2022 Actual			2022 Budget			2021 Actual	
			Rateable Value	Rate Revenue	Interim Rates	Total Revenue	Rate Revenue	Interim Rate	Total Revenue	Total Revenue
			\$	\$	\$	\$	\$	\$	\$	\$
Bletchley Park	0.6791	1,609	31,366,205	213,000	2,498	215,498	213,008	0	213,008	223,138
Brookland Greens	0.5115	562	13,834,082	70,760	305	71,065	70,761	0	70,761	74,331
Sanctuary Waters	0.5273	691	14,914,772	78,642	13	78,655	78,646	0	78,646	81,666
The Avenues	0.5758	498	9,660,640	55,623	11	55,634	55,626	0	55,626	54,116
The Boardwalk	0.3382	627	15,553,195	55,979	23	56,002	55,983	0	55,983	65,819
The Reserve	0.2600	359	8,252,362	21,455	149	21,604	21,456	0	21,456	24,773
				495,459	2,999	498,458	495,480	0	495,480	523,843

Purpose for the rate and proposed application of proceeds:

To recover in each Specified Area up to 22.5% of the park and environmental maintenance cost incurred by the City as they are maintained to a higher standard.

Description of the areas in which rates are 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"

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

(c) Service Charges

The City did not impose any service charges in 2021/22.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

3. 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:

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Operating grants, subsidies and contributions			
General purpose funding	6,058,331	4,512,200	4,447,348
Governance	882	7,030	4,081
Law, order and public safety	658,094	279,038	444,330
Health	6,941	6,795	7,287
Education and welfare	219,938	166,963	186,364
Community amenities	782,978	504,239	595,991
Recreation and culture	450,868	223,429	341,628
Transport	64,814	57,965	138,516
Economic services	5,021	6,795	6,584
Other property and services	321,220	155,111	295,442
	8,569,087	5,919,565	6,467,571
Non-operating grants, subsidies and contributions			
Law, order and public safety	53,500	0	0
Education and welfare	14,605	0	7,895
Community amenities	8,382,008	0	15,616,783
Recreation and culture	5,905,440	6,574,719	3,011,991
Transport	13,141,679	10,541,277	11,095,680
Other property and services	247,184	0	455
	27,744,416	17,115,996	29,732,804
	36,313,503	23,035,561	36,200,375
Fees and charges			
General purpose funding	497,184	380,000	458,913
Law, order and public safety	461,148	325,100	388,024
Health	347,672	358,186	329,651
Education and welfare	194,830	205,702	194,387
Community amenities	17,346,893	17,216,776	17,784,023
Recreation and culture	3,601,670	3,900,363	3,465,750
Transport	305,779	222,000	284,464
Economic services	2,093,155	1,980,046	2,116,718
Other property and services	3,678	53,740	0
	24,852,009	24,641,913	25,021,930

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

3. REVENUE AND EXPENSES (continued)

(a) Revenue (continued)

	2022 Actual \$	2021 Budget \$	2021 Actual \$
Interest earnings			
Reserve funds	669,938	1,608,000	920,255
Other funds	337,644	792,190	328,773
Rates instalment and penalty interest (Note 25)	565,085	508,460	193,897
	<u>1,572,667</u>	<u>2,908,650</u>	<u>1,442,925</u>
Other revenue			
Discount received	427	0	2,830
Others	83,229	0	153,119
	<u>83,656</u>	<u>0</u>	<u>155,949</u>

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

The City receives:

- Financial assistance grants;
- Operating grants, subsidies and contributions to deliver various programs and events within the City; and
- Non-operating grants, subsidies and contributions to acquire or construct recognisable non-financial assets to be controlled by the City.

Financial Assistance Grants are recognised when monies are received as the City does not have an obligation to refund the monies.

The City has an obligation to refund monies for operating and non-operating grants, subsidies and contributions. Revenue is recognised over time when the City satisfies its performance obligation under the grant and contribution contract.

Fees and charges

Fees and charges revenue relates to fees from the use of facilities and charges made for local government services, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

Revenue is recognised when the services or goods are provided.

Interest earnings

Interest earnings are recognised on an accruals basis taking into account interest rates applicable to the financial assets.

Other revenue

Other revenue relates to sale of minor equipment, discounts and rebates received. Revenue is recognised when the sale of minor equipment occurs or when discounts and rebates are received.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

3. REVENUE AND EXPENSES (continued)

(b) Expenses

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Auditors remuneration			
Audit of the annual financial report	91,600	100,000	83,120
Audit of grant acquittals	5,600	1,200	1,800
	<u>97,200</u>	<u>101,200</u>	<u>84,920</u>
 Interest expenses (Finance costs)			
Operating:			
- Interest on loan facilities	344,075	318,259	352,262
- Interest on lease liabilities	3,098	3,100	5,661
Capital interest on loan facilities	3,859	0	58,330
	<u>351,032</u>	<u>321,359</u>	<u>416,253</u>
 Other expenses			
Elected Members remuneration (Note 27 (a))	573,688	570,562	546,518
Election expenditure	304,174	280,000	0
Community sponsorship and donations	212,297	195,721	183,529
Rate waivers (Note 24)	81,049	79,520	1,535,484
Refund of fees and charges	12,811	12,045	14,975
ESL council properties	86,276	82,947	78,870
Developer contribution reimbursements	5,517,751	0	10,544,744
Others	80,338	60,550	86,638
	<u>6,868,384</u>	<u>1,281,345</u>	<u>12,990,758</u>

4. CASH AND CASH EQUIVALENTS

	Note	2022 \$	2021 \$
Cash on hand		8,535	8,785
Cash at bank		19,558,826	14,766,982
Term deposits		<u>55,037,021</u>	<u>57,037,021</u>
		<u>74,604,382</u>	<u>71,812,788</u>
 Cash and cash equivalents		74,604,382	71,812,788
Term deposits classified as Financial assets at amortised cost	7	<u>79,000,000</u>	<u>76,507,007</u>
		<u>153,604,382</u>	<u>148,319,795</u>
 Comprises:			
- Unrestricted		21,841,627	24,811,366
- Restricted		<u>131,762,755</u>	<u>123,508,429</u>
		<u>153,604,382</u>	<u>148,319,795</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

4. CASH AND CASH EQUIVALENTS (continued)

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

	Note	2022 \$	2021 \$
Restricted Cash and Financial assets at amortised cost			
Reserves - cash backed	18	127,642,696	119,632,928
Contract liabilities from transfers for recognisable non-financial assets	15	3,940,137	3,730,425
Contract liabilities from contracts with customers	15	179,922	145,076
		<u>131,762,755</u>	<u>123,508,429</u>

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.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserves and unspent grants, subsidies and contributions that have not been fully expended in the manner specified by the contributor and legislation.

5. TRADE AND OTHER RECEIVABLES

	2022 \$	2021 \$
Current		
Rates receivables	6,881,700	7,472,834
Sundry receivables	2,649,169	1,262,100
Allowance for impairment of receivables	(9,814)	(9,814)
GST receivables	692,920	707,229
Accrued revenue	517,710	490,361
Capital grant receivables	7,816	15,745
	<u>10,739,501</u>	<u>9,938,455</u>
Non-current		
Pensioner's rates and ESL deferred	<u>1,671,746</u>	<u>1,595,265</u>

SIGNIFICANT ACCOUNTING POLICIES

Rates and sundry receivables

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

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

Accrued revenue

Accrued revenue is recognised when the City has yet to receive payment for goods or services provided. It includes accrued interest income and royalties.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

5. TRADE AND OTHER RECEIVABLES (continued)

SIGNIFICANT ACCOUNTING POLICIES

Capital grant receivables

Capital grant receivables are recognised when money has been spent by the City to acquire or construct non-financial assets that are controlled by the City and the City is entitled to, but has not yet received those capital funds from the grantor.

Impairment and risk exposure

Information about the impairment of sundry receivables and their exposure to credit risk and interest rate risk can be found in Note 30.

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.

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.

6. INVENTORIES

	2022 \$	2021 \$
Current		
Fuel and materials	344,357	341,816
Land under development and developed land - cost		
- Acquisition cost	168,985	845,373
- Work in progress	17,977	9,150
	<u>531,319</u>	<u>1,196,339</u>
Non-current		
Land under development and developed land - cost		
- Acquisition cost	1,206,977	1,206,977
	<u>1,206,977</u>	<u>1,206,977</u>

The following movements in inventories occurred during the year:

	Note	2022 \$	2021 \$
Carrying amount at 1 July		2,403,316	5,123,256
Inventories expensed during the year		(1,650,713)	(1,274,691)
Additions to fuel and materials		1,653,255	1,348,327
Additions to land under development and developed land		9,787	1,422,911
Sale/disposals of inventory	11(b)	(677,349)	(3,515,585)
Transfers between asset classes		0	(700,902)
Carrying amount at 30 June		<u>1,738,296</u>	<u>2,403,316</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

6. INVENTORIES (continued)

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.

Land under development and developed land

Land under 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.

7. OTHER FINANCIAL ASSETS

	2022 \$	2021 \$
Current		
Financial assets at amortised cost		
- Term deposits	<u>79,000,000</u>	<u>76,507,007</u>
Non-current		
Financial assets at fair value through profit and loss		
- Units in Local Government House Trust	194,509	184,517
- Share in Rivers Regional Council	<u>107,595</u>	<u>100,796</u>
	<u>302,104</u>	<u>285,313</u>

The following movement in Financial assets at fair value through profit and loss occurred during the year:

	2022 \$	2021 \$
Carrying amount at 1 July	285,313	391,299
Unrealised gain - Investment in Local Government House Trust	9,992	6,464
Unrealised gain / (loss) - Investment in Rivers Regional Council	<u>6,799</u>	<u>(112,450)</u>
Carrying amount at 30 June	<u>302,104</u>	<u>285,313</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 2021 as the audited financial statements as at 30 June 2022 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 2022 are unlikely to be material.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

7. OTHER FINANCIAL ASSETS (continued)

The City's investment in Rivers Regional Council (the "Council") represents a 31.19% share in Net Assets of \$344,995. Changes in fair value of the share in Rivers Regional Council have been recognised based on the audited financial statements of the Council as at 30 June 2021 as the audited financial statements as at 30 June 2022 were not available at the time of the preparation of the financial report. Changes in the fair value of units in the Council as at 30 June 2022 are unlikely to be material.

SIGNIFICANT ACCOUNTING POLICIES

Financial assets at amortised cost

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

- the asset is held within a business model whose objective is to collect the contractual cash flows, 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 exposure

Information regarding impairment and exposure to risk can be found at Note 30.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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 2022	Land \$	Buildings \$	Furniture and Equipment \$	Plant and Equipment \$	Total \$
Balance at 1 July 2021	138,402,123	103,046,987	4,741,691	8,391,474	254,582,275
Additions					
- Completed Works	563,406	499,548	927,247	3,021,417	5,011,618
- Works in Progress	0	2,368,326	127,611	0	2,495,937
	563,406	2,867,874	1,054,858	3,021,417	7,507,555
Reclassification	0	201,715	0	0	201,715
Disposals	(12,359)	(515,140)	0	(71,615)	(599,114)
Depreciation	0	(3,309,278)	(1,546,998)	(2,558,015)	(7,414,291)
Revaluation increments transferred to revaluation surplus	0	17,041,546	0	0	17,041,546
Carrying amount at 30 June 2022	<u>138,953,170</u>	<u>119,333,704</u>	<u>4,249,551</u>	<u>8,783,261</u>	<u>271,319,686</u>
Comprises					
Gross carrying amount at 30 June 2022	138,953,170	213,344,188	16,851,831	23,150,430	392,299,619
Less: Accumulated depreciation at 30 June 2022	0	(94,010,484)	(12,602,280)	(14,367,169)	(120,979,933)
Carrying amount at 30 June 2022	<u>138,953,170</u>	<u>119,333,704</u>	<u>4,249,551</u>	<u>8,783,261</u>	<u>271,319,686</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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 2021	Land	Buildings	Furniture and Equipment	Plant and Equipment	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2020	136,502,596	100,968,588	5,657,470	10,089,061	253,217,715
Additions					
- Completed Works	1,912,874	955,080	697,768	1,086,355	4,652,077
- Works in Progress	0	4,542,196	0	0	4,542,196
	1,912,874	5,497,276	697,768	1,086,355	9,194,273
Reclassification	0	(71,377)	(2,726)	2,726	(71,377)
Disposals	(13,347)	(0)	(9,266)	(164,300)	(186,913)
Depreciation	0	(3,347,500)	(1,601,555)	(2,622,368)	(7,571,423)
Carrying amount at 30 June 2021	<u>138,402,123</u>	<u>103,046,987</u>	<u>4,741,691</u>	<u>8,391,474</u>	<u>254,582,275</u>
Comprises					
Gross carrying amount at 30 June 2021	138,402,123	193,050,794	15,796,973	21,425,301	368,675,191
Less: Accumulated depreciation at 30 June 2021	0	(90,003,807)	(11,055,282)	(13,033,827)	(114,092,916)
Carrying amount at 30 June 2021	<u>138,402,123</u>	<u>103,046,987</u>	<u>4,741,691</u>	<u>8,391,474</u>	<u>254,582,275</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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 2022	Roads, Footpaths and Kerbs	Bridges (Road)	Drainage	Park Development	Others	Total
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2021	611,930,513	36,775,805	261,375,762	82,530,264	18,249,992	1,010,862,336
Additions						
- Completed Works	4,687,905	0	2,144,979	3,039,253	1,111,134	10,983,271
- Developer Contributed Assets	3,930,348	0	2,006,185	1,696,583	10,059	7,643,175
- Works in Progress	6,566,845	0	434,966	2,623,096	636,449	10,261,356
	15,185,098	0	4,586,130	7,358,932	1,757,642	28,887,802
Reclassification	0	0	0	(201,715)	0	(201,715)
Disposals	0	0	0	(1,502,950)	(4,955)	(1,507,905)
Depreciation	(8,923,194)	(852,969)	(3,735,147)	(4,678,904)	(435,836)	(18,626,050)
Carrying amount at 30 June 2022	<u>618,192,417</u>	<u>35,922,836</u>	<u>262,226,745</u>	<u>83,505,627</u>	<u>19,566,843</u>	<u>1,019,414,468</u>
Comprises:						
Gross carrying amount at 30 June 2022	734,866,309	75,045,127	376,557,439	117,880,408	26,401,814	1,330,751,097
Accumulated depreciation at 30 June 2022	(116,673,892)	(39,122,291)	(114,330,694)	(34,374,781)	(6,834,971)	(311,336,629)
Carrying amount at 30 June 2022	<u>618,192,417</u>	<u>35,922,836</u>	<u>262,226,745</u>	<u>83,505,627</u>	<u>19,566,843</u>	<u>1,019,414,468</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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 2021	Roads, Footpaths and Kerbs	Bridges	Drainage	Park Development	Others	Total
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2020	605,671,758	46,003,248	262,212,841	75,577,034	17,992,210	1,007,457,091
Additions						
- Completed Works	3,159,935	125,334	777,161	2,783,477	213,301	7,059,208
- Developer Contributed Assets	2,714,305	91,146	1,964,039	492,722	18,036	5,280,248
- Works in Progress	8,577,905	0	0	702,150	61,492	9,341,547
	14,452,145	216,480	2,741,200	3,978,349	292,829	21,681,003
Reclassification	671,316	(8,581,330)	139,314	8,138,611	404,368	772,279
Disposals	0	0	0	(341,814)	(1,228)	(343,042)
Depreciation	(8,864,706)	(862,593)	(3,717,593)	(4,821,916)	(438,187)	(18,704,995)
Carrying amount at 30 June 2021	<u>611,930,513</u>	<u>36,775,805</u>	<u>261,375,762</u>	<u>82,530,264</u>	<u>18,249,992</u>	<u>1,010,862,336</u>
Comprises:						
Gross carrying amount at 30 June 2021	719,681,211	75,045,127	371,971,309	113,261,539	24,662,443	1,304,621,629
Accumulated depreciation at 30 June 2021	(107,750,698)	(38,269,322)	(110,595,547)	(30,731,275)	(6,412,451)	(293,759,293)
Carrying amount at 30 June 2021	<u>611,930,513</u>	<u>36,775,805</u>	<u>261,375,762</u>	<u>82,530,264</u>	<u>18,249,992</u>	<u>1,010,862,336</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

10. INTANGIBLE ASSETS

Movement in the carrying amount of Intangible assets between the beginning and the end of the year.

	Note	2022 \$	2021 \$
Computer Software:			
Balance at 1 July		1,956,107	2,392,198
Additions			
Capitalised		0	37,500
Work in progress		155,603	21,175
Expensed during the year		(204,174)	0
Amortisation expense	11(c)	(466,287)	(494,766)
Carrying amount at 30 June		<u>1,441,249</u>	<u>1,956,107</u>
Comprises:			
Gross carrying amount at 30 June		4,771,394	4,819,965
Accumulated amortisation at 30 June		<u>(3,330,145)</u>	<u>(2,863,858)</u>
Carrying amount at 30 June		<u>1,441,249</u>	<u>1,956,107</u>

11. PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE AND INTANGIBLE ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the City are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

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.

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 in accordance with *Local Government (Financial Management) Regulation 17A (5)*. All assets are subsequently revalued in accordance with the mandatory measurement framework.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

11. PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE AND INTANGIBLE ASSETS (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Initial recognition and measurement between mandatory revaluation dates (continued)

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 that are acquired at no cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets that are land, buildings and infrastructure 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

In accordance with the regulatory framework the fair value of land, buildings and infrastructure is determined within a period of five years. This includes buildings and infrastructure items where pre-existing improvements exist on vested land acquired by the City. 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 land, buildings, infrastructure, and vested improvements 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. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the City to measure the vested improvements as part of the related right of use (ROU) assets at zero cost.

Refer to Note 13 that details the significant accounting policies applying to leases (including ROU assets).

Land under roads prior to 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, is treated as ROU assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

CHANGES IN ACCOUNTING POLICIES

The IFRS Interpretations Committee (IFRIC) has issued the agenda decision with respect to accounting for Software as a Service (SaaS) arrangements. The agenda decision concluded that SaaS arrangements are likely to be service arrangements, rather than intangible or leased assets. This is because the arrangement typically grants the customer a right to receive future access to the software. The software runs on the supplier's cloud infrastructure and therefore the supplier controls the intellectual property (IP) of the underlying software code.

Management assessed all possible SaaS arrangements against IFRIC criteria and identified one intangible asset meeting the criteria of SaaS arrangements. Due to immateriality, this asset was not written off from the asset register during the financial year.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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11. PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE AND INTANGIBLE ASSETS (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 Level 3 Level 3 Level 3	Market Approach Income Approach Market Approach Cost Approach*	Management Management Management Independent	30 June 2020 30 June 2020 30 June 2020 30 June 2022	Price per square metre Estimates of useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
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.
Bridges (Road)	Level 3	Cost Approach*	Independent	30 June 2018	
Drainage	Level 3	Cost Approach*	Management	30 June 2018	
Park Development	Level 3	Cost Approach*	Management	30 June 2018	
Other Infrastructure	Level 3	Cost Approach*	Management	30 June 2018	

* Using current replacement cost

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

11. PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE AND INTANGIBLE ASSETS (continued)

(a) Fair Value Measurements (continued)

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of last Valuation	Inputs used
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	
* Using current replacement cost					

The timing of valuation(s) complies with the statutory requirement of regulation 17A (4) of the *Local Government (Financial Management) Regulations 1996*, which requires specific asset classes to be revalued by a specific date.

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

During the period there were no changes in the valuation techniques used by the City 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 2022

11. PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE AND INTANGIBLE ASSETS (continued)

(b) Asset Disposals

Asset Class / Program	2022		2022		2022		2021		2021	
	Net Book Value		Sale Proceeds		Profit / (Loss)		Net Book Value		Sale Proceeds	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Actual	Actual	Actual
Land under Development and Developed Land	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
- Other property and services	677,349	589,953	4,264,046	4,290,000	3,586,697	3,700,047	3,515,585	3,215,807	(299,778)	
Land under Development and Developed Land	677,349	589,953	4,264,046	4,290,000	3,586,697	3,700,047	3,515,585	3,215,807	(299,778)	
Infrastructure Assets										
Other Infrastructure										
- Transport	4,955	0	0	0	(4,955)	0	1,228	0	(1,228)	
Park Development										
- Recreation and culture	1,502,950	0	0	0	(1,502,950)	0	341,814	0	(341,814)	
Total Infrastructure Assets	1,507,905	0	0	0	(1,507,905)	0	343,042	0	(343,042)	
Balance carried forward	2,185,254	589,953	4,264,046	4,290,000	2,078,792	3,700,047	3,858,627	3,215,807	(642,820)	

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

11. PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE AND INTANGIBLE ASSETS (continued)

(b) Asset Disposals (continued)

	2022		2022		2022		2021		2021	
	Net Book Value		Sales Proceeds		Profit / (Loss)		Net Book Value		Sales Proceeds	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Balance brought forward	2,185,254	589,953	4,264,046	4,290,000	2,078,792	3,700,047	3,858,627	3,215,807	(642,820)	
Property, Plant and Equipment										
Plant and Equipment										
- Transport	71,615	986,585	339,102	1,224,500	267,487	237,915	164,300	275,388	111,088	
Land										
- Community amenities	4,520	0	6,679	0	2,159	0	13,347	66,125	52,778	
- Other property and services	7,839	0	0	0	(7,839)	0	0	0	0	
Buildings										
- Health	1,017	0	0	0	(1,017)	0	0	0	0	
- Recreation and culture	514,123	0	0	0	(514,123)	0	0	0	0	
Furniture and Equipment										
- Education and Welfare	0	0	0	0	0	0	297	150	(147)	
- Other property and services	0	0	0	0	0	0	4,780	0	(4,780)	
- Recreation and culture	0	0	0	0	0	0	4,189	55	(4,134)	
Total Property, Plant and Equipment	599,114	986,585	345,781	1,224,500	(253,333)	237,915	186,913	341,718	154,805	
Total	2,784,368	1,576,538	4,609,827	5,514,500	1,825,459	3,937,962	4,045,540	3,557,525	(488,015)	

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

11. PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE AND INTANGIBLE ASSETS (continued)

(b) Asset Disposals (continued)

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Profit	3,856,343	4,158,577	2,887,654
Loss	(2,030,884)	(220,615)	(3,375,671)
Net	<u>1,825,459</u>	<u>3,937,962</u>	<u>(488,017)</u>

(c) Depreciation and Amortisation

By Asset Class	2022 Actual \$	2022 Budget \$	2021 Actual \$
Bridges (Road)	852,969	1,124,224	862,593
Buildings	3,309,278	3,342,372	3,347,500
Drainage	3,735,147	3,771,043	3,717,593
Furniture and equipment	1,546,998	1,408,527	1,601,555
Intangible assets	466,287	461,310	494,766
Other infrastructure	435,836	436,567	438,187
Park development	4,678,904	4,329,545	4,821,916
Plant and equipment	2,282,639	2,235,904	2,366,228
Right of use assets	27,231	27,231	27,379
Roads, footpaths and kerbs	<u>8,923,194</u>	<u>9,009,623</u>	<u>8,864,706</u>
	26,258,483	26,146,346	26,542,423
Depreciation Capitalised			
Plant and equipment	275,376	203,509	256,140
Total Depreciation and Amortisation	<u>26,533,859</u>	<u>26,349,855</u>	<u>26,798,563</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 component's useful life from the time the asset is held ready for use or depreciated over its remaining useful life once revalued. 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.

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

11. PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE AND INTANGIBLE ASSETS (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation and Amortisation Rates

Major estimated useful lives for each asset class for the current and prior years are:

Asset Class	Years
Bridges - roads	60 to 100
Buildings.....	5 to 100
Drainage	15 to 100
Furniture and equipment	2 to 75
Intangible assets.....	1 to 10
Other infrastructure	10 to 100
Park development	10 to 100
Plant and equipment	2 to 20
Right of use assets	Based on the remaining lease
Roads, Kerbing and Paths	
Subgrade	Infinite
Access roads - pavement	Infinite
Distributor roads - pavement	54 to 75
Surface	18 to 30
Kerbs	36 to 60
Paths	30 to 80
Land	Infinite

Depreciation on Revaluation

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

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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12. REVALUATION SURPLUS

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

	2022	2022	2022	2022	2021	2021	2021	2021
	Opening Balance \$	Revaluation Increment \$	Revaluation Write back on Disposals \$	Closing Balance \$	Opening Balance \$	Reclassification \$	Revaluation Write back on Disposals \$	Closing Balance \$
Land and buildings	152,511,331	17,041,546	(548,908)	169,003,969	153,119,773	0	(608,442)	152,511,331
Plant and equipment	1,370,429	0	(109,541)	1,260,888	1,461,244	0	(90,815)	1,370,429
Furniture and equipment	2,785,860	0	0	2,785,860	2,785,860	0	0	2,785,860
Roads, footpaths and kerbs	406,197,641	0	0	406,197,641	406,197,641	0	0	406,197,641
Bridges (Road)	12,263,874	0	0	12,263,874	14,320,887	(2,055,659)	(1,354)	12,263,874
Drainage	214,703,646	0	0	214,703,646	214,703,646	0	0	214,703,646
Other infrastructure	13,270,084	0	9,716	13,279,800	13,264,378	0	5,706	13,270,084
Intangible assets	2,729,029	0	0	2,729,029	2,729,029	0	0	2,729,029
Park developments	42,931,834	0	(1,875,899)	41,055,935	41,257,600	2,055,659	(381,425)	42,931,834
	848,763,728	17,041,546	(2,524,632)	863,280,642	849,840,058	0	(1,076,330)	848,763,728

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 required by AASB 116 *Property, Plant and Equipment* paragraph Aus 40.1.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

13. LEASES

(a) Right of Use Assets

Movement in the carrying amount of Right of use assets between the beginning and the end of the year.

	2022 \$	2021 \$
Colour printer copier machines:		
Balance as at 1 July	42,681	70,060
Depreciation	<u>(27,231)</u>	<u>(27,379)</u>
Carrying amount at 30 June	<u>15,450</u>	<u>42,681</u>
Cash outflow from leases		
Interest expense on lease liabilities	3,098	5,661
Lease liabilities principal repayments	<u>29,507</u>	<u>26,944</u>
Total cash outflow from leases	<u>32,605</u>	<u>32,605</u>
Other expenses relating to leases		
Short-term lease payments recognised as expense	<u>22,356</u>	<u>18,064</u>

The City has 2 leases relating to plant and equipment, specifically colour printer copier machines. The lease term for both leases is 4 years. Potential exposure to future cash flows is not reflected in the measurement of lease liabilities.

(b) Lease Liabilities

	2022 \$	2021 \$
Current	16,403	29,507
Non-Current	<u>1,204</u>	<u>17,607</u>
	<u>17,607</u>	<u>47,114</u>

Particulars/Purpose	Interest Rate	Lease Principal outstanding at 1 July \$	Lease Principal repayments \$	Lease Principal outstanding at 30 June \$	Actual Interest repayments \$
Other Properties and Services					
Year ended 30 June 2022					
Colour printer copier machines	0.77% - 0.82%	<u>47,114</u>	<u>(29,507)</u>	17,607	<u>(3,098)</u>
Year ended 30 June 2021					
Colour printer copier machines	0.77% - 0.82%	<u>74,058</u>	<u>(26,944)</u>	47,114	<u>(5,661)</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

13. LEASES (continued)

SIGNIFICANT ACCOUNTING POLICIES

Leases

At inception of a contract, the City assesses if the contract contains, or is, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

All contracts that are classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Right of use assets and Lease liability

At the commencement date, a right of use (ROU) asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease.

ROU assets are subsequently measured under the cost model and are not revalued. All ROU assets (other than vested improvements) under zero cost concessionary leases (peppercorn leases) are measured at zero cost (i.e. not included in the balance sheet). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value. Refer to Note 11 that details the significant accounting policies applying to vested improvements.

ROU assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the ROU asset reflects that the City anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

14. TRADE AND OTHER PAYABLES

	2022	2021
	\$	\$
Current		
Trade creditors	5,367,949	4,583,862
Bonds and deposits	3,378,768	2,899,909
Accrued expenditure	1,965,844	1,945,140
Income in advance	6,939,222	5,797,488
	<u>17,651,783</u>	<u>15,226,399</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 liabilities and are normally paid within 14 days of recognition.

Bonds and deposits

Bonds and deposits represent bonds received from customers mainly for planning and infrastructure work applications. The City has an obligation to return the bonds once customers satisfy the regulatory requirements related to the applications.

Income in advance

Income in advance represent liabilities arising from payments received by the City prior to satisfying its obligation to provide goods or render service. Current year income in advance mainly comprises prepaid rates.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

15. CONTRACT, GRANT AND CONTRIBUTION LIABILITIES

	2022 \$	2021 \$
Current		
Contract liabilities from contracts with customers	179,922	145,076
Capital grant liabilities	3,940,137	3,730,425
Developer Contribution Plan liability	6,281,096	5,895,402
	<u>10,401,155</u>	<u>9,770,903</u>
Non-current		
Developer Contribution Plan liability	<u>17,666,955</u>	<u>21,150,815</u>

Movement in the carrying amount of Capital grant liabilities and Developer Contribution Plan liability between the beginning and the end of the year.

	Capital grant liabilities Actual \$	Developer Contribution Plan liability Actual \$
Balance as at 1 July 2021	3,730,425	27,046,217
Additions	11,630,107	3,228,395
Revenue recognised during the year	<u>(11,420,395)</u>	<u>(6,326,561)</u>
Carrying amount as at 30 June 2022	<u>3,940,137</u>	<u>23,948,051</u>

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

Contract liabilities represent the City's obligation to transfer goods or services to customers for which the City has received consideration from customers.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital grant liabilities

Capital grant liabilities are recognised for transfers received to acquire or construct non-financial assets that are to be controlled by the City where the City has yet to perform the obligations under the transfers.

Capital grant liabilities are recognised as revenue when the obligations under the transfers are performed.

Developer Contribution Plan liability

The City receives contributions from landowners as required under developer contribution arrangements. In accordance with State Planning Policy 3.6 "Infrastructure Contributions", the contributions are recognised in the City's cash-backed reserves (refer to Note 18). Developer contribution plan liabilities represent the unspent contributions from the developer contribution plan relating to construction and/or acquisition of assets that will be controlled by the City.

Developer Contributions are recognised as revenue when the performance obligations in the arrangement are satisfied, i.e. when the arrangement reimburses the City or developer for the construction and/or acquisition of assets.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

16. INFORMATION ON BORROWINGS

(a) Borrowings

	2022 \$	2021 \$
Current	8,116,332	2,457,922
Non-Current	7,157,329	15,273,661
	<u>15,273,661</u>	<u>17,731,583</u>

(b) Repayments - Borrowings

Year ended 30 June 2022	Interest Rate	2022 Actual Principal at 1 July	2022 Actual New Loans	2022 Actual Principal repayments	2022 Actual Principal outstanding at 30 June	2022 Actual Interest repayments	2022 Budget Principal at 1 July	2022 Budget New Loans	2022 Budget Principal repayments	2022 Budget Principal outstanding at 30 June	2022 Budget Interest repayments
Particulars/Purpose		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Community Amenities											
Central Maddington ODP Infrastructure	1.52%	9,066,754	0	(947,485)	8,119,269	(134,228)	9,066,755	0	(947,485)	8,119,270	(134,228)
Recreation and Culture											
Mills Park Redevelopment	2.91%	3,064,829	0	(1,510,437)	1,554,391	(100,002)	3,064,828	0	(1,510,437)	1,554,391	(89,187)
Other Property and Services											
Robinson Park Subdivision and Park Development	1.07%	5,600,000	5,600,000	(5,600,000)	5,600,000	(48,467)	5,600,000	0	0	5,600,000	(32,894)
Southern River Business Park Development	N/A	0	0	0	0	0	0	665,510	0	665,510	(305)
		<u>17,731,583</u>	<u>5,600,000</u>	<u>(8,057,922)</u>	<u>15,273,661</u>	<u>(282,697)</u>	<u>17,731,583</u>	<u>665,510</u>	<u>(2,457,922)</u>	<u>15,939,171</u>	<u>(256,614)</u>

Central Maddington ODP Infrastructure long term loan facility repayment will be financed by general purpose revenue.
Mills Park Redevelopment loan facility repayments will be financed by general purpose revenue.
Robinson Park Subdivision and Park Development loan facility repayments will be financed by sale of land proceeds.
All borrowings are obtained from the WA Treasury Corporation (WATC).

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

16. INFORMATION ON BORROWINGS (continued)

(b) Repayments - Borrowings (continued)

Year ended 30 June 2021	Interest Rate	2021 Actual		2021 Actual		2021 Actual		2021 Actual	
		Principal at 1 July	New Loans	Principal repayments	Principal outstanding at 30 June	Interest repayments	Interest	Principal	Interest
Particulars/Purpose		\$	\$	\$	\$	\$		\$	\$
Community Amenities									
Central Maddington ODP Infrastructure	1.52%	10,000,000	0	(933,246)	9,066,754	(156,752)			
Recreation and Culture									
Mills Park Redevelopment	2.91%	4,532,555	0	(1,467,726)	3,064,829	(216,563)			
Other Property and Services									
Robinson Park Subdivision and Park Development	0.52%	2,033,100	5,600,000	(2,033,100)	5,600,000	(29,876)			
		16,565,655	5,600,000	(4,434,072)	17,731,583	(403,191)			

(c) New Borrowings

Particulars/Purpose	Facility Limit	Amount Borrowed		Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
		Actual \$	Budget \$					Actual \$	Budget \$	
Other Properties and Services										
Robinson Park Subdivision and Park Development	5,600,000	5,600,000	0	Short Term	3	69,991	1.07%	5,600,000	0	0

All borrowings are obtained from WATC.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

16. INFORMATION ON BORROWINGS (continued)

(d) Unspent Borrowings

The City did not have any unspent loan funds as at 30 June 2022.

(e) Undrawn Borrowing Facilities

	2022	2021
	\$	\$
Credit Standby Arrangements*		
Credit card limit	300,000	300,000
Credit card balance at balance date	(4,127)	(3,478)
Total amount of credit unused	<u>295,873</u>	<u>296,522</u>
 Loan facilities		
Loan facilities - current	8,116,332	2,457,922
Loan facilities - non-current	7,157,329	15,273,661
Total facilities in use at 30 June	<u>15,273,661</u>	<u>17,731,583</u>
 Loan facilities at balance date**		
Loan facilities in use	15,273,661	17,731,583
Loan facilities not in use	10,326,339	7,868,417

* The City does not have an overdraft facility during the financial year.

** Funds only available for the purposes detailed in Note 16(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 exposure

Information regarding exposure to risk can be found at Note 30.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

17. EMPLOYEE RELATED PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Provision for On-costs \$	Provision for Deferred Salaries \$	Provision for Rostered Day Off \$	Provision for Time Owed In Lieu \$	Total \$
Opening balance at 1 July 2021							
Current provisions	4,393,416	5,039,005	1,287,646	181,310	68,107	287,142	11,256,626
Non-current provisions	0	561,547	61,779	0	0	0	623,326
	<u>4,393,416</u>	<u>5,600,552</u>	<u>1,349,425</u>	<u>181,310</u>	<u>68,107</u>	<u>287,142</u>	<u>11,879,952</u>
Additional provision	3,289,877	769,994	735,320	85,495	63,465	265,800	5,209,951
Amounts used	(3,251,022)	(548,457)	(438,460)	(93,236)	(74,288)	(251,649)	(4,657,112)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	(167,585)	(20,280)	0	0	0	(187,865)
Balance at 30 June 2022	<u>4,432,271</u>	<u>5,654,504</u>	<u>1,626,005</u>	<u>173,569</u>	<u>57,284</u>	<u>301,293</u>	<u>12,244,926</u>
Comprises							
Current provisions	4,432,271	5,106,437	1,512,137	173,569	57,284	301,293	11,582,991
Non-current provisions	0	548,067	113,868	0	0	0	661,935
	<u>4,432,271</u>	<u>5,654,504</u>	<u>1,626,005</u>	<u>173,569</u>	<u>57,284</u>	<u>301,293</u>	<u>12,244,926</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

17. EMPLOYEE RELATED PROVISIONS (continued)

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:

	2022	2021
	\$	\$
Within 12 months of the end of the reporting period	2,739,834	2,758,152
More than 12 months after the end of the reporting period	<u>1,692,437</u>	<u>1,635,264</u>
	<u>4,432,271</u>	<u>4,393,416</u>

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:

	2022	2021
	\$	\$
Within 12 months of the end of the reporting period	4,277,810	4,055,412
More than 12 months after the end of the reporting period	<u>1,376,694</u>	<u>1,545,140</u>
	<u>5,654,504</u>	<u>5,600,552</u>

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.

	2022	2021
	\$	\$
Carrying amount at beginning of period	1,349,425	978,126
Additional (reversal of) provisions recognised	<u>276,580</u>	<u>371,299</u>
	<u>1,626,005</u>	<u>1,349,425</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

17. EMPLOYEE RELATED PROVISIONS (continued)

Deferred Salaries

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:

	2022	2021
	\$	\$
Within 12 months of the end of the reporting period	78,848	67,431
More than 12 months after the end of the reporting period	94,721	113,879
	<u>173,569</u>	<u>181,310</u>

Accrued Rostered Day Off (RDO)

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 within 12 months of the end of the reporting period.

Time Off in Lieu (TOIL)

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 within 12 months of the end of the reporting period.

Employee numbers

The number of full-time equivalent employees as at:

30 June 2021	451
30 June 2022	469

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 (other than termination benefits) 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, sick leave, accrued RDO and TOIL. 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 remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

17. EMPLOYEE RELATED PROVISIONS (continued)

SIGNIFICANT ACCOUNTING POLICIES

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.

18. CASH-BACKED RESERVES

(a) Summary of movements

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Ordinary Reserves			
a) Asset Management			
Opening Balance	954,801	959,423	971,723
Amount set aside / transfer to reserve	5,010	12,419	7,539
Amount used / transfer from reserve	(40,000)	(10,000)	(24,461)
	<u>919,811</u>	<u>961,842</u>	<u>954,801</u>
b) Central Maddington City Funded Common Infrastructure Works			
Opening Balance	3,110,721	3,556,868	5,188,231
Amount set aside / transfer to reserve	11,739	12,190	39,701
Amount used / transfer from reserve	(1,791,300)	(2,624,930)	(2,117,211)
	<u>1,331,160</u>	<u>944,128</u>	<u>3,110,721</u>
c) Community Infrastructure Reserve			
Opening Balance	14,484,998	17,369,392	9,747,815
Amount set aside / transfer to reserve	11,103,563	3,930,298	7,062,039
Amount used / transfer from reserve	(774,048)	(1,682,902)	(2,324,856)
Transfers between reserves - Equity	0	12,026	0
	<u>24,814,513</u>	<u>19,628,814</u>	<u>14,484,998</u>
d) Covid-19 Recovery Reserve			
Opening Balance	1,260,240	1,192,697	0
Amount set aside / transfer to reserve	6,616	155	1,495,985
Amount used / transfer from reserve	(16,346)	(1,180,826)	(235,745)
Transfers between reserves - Equity	0	(12,026)	0
	<u>1,250,510</u>	<u>0</u>	<u>1,260,240</u>
e) Developer Contributions Infrastructure			
Opening Balance	800,785	805,540	743,441
Amount set aside / transfer to reserve	4,225	71,321	57,344
	<u>805,010</u>	<u>876,861</u>	<u>800,785</u>
Total ordinary reserves carried forward	29,121,004	22,411,645	20,611,545

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. CASH-BACKED RESERVES (continued)

(a) Summary of movements (continued)

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Ordinary Reserves (continued)			
Total ordinary reserves brought forward	29,121,004	22,411,645	20,611,545
f) Gosnells Oval Redevelopment			
Opening Balance	1,172,016	1,077,014	1,091,214
Amount set aside / transfer to reserve	59,212	59,435	80,971
Amount used / transfer from reserve	(69,144)	(517,608)	(169)
	<u>1,162,084</u>	<u>618,841</u>	<u>1,172,016</u>
g) Gosnells Town Centre Revitalisation			
Opening Balance	6,113,253	5,903,171	8,675,807
Amount set aside / transfer to reserve	118,792	161,006	149,566
Amount used / transfer from reserve	(780,328)	(404,452)	(2,712,120)
	<u>5,451,717</u>	<u>5,659,725</u>	<u>6,113,253</u>
h) Harmony Fields			
Opening Balance	307,733	301,606	258,863
Amount set aside / transfer to reserve	55,979	55,022	55,050
Amount used / transfer from reserve	(219,154)	(223,246)	(6,180)
	<u>144,558</u>	<u>133,382</u>	<u>307,733</u>
i) Heritage Condition Reward Scheme			
Opening Balance	41,958	38,775	45,462
Amount set aside / transfer to reserve	200	412	356
Amount used / transfer from reserve	(10,400)	(7,260)	(3,860)
	<u>31,758</u>	<u>31,927</u>	<u>41,958</u>
j) Insurance			
Opening Balance	645,692	649,526	640,661
Amount set aside / transfer to reserve	3,407	8,496	5,031
	<u>649,099</u>	<u>658,022</u>	<u>645,692</u>
k) Langford Oval Redevelopment			
Opening Balance	136,505	119,830	90,479
Amount set aside / transfer to reserve	29,411	29,587	46,026
Amount used / transfer from reserve	(48,065)	(80,725)	0
	<u>117,851</u>	<u>68,692</u>	<u>136,505</u>
l) Local Government Elections			
Opening Balance	202,683	203,887	75,317
Amount set aside / transfer to reserve	150,827	150,966	127,366
Amount used / transfer from reserve	(304,174)	(280,000)	0
	<u>49,336</u>	<u>74,853</u>	<u>202,683</u>
Total ordinary reserves carried forward	36,727,407	29,657,087	29,231,385

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. CASH-BACKED RESERVES (continued)

(a) Summary of movements (continued)

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Ordinary Reserves (continued)			
Total ordinary reserves brought forward	36,727,407	29,657,087	29,231,385
m) Local Open Space Strategy			
Opening Balance	3,591,644	4,325,241	396,643
Amount set aside / transfer to reserve	4,325,269	4,424,744	3,451,077
Amount used / transfer from reserve	(353,045)	(886,795)	(256,076)
	<u>7,563,868</u>	<u>7,863,190</u>	<u>3,591,644</u>
n) Maddington/Kenwick Revitalisation			
Opening Balance	2,618,801	2,634,349	2,598,394
Amount set aside / transfer to reserve	13,816	34,458	20,407
	<u>2,632,617</u>	<u>2,668,807</u>	<u>2,618,801</u>
o) Mills Park			
Opening Balance	364,442	346,332	412,145
Amount set aside / transfer to reserve	61,057	62,856	60,448
Amount used / transfer from reserve	(24,556)	(113,594)	(108,151)
	<u>400,943</u>	<u>295,594</u>	<u>364,442</u>
p) Operations Centre and Waste Transfer Facility (formerly Operations Centre)			
Opening Balance	19,551,941	19,137,969	15,141,831
Amount set aside / transfer to reserve	122,710	294,040	1,449,812
Amount used / transfer from reserve	(394,470)	(526,593)	(174,004)
Transfers between reserves - Equity	3,841,939	3,841,939	3,134,302
	<u>23,122,120</u>	<u>22,747,355</u>	<u>19,551,941</u>
q) Plant and Equipment			
Opening Balance	2,990,919	2,439,348	5,820,156
Amount set aside / transfer to reserve	1,758,664	720,316	1,117,421
Amount used / transfer from reserve	(1,070,769)	(3,135,170)	(812,356)
Transfers between reserves - Equity	0	0	(3,134,302)
	<u>3,678,814</u>	<u>24,494</u>	<u>2,990,919</u>
r) Public Art Contribution			
Amount set aside/transfer to reserve	42,173	0	0
	<u>42,173</u>	<u>0</u>	<u>0</u>
s) Rate Revaluation			
Opening Balance	441,518	444,139	292,227
Amount set aside / transfer to reserve	150,104	154,732	149,291
	<u>591,622</u>	<u>598,871</u>	<u>441,518</u>
Total ordinary reserves brought forward	74,759,564	63,855,398	58,790,650

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. CASH-BACKED RESERVES (continued)

(a) Summary of movements (continued)

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Ordinary Reserves (continued)			
Total ordinary reserves carried forward	74,759,564	63,855,398	58,790,650
t) Refuse Disposal Site Rehabilitation			
Opening Balance	643,001	693,490	661,849
Amount set aside / transfer to reserve	38,367	55,344	50,065
Amount used / transfer from reserve	(60,000)	(60,000)	(68,913)
	<u>621,368</u>	<u>688,834</u>	<u>643,001</u>
u) Strategic Capital Acquisition			
Opening Balance	1,517,823	1,526,834	1,517,945
Amount set aside / transfer to reserve	657,022	708,669	11,828
Amount used / transfer from reserve	(11,950)	(15,000)	(11,950)
	<u>2,162,895</u>	<u>2,220,503</u>	<u>1,517,823</u>
v) Streetscape Levy			
Opening Balance	34,160	18,858	0
Amount set aside / transfer to reserve	50,965	247	34,160
	<u>85,125</u>	<u>19,105</u>	<u>34,160</u>
w) Sutherlands Park			
Opening Balance	1,040,020	970,621	1,051,177
Amount set aside / transfer to reserve	80,035	82,137	80,372
Amount used / transfer from reserve	(88,053)	(105,000)	(91,529)
	<u>1,032,002</u>	<u>947,758</u>	<u>1,040,020</u>
x) Synthetic Surface Renewal			
Opening Balance	419,205	421,694	415,938
Amount set aside / transfer to reserve	2,211	5,225	3,267
Amount used / transfer from reserve	0	(22,265)	0
	<u>421,416</u>	<u>404,654</u>	<u>419,205</u>
y) Walter Padbury Park			
Opening Balance	188,857	133,137	240,787
Amount set aside / transfer to reserve	53,215	51,104	52,549
Amount used / transfer from reserve	(30,379)	(137,439)	(104,479)
	<u>211,693</u>	<u>46,802</u>	<u>188,857</u>
Total ordinary reserves brought forward	79,294,063	68,183,054	62,633,716

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. CASH-BACKED RESERVES (continued)

(a) Summary of movements (continued)

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Ordinary Reserves (continued)			
Total ordinary reserves carried forward	79,294,063	68,183,054	62,633,716
z) Waste Reserve			
Opening Balance	8,130,787	7,931,510	6,304,527
Amount set aside / transfer to reserve	21,085	26,848	2,047,651
Amount used / transfer from reserve	(1,789,430)	(2,037,000)	(221,391)
Transfers between reserves - Equity	(3,841,939)	(3,841,939)	0
	<u>2,520,503</u>	<u>2,079,419</u>	<u>8,130,787</u>
Total Ordinary Reserves	<u>81,814,566</u>	<u>70,262,473</u>	<u>70,764,503</u>
Planning Reserves			
aa) ODP - Canning Vale			
Opening Balance	3,879,366	3,905,819	3,744,492
Amount set aside / transfer to reserve	389,933	47,631	824,325
Amount used / transfer from reserve	(17,828)	(264,373)	(689,451)
	<u>4,251,471</u>	<u>3,689,077</u>	<u>3,879,366</u>
ab) ODP - Central Maddington Precinct 1			
Opening Balance	(243,638)	(268,658)	(255,234)
Amount set aside / transfer to reserve	570,086	0	186,032
Amount used / transfer from reserve	(489,496)	(173,642)	(174,436)
	<u>(163,048)</u>	<u>(442,300)</u>	<u>(243,638)</u>
ac) ODP - Central Maddington Precinct 2			
Opening Balance	1,685,742	1,722,037	1,705,441
Amount set aside / transfer to reserve	4,178	16,261	9,104
Amount used / transfer from reserve	(4,983)	(36,458)	(28,803)
	<u>1,684,937</u>	<u>1,701,840</u>	<u>1,685,742</u>
ad) ODP - Homestead Road			
Opening Balance	625,899	632,944	702,921
Amount set aside / transfer to reserve	3,244	8,091	4,928
Amount used / transfer from reserve	(18,525)	(14,373)	(81,950)
	<u>610,618</u>	<u>626,662</u>	<u>625,899</u>
ae) ODP - Maddington Road A and B			
Opening Balance	1,920,654	1,935,389	1,917,110
Amount set aside / transfer to reserve	10,060	25,127	15,018
Amount used / transfer from reserve	(24,105)	(14,373)	(11,474)
	<u>1,906,609</u>	<u>1,946,143</u>	<u>1,920,654</u>
Total planning reserves carried forward	8,290,587	7,521,422	7,868,023

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. CASH-BACKED RESERVES (continued)

(a) Summary of movements (continued)

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Planning Reserves (continued)			
Total planning reserves brought forward	8,290,587	7,521,422	7,868,023
af) ODP - Southern River Precinct 1			
Opening Balance	1,291,550	1,798,505	2,920,587
Amount set aside / transfer to reserve	261,932	23,376	0
Amount used / transfer from reserve	(14,890)	(11,373)	(1,629,037)
	<u>1,538,592</u>	<u>1,810,508</u>	<u>1,291,550</u>
ag) ODP - Southern River Precinct 2			
Opening Balance	10,322,481	10,582,660	12,677,245
Amount set aside / transfer to reserve	1,082,333	138,235	9,840,173
Amount used / transfer from reserve	(5,494,313)	(14,373)	(12,194,937)
	<u>5,910,501</u>	<u>10,706,522</u>	<u>10,322,481</u>
ah) ODP - Southern River Precinct 3			
Opening Balance	12,043,960	11,814,222	10,086,935
Amount set aside / transfer to reserve	1,385,447	154,344	2,377,969
Amount used / transfer from reserve	(14,604)	(14,373)	(420,944)
	<u>13,414,803</u>	<u>11,954,193</u>	<u>12,043,960</u>
ai) ODP - Southern River Precinct 3A			
Opening Balance	3,361,161	3,381,116	3,521,235
Amount set aside / transfer to reserve	512,684	44,225	251,890
Amount used / transfer from reserve	(1,156)	0	(411,964)
	<u>3,872,689</u>	<u>3,425,341</u>	<u>3,361,161</u>
aj) ODP - Southern River Precinct 3D			
Amount set aside / transfer to reserve	(218)	0	0
	<u>(218)</u>	<u>0</u>	<u>0</u>
ak) ODP - Southern River Precinct 3E			
Opening Balance	51,059	40,055	16,916
Amount set aside / transfer to reserve	21,804	524	34,740
Amount used / transfer from reserve	(193)	0	(597)
	<u>72,670</u>	<u>40,579</u>	<u>51,059</u>
al) ODP - Southern River Precinct 3F			
Opening Balance	1,292	1,300	1,875
Amount set aside / transfer to reserve	7	17	14
Amount used / transfer from reserve	(1)	0	(597)
	<u>1,298</u>	<u>1,317</u>	<u>1,292</u>
Total planning reserves carried forward	33,100,922	35,459,882	34,939,526

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. CASH-BACKED RESERVES (continued)

(a) Summary of movements (continued)

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Planning Reserves (continued)			
Total planning reserves brought forward	33,100,922	35,459,882	34,939,526
am) ODP - Southern River Precinct 5			
Opening Balance	70,232	70,649	69,685
Amount set aside / transfer to reserve	370	924	547
	<u>70,602</u>	<u>71,573</u>	<u>70,232</u>
an) ODP - West Canning Vale			
Opening Balance	5,199,433	5,203,949	6,002,224
Amount set aside / transfer to reserve	26,027	67,558	45,185
Amount used / transfer from reserve	(647,848)	(38,996)	(847,976)
	<u>4,577,612</u>	<u>5,232,511</u>	<u>5,199,433</u>
ao) Public Open Space - Cash in Lieu			
Opening Balance	562,957	8,513,171	0
Amount set aside / transfer to reserve	248,621	85,670	562,957
Amount used / transfer from reserve	0	(3,131,538)	0
	<u>811,578</u>	<u>5,467,303</u>	<u>562,957</u>
ap) TPS - 9A			
Opening Balance	2,746,588	2,781,249	2,757,961
Amount set aside / transfer to reserve	14,432	34,740	21,578
Amount used / transfer from reserve	(46,062)	(125,325)	(32,951)
	<u>2,714,958</u>	<u>2,690,664</u>	<u>2,746,588</u>
aq) TPS - 10			
Opening Balance	66,806	67,208	66,285
Amount set aside / transfer to reserve	352	879	521
	<u>67,158</u>	<u>68,087</u>	<u>66,806</u>
ar) TPS - 15			
Opening Balance	1,560,356	1,602,092	1,381,438
Amount set aside / transfer to reserve	44,367	20,807	190,403
Amount used / transfer from reserve	(11,335)	(11,372)	(11,485)
	<u>1,593,388</u>	<u>1,611,527</u>	<u>1,560,356</u>
Total planning reserves carried forward	42,936,218	50,601,547	45,145,898

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. CASH-BACKED RESERVES (continued)

(a) Summary of movements (continued)

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Planning Reserves (continued)			
Total planning reserves brought forward	42,936,218	50,601,547	45,145,898
as) TPS - 17			
Opening Balance	2,641,819	2,683,851	2,833,450
Amount set aside / transfer to reserve	11,694	33,072	22,081
Amount used / transfer from reserve	<u>(454,604)</u>	<u>(155,462)</u>	<u>(213,712)</u>
	<u>2,198,909</u>	<u>2,561,461</u>	<u>2,641,819</u>
at) TPS - 20			
Opening Balance	1,080,708	1,087,124	1,072,286
Amount set aside / transfer to reserve	5,229	3,298	8,422
Amount used / transfer from reserve	<u>(392,934)</u>	<u>(835,012)</u>	<u>0</u>
	<u>693,003</u>	<u>255,410</u>	<u>1,080,708</u>
Total Planning Reserves	<u><u>45,828,130</u></u>	<u><u>53,418,418</u></u>	<u><u>48,868,425</u></u>
Total Reserves	<u><u>127,642,696</u></u>	<u><u>123,680,891</u></u>	<u><u>119,632,928</u></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 4 to this financial report.

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

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Summary of Reserves			
Opening balance	119,632,928	130,755,933	113,605,484
Amount set aside / transfers to reserves	23,518,474	11,816,806	31,827,789
Amount used / transfers from reserves	<u>(15,508,706)</u>	<u>(18,891,848)</u>	<u>(25,800,345)</u>
Total Reserves	<u><u>127,642,696</u></u>	<u><u>123,680,891</u></u>	<u><u>119,632,928</u></u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. CASH-BACKED RESERVES (continued)

(b) 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.
Central Maddington City Funded Common Infrastructure Works	Ongoing	To hold the City's contribution under the Central Maddington Outline Development Plan (CMODP) and fund the provision of strategic common infrastructure works and public open space by the City within the CMODP area.
Community Infrastructure Reserve	Ongoing	To fund the improvement and development of recreation and community facilities.
Covid-19 Recovery Reserve	2022-23	To fund the recovery and stimulus activity following the Covid-19 crisis.
Developer Contributions Infrastructure	Ongoing	Developer contributions paid to the City for road and drainage infrastructure works for non-Town Planning Scheme or Outline Development Plan Projects, including funds received under Local Planning Policy 5.7 Gosnells and Beckenham Laneways.
Gosnells Oval Redevelopment	Ongoing	To fund improvement of recreation and community facilities at Gosnells Oval funded from Telco Tower leases.
Gosnells Town Centre Revitalisation	Ongoing	To fund opportunities for the redevelopment and improvement of Gosnells Town Centre.
Harmony Fields	2022-23	To fund improvement of recreation and community facilities 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	2022-23	To fund improvement of recreation and community facilities at Langford Oval funded from Telco Tower leases.
Local Government Elections	Ongoing	For expenditure associated with holding of local government elections.
Local Open Space Strategy	Ongoing	To fund the implementation of projects (including enhancement, strategic acquisitions and disposals) identified in the Public Open Space Strategy, whereby alternative financial resources such as Public Open Space Cash In Lieu and Development Contribution Funds are not available or identified in the Strategy.
Maddington/Kenwick Revitalisation	Ongoing	To fund the cost of urban renewal in Maddington/Kenwick.
Mills Park	2022-23	To fund improvement of recreation and community facilities at Mills Park funded from Telco Tower leases.
Operations Centre and Waste Transfer Facility (formerly Operations Centre)	Ongoing	To fund expenditure relating to the development of a new Operations Centre, Waste Transfer Facility, Animal Pound and Impound Yard.
Plant and Equipment	Ongoing	To fund replacement or new acquisition of plant and associated equipment.
Public Art Contribution	Ongoing	To hold funds received under Local Planning Policy 6.1 – <i>Public Art</i> for the provision of public art.
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 2022

18. CASH-BACKED RESERVES (continued)

(b) Purpose of reserves (continued)

Reserve Name	Anticipated date of use	Purpose of the Reserve
Ordinary Reserves (continued)		
Refuse Disposal Site Rehabilitation	Ongoing	To fund site rehabilitation and POS development at the former Kelvin Road Waste Disposal site.
Strategic Capital Acquisition	Ongoing	Royalties received from quarry set aside for investing in profit generating assets.
Streetscape Levy	Ongoing	To hold funds received under Local Planning Policy 4.7 – <i>Planning and Development of Public Open Space and Streetscapes</i> for the planting of trees in the development area.
Sutherlands Park	Ongoing	To fund improvement of recreation and community facilities at Sutherlands Park funded from Telco Tower leases.
Synthetic Surface Renewal	Ongoing	To fund renewal of specialised sports surfaces.
Walter Padbury Park	2022-23	To fund improvement of recreation and community facilities at Walter Padbury Reserve funded from Telco Tower leases.
Waste Reserve	Ongoing	To fund costs associated with the delivery of the City's waste services.
Planning Reserves		
ODP - Canning Vale	Ongoing	To fund expenditure on infrastructure and administrative items within the ODP area 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 3D		
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 Public Open Space expenditure within the locality for which the cash in lieu is provided, and where local areas are seen to benefit. Funds to be used in accordance with Section 154 of the <i>Planning and Development Act 2005</i> .
TPS - 9A	Ongoing	To fund expenditure on infrastructure and administrative items within the TPS area with contributions from developers.
TPS - 10		
TPS - 15		
TPS - 17		
TPS - 20		

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

19. 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. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	<u>74,604,382</u>	<u>81,980,891</u>	<u>71,812,788</u>

Reconciliation of Net Cash Provided by Operating Activities to Net Result

Net result	15,770,472	10,509,406	9,398,851
Non-cash flows in Net result:			
Amortisation and depreciation	26,258,483	26,146,346	26,542,423
Loss/(Profit) on sale of asset	(1,825,459)	(3,937,962)	488,017
Fair value adjustments to investment in:			
Local Government House Trust	(9,992)	0	(6,464)
Rivers Regional Council	(6,799)	0	112,450
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(885,456)	1,474,405	(1,493,765)
(Increase)/Decrease in inventories	(2,541)	38,346	(73,637)
Increase in payables	2,424,857	1,354,365	2,170,873
Increase /(Decrease) in contract liabilities	34,846	(13,104)	(73,544)
Increase in provisions	364,974	772,944	1,478,996
Grants/Contributions for			
the development of assets	(27,744,416)	(17,115,996)	(29,732,804)
Public Open Space Cash-in-Lieu contributions	<u>(859,090)</u>	<u>0</u>	<u>(1,591,393)</u>
Net cash from operating activities	<u>13,519,879</u>	<u>19,228,750</u>	<u>7,220,003</u>

20. CONTINGENT LIABILITIES

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

21. CAPITAL COMMITMENTS

	2022 \$	2021 \$
Contracted for:		
- capital expenditure projects*	1,991,879	473,918
- plant & equipment purchases*	<u>1,369,333</u>	<u>0</u>
	<u>3,361,212</u>	<u>473,918</u>
Payable:		
- not later than one year	<u>3,361,212</u>	<u>473,918</u>

* Commitments greater than \$100,000

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

22. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2022	2021
	\$	\$
Governance	6,804,903	1,637,029
General purpose funding	142,955,349	142,924,002
Law, order, public safety	4,506,990	3,900,446
Health	603,853	535,306
Education and welfare	5,669,070	4,735,992
Community amenities	5,372,035	3,775,536
Recreation and culture	147,011,575	140,227,634
Transport	936,798,929	929,807,940
Economic services	155,154	168,717
Other property and services	189,806,639	186,576,631
Unallocated	20,562,386	15,696,310
	<u>1,460,246,883</u>	<u>1,429,985,543</u>

23. TRUST FUNDS

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

	Balance	Amounts	Amounts	Balance
	1 July 2021	Received	Paid	30 June 2022
	\$	\$	\$	\$
Unclaimed Monies	34,932	14,000	(20,227)	28,705
Construction Training Fund	7,864	262,262	(237,522)	32,604
Building Commission	47,993	453,762	(421,745)	80,010
Development Applications	11,206	79,299	(90,505)	0
Public Open Space - Cash In Lieu	8,492,993	416,428	(1,275,518)	7,633,903
	<u>8,594,988</u>	<u>1,225,751</u>	<u>(2,045,517)</u>	<u>7,775,222</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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

	Type	Discount %	Actual Cost/ Value \$	Budget Cost/ Value \$
General Rates				
Rates Incentive A	Incentive	N/A	5,000	5,000
Rates Waivers	Waiver	N/A	81,049	79,520
Fees and Charges				
Don Russell Performing Arts Centre	Discount	Various	16,269	16,000
Facility Hire Charges	Discount	100%	594	475
Facility Hire Charges	Discount	75%	22,103	29,118
Facility Hire Charges	Discount	Various	8,601	2,403
Health Services	Discount	Various	15,251	30,000
Leisure World	Discount	Various	7,405	50,000
Programs and Events	Discount	Various	0	300
Rangers Services	Discount	Various	28,500	31,000
Sundry Debtor Write Off	Write-Off	N/A	4,323	0

Incentives

Five prizes of \$1,000 each, funded by the City of Gosnells, were 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 two savings accounts totalling \$3,500.

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.

Waivers

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

	2022 \$	2021 \$
Foothills Estate Syndicate Pty Ltd.	1,980	1,960
Gosnells Junior Football Club Inc.	1,079	2,297
Grand Lodge of Western Australia Freemasons Homes for the Aged Inc.	74,669	75,472
Forest Lakes Family Centre	2,318	4,743
Covid-19 concession for ratepayers and relief for lessees	1,003	1,451,012
	<u>81,049</u>	<u>1,535,484</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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

Discounts

Don Russell Performing Arts Centre

The following discounts on ticket prices were provided to enhance the financial viability of the program or show:

- 15% theatre hire discount (general offer; more than 20 hours per week)
- 30% theatre hire discount (3 or more bookings in a calendar year)
- 50% ticket discount (rush tickets)
- Group Bookings - 1 free ticket with every 10 purchased
- Adult ticket at child price - Children's events only
- City of Gosnells Councillors, Staff and Volunteers - Up to 25% ticket discount

Facility Hire Charges & Road Closure Fees

- The Returned and Services League (RSL) was not charged fees/bond for the RSL Hall or road closure applications for ANZAC Day.
- 100% Discount - Park Run

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)
- 25% Discount (special offer)
- 33% Discount (special offer)
- 50% Discount (2 for 1 offer)
- City of Gosnells Councillors, Staff & Volunteers - up to 25% discount. Except Staff employed under the Operations Centre Agreement - up to 40% discount.

Programs and Events

Programs and Events offers the City of Gosnells Councillors, Staff and Volunteers a discount of up to 25% to enhance the financial viability of the program.

Write-Offs

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

25. INTEREST CHARGES AND INSTALMENTS

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest				
Four Instalment Payment Plan	3.0%	N/A	204,996	200,000
Late Payment	7.0%	N/A	360,089	308,460
Administration Fees				
Four Instalment Payment Plan	N/A	15.00	229,494	245,000
Direct Debit Arrangement	N/A	15.00	66,211	65,000
			<u>860,790</u>	<u>818,460</u>

Rates Instalment Options

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

	<u>Due by</u>
Payment in full	27 August 2021
Payment by four instalments	
First instalment	27 August 2021
Second instalment	5 November 2021
Third instalment	14 January 2022
Fourth instalment	18 March 2022

Direct debit payment arrangement by individual arrangement (Bank Account only)

Description of Payment Arrangement and Interest Charges

Four Instalment Payment Plan

The four instalment payment 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.

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.

Direct Debit Plan

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 payment arrangement.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

26. RATE SETTING STATEMENT INFORMATION

Information on Surplus Brought Forward

	Note	2022 (1 July 2022 Carried Forward) \$	2022 (1 July 2021 Brought Forward) \$	2021 (30 June 2021 Carried Forward) \$
Surplus Rate Setting Statement		<u>3,690,710</u>	<u>8,608,613</u>	<u>8,608,613</u>
Comprises:				
Current Assets				
Cash and cash equivalents	4	74,604,382	71,812,788	71,812,788
Trade and other receivables	5	10,739,501	9,938,455	9,938,455
Inventories	6	531,319	1,196,339	1,196,339
Financial assets at amortised cost	7	<u>79,000,000</u>	<u>76,507,007</u>	<u>76,507,007</u>
Total Current Assets		164,875,202	159,454,589	159,454,589
Current Liabilities				
Trade and other payables	14	(17,651,784)	(15,226,399)	(15,226,399)
Contract, grant and contribution liabilities	15	(10,401,155)	(9,770,903)	(9,770,903)
Lease liabilities	13(b)	(16,403)	(29,507)	(29,507)
Borrowings	16(a)	(8,116,332)	(2,457,922)	(2,457,922)
Employee related provisions	17	<u>(11,582,991)</u>	<u>(11,256,626)</u>	<u>(11,256,626)</u>
Total Current Liabilities		(47,768,665)	(38,741,357)	(38,741,357)
Net Current Assets		<u>117,106,537</u>	<u>120,713,232</u>	<u>120,713,232</u>
Less:				
Reserves	18	(127,642,696)	(119,632,928)	(119,632,928)
Land under development and developed land	6	(186,962)	(854,521)	(854,521)
Developer contribution plan liabilities	15	6,281,096	5,895,401	5,895,401
Add:				
Current portion of lease liabilities	13(b)	16,403	29,507	29,507
Current portion of long term borrowings	16(a)	8,116,332	2,457,922	2,457,922
Surplus		<u>3,690,710</u>	<u>8,608,613</u>	<u>8,608,613</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

27. RELATED PARTY TRANSACTIONS

(a) Elected Members' Remuneration

The following fees, expenses and allowances were paid to council members and/or the mayor.

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Mayor T Lynes			
Mayor's Allowance (<i>since 18.10.21</i>)	62,950	63,573	0
Meeting Fees	33,326	33,657	0
Travelling Expenses	864	1,204	0
Telecommunications Allowance	2,455	2,479	0
	<u>99,595</u>	<u>100,913</u>	<u>0</u>
Councillor D Goode			
Mayor's Allowance (<i>until 15.10.21</i>)	26,311	26,177	89,753
Meeting Fees	43,396	36,298	40,267
Travelling Expenses	1,658	1,700	4,122
Telecommunications Allowance	3,481	3,500	3,500
	<u>74,846</u>	<u>67,675</u>	<u>137,642</u>
Deputy Mayor A Hort			
Deputy Mayor's Allowance (<i>since 18.10.21</i>)	15,738	15,894	0
Meeting Fees	39,576	31,678	22,908
Travelling Expenses	563	1,700	688
Telecommunications Allowance	4,372	3,500	3,500
	<u>60,249</u>	<u>52,772</u>	<u>27,096</u>
Councillor P Abetz			
Deputy Mayor's Allowance (<i>until 15.10.21</i>)	6,578	6,544	22,438
Meeting Fees	31,504	31,678	31,678
Travelling Expenses	1,032	1,700	1,686
Telecommunications Allowance	3,481	3,500	3,500
	<u>42,595</u>	<u>43,422</u>	<u>59,302</u>
Councillor A Adams			
Meeting Fees	31,678	31,678	31,678
Travelling Expenses	588	1,700	1,183
Telecommunications Allowance	3,500	3,500	3,500
	<u>35,766</u>	<u>36,878</u>	<u>36,361</u>
Councillor C Baayens (<i>since 18.10.21</i>)			
Meeting Fees	22,218	22,439	0
Travelling Expenses	672	1,204	0
Telecommunications Allowance	2,455	2,479	0
Childcare Fees	100	0	0
	<u>25,445</u>	<u>26,122</u>	<u>0</u>
Elected members' remuneration carried forward	338,496	327,782	260,401

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

27. RELATED PARTY TRANSACTIONS (continued)

(a) Elected Members' Remuneration (continued)

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Elected members' remuneration brought forward	338,496	327,782	260,401
Councillor J Brown <i>(retired on 15.10.21)</i>			
Meeting Fees	9,286	9,239	31,678
Travelling Expenses	938	496	2,356
Telecommunications Allowance	1,026	1,021	3,500
	<u>11,250</u>	<u>10,756</u>	<u>37,534</u>
Councillor G Dewhurst			
Meeting Fees	31,678	31,678	31,678
Travelling Expenses	751	1,700	1,300
Telecommunications Allowance	3,474	3,500	3,500
	<u>35,903</u>	<u>36,878</u>	<u>36,478</u>
Councillor D Griffiths			
Meeting Fees	31,678	31,678	31,678
Travelling Expenses	0	1,700	0
Telecommunications Allowance	3,500	3,500	3,500
	<u>35,178</u>	<u>36,878</u>	<u>35,178</u>
Councillor CA Harper <i>(retired on 15.10.21)</i>			
Meeting Fees	9,286	9,239	31,678
Travelling Expenses	0	496	0
Telecommunications Allowance	1,026	1,021	3,500
	<u>10,312</u>	<u>10,756</u>	<u>35,178</u>
Councillor J Jones <i>(retired on 15.10.21)</i>			
Meeting Fees	9,286	9,239	31,678
Travelling Expenses	477	496	0
Telecommunications Allowance	1,026	1,021	3,500
	<u>10,789</u>	<u>10,756</u>	<u>35,178</u>
Councillor K McDonald <i>(since 18.10.21)</i>			
Meeting Fees	22,218	22,439	0
Travelling Expenses	357	1,204	0
Telecommunications Allowance	2,455	2,479	0
	<u>25,030</u>	<u>26,122</u>	<u>0</u>
Elected members' remuneration carried forward	466,958	459,928	439,947

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

27. RELATED PARTY TRANSACTIONS (continued)

(a) Elected Members' Remuneration (continued)

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Elected members' remuneration brought forward	466,958	459,928	439,947
 Councillor S Patterson			
Meeting Fees	31,678	31,678	31,678
Travelling Expenses	0	1,700	1,037
Telecommunications Allowance	3,500	3,500	3,500
	<u>35,178</u>	<u>36,878</u>	<u>36,215</u>
 Councillor O Searle (retired on 15.10.21)			
Meeting Fees	9,286	9,239	31,678
Travelling Expenses	0	496	0
Telecommunications Allowance	1,026	1,021	3,500
	<u>10,312</u>	<u>10,756</u>	<u>35,178</u>
 Councillor E Zhang			
Meeting Fees	31,678	31,678	31,678
Travelling Expenses	51	1,700	0
Telecommunications Allowance	3,500	3,500	3,500
	<u>35,229</u>	<u>36,878</u>	<u>35,178</u>
 Councillor S Williamson (since 18.10.21)			
Meeting Fees	22,218	22,439	0
Travelling Expenses	678	1,204	0
Telecommunications Allowance	2,455	2,479	0
Childcare Fees	660	0	0
	<u>26,011</u>	<u>26,122</u>	<u>0</u>
 Total elected members' remuneration	<u><u>573,688</u></u>	<u><u>570,562</u></u>	<u><u>546,518</u></u>
 Summary of Elected member's remuneration			
Meeting fees	409,990	395,974	379,955
Mayor's allowance	89,261	89,750	89,753
Deputy Mayor's allowance	22,316	22,438	22,438
Telecommunications allowance	42,732	42,000	42,000
Travelling expenses *	8,629	20,400	12,372
Childcare fees	760	0	0
	<u><u>573,688</u></u>	<u><u>570,562</u></u>	<u><u>546,518</u></u>

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

27. RELATED PARTY TRANSACTIONS (continued)

(b) Key Management Personnel (KMP) Compensation Disclosure

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

	2022	2021
	\$	\$
Short-term employee benefits	1,391,924	1,276,448
Post-employment benefits	136,934	127,560
Other long-term employee benefits	134,747	132,516
Council member costs	573,688	546,518
	<u>2,237,293</u>	<u>2,083,042</u>

Short-term employee benefits

These amounts include all salary, paid leave and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 27(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 employee benefits

These amounts represent long service benefits accrued during the year.

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

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.

(c) Related parties

The City's main related parties are the Key Management Personnel. Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered Key Management Personnel. There are no other related parties or entities subject to significant influence by the City.

(d) Transactions with related parties

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

28. MAJOR LAND TRANSACTIONS

(a) Robinson Park Subdivision and Park Development

i. Details

The City completed the construction works to revitalise Robinson Park (the Park). The revitalisation included a substantial park enhancement and a 42 lot residential subdivision around the perimeter of the park.

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.

Redevelopment of Robinson Park began in January 2020 and was completed in September 2020. The new Park was opened to the public and residential land sales commenced shortly afterwards. The City has sold 39 lots as at 30 June 2022.

ii. Revenue and Expenditure

	Project Budget \$	Project Actual \$	2022 Budget \$	2022 Actual \$
Funding Sources				
Capital Revenue				
Asset Disposal Proceeds	8,190,000	7,479,853	4,290,000	4,264,046
Other Funding Sources				
Loan Proceeds	5,600,000	5,600,000	0	5,600,000
Total Funding Sources	<u>13,790,000</u>	<u>13,079,853</u>	<u>4,290,000</u>	<u>9,864,046</u>
Disbursement of Funds				
Operating Expense				
Materials & Contracts	(410,809)	(800,703)	(45,000)	(17,320)
Interest Expense	<u>0</u>	<u>(66,132)</u>	<u>(29,713)</u>	<u>(66,132)</u>
	(410,809)	(866,835)	(74,713)	(83,452)
Capital Expenditure				
Materials & Contracts	(5,600,000)	(5,669,770)	0	495
Interest Expense	<u>(324,000)</u>	<u>(67,330)</u>	<u>0</u>	<u>(3,859)</u>
	(5,924,000)	(5,737,100)	0	(3,364)
Other Expenses				
Loan Repayment	(5,600,000)	0	0	(5,600,000)
Transfer to Reserve -				
Local Open Space Strategy	(1,215,150)	(7,343,758)	(4,260,287)	(4,194,055)
Public Open Space	<u>(640,041)</u>	<u>0</u>	<u>0</u>	<u>0</u>
	(7,455,191)	(7,343,758)	(4,260,287)	(9,794,055)
Total Disbursement of Funds	<u>(13,790,000)</u>	<u>(13,947,693)</u>	<u>(4,335,000)</u>	<u>(9,880,871)</u>
Net Revenue / (Expenditure)	<u>0</u>	<u>(867,840)</u>	<u>(45,000)</u>	<u>(16,825)</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

28. MAJOR LAND TRANSACTIONS (continued)

(a) Robinson Park Subdivision and Park Development (continued)

iii. Expected Future Projections

	2023	Total
	\$	\$
Revenue		
Transfer from Reserve	5,634,275	5,634,275
	<u>5,634,275</u>	<u>5,634,275</u>
Expenditure		
Interest Expense	(34,275)	(34,275)
Loan Repayment	(5,600,000)	(5,600,000)
	<u>(5,634,275)</u>	<u>(5,634,275)</u>
Net Future Projections	<u><u>0</u></u>	<u><u>0</u></u>

iv. Assets and Liabilities

Assets associated with this land transaction have a written down value of \$1,589,324 as at 30 June 2022. It is anticipated assets related to the land transactions will be disposed by 30 June 2023.

The City has fully drawn down its \$5,600,000 short term loan facility established during the financial year ending 30 June 2022. The loan will be repaid from Robinson Park sale proceeds by 31 December 2022.

(b) Southern River Business Park

i. Details

The proposed Southern River Business Park consists of Lot 21 Furley Rd, Lots 100 & Lot 1768 Southern River Rd and Lot 1767 Matison St, which are owned fee simple by the City.

In April 2021, the City awarded a tender to JDSI Consulting Engineers to provide a range of professional services in relation to the design and construction of Southern River Business Park.

The design development and planning phases are almost complete, with the tender for Stage 1 to be advertised in November 2022. It is anticipated that the tender will be awarded by March 2023. Subdivision construction is proposed to occur in 4 stages.

As this is a major land transaction, the construction of stages 2, 3, and 4 are dependent upon sale of stage 1 lots and future market conditions.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

28. MAJOR LAND TRANSACTIONS (continued)

(b) Southern River Business Park (continued)

ii. Revenue and Expenditure

	Project Budget \$	Project Actual \$	2022 Budget \$	2022 Actual \$
Funding Sources				
Capital Revenue				
Asset Disposal Proceeds	29,585,586	0	0	0
Other Funding Sources				
Loan Proceeds	21,450,000	0	665,510	0
Total Funding Sources	<u>51,035,586</u>	<u>0</u>	<u>665,510</u>	<u>0</u>
Disbursement of Funds				
Operating Expense				
Materials & Contracts	(1,770,000)	(911,157)	(336,593)	(371,581)
Interest Expense	<u>(10,450)</u>	<u>0</u>	<u>0</u>	<u>0</u>
	(1,780,450)	(911,157)	(336,593)	(371,581)
Capital Expenditure				
Materials & Contracts	(19,980,000)	(48,872)	0	0
Interest Expense	<u>(3,374,768)</u>	<u>0</u>	<u>(305)</u>	<u>0</u>
	(23,354,768)	(48,872)	(305)	0
Other Expenses				
Loan Repayment	(21,450,000)	0	0	0
Transfer to Reserve	<u>(4,450,368)</u>	<u>0</u>	<u>0</u>	<u>0</u>
	(25,900,368)	0	0	0
Total Disbursement of funds	<u>(51,035,586)</u>	<u>(960,029)</u>	<u>(336,898)</u>	<u>(371,581)</u>
Total	<u>0</u>	<u>(960,029)</u>	<u>328,612</u>	<u>(371,581)</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

28. MAJOR LAND TRANSACTIONS (continued)

(b) Southern River Business Park (continued)

iii. Expected Future Projections

	2023	2024	2025	2026	2027	Total
	\$	\$	\$	\$		\$
Revenue						
Asset Disposal Proceeds	0	2,985,454	2,985,454	2,985,455	2,985,454	11,941,817
Loan Proceeds	2,349,312	6,388,158	11,502,301	1,210,228	0	21,449,999
	<u>2,349,312</u>	<u>9,373,612</u>	<u>14,487,755</u>	<u>4,195,683</u>	<u>2,985,454</u>	<u>33,391,816</u>
Expenditure						
Materials & Contracts	(2,349,312)	(5,738,158)	(11,502,300)	(1,210,228)	0	(20,799,998)
Interest Expense	(75,188)	(611,396)	(825,770)	(683,532)	(417,197)	(2,613,083)
Loan Repayment	0	(1,914,600)	(1,962,465)	(2,011,527)	(2,061,811)	(7,950,403)
Transfer to Reserve	0	(384,271)	(197,220)	(290,396)	(506,446)	(1,378,333)
	<u>(2,424,500)</u>	<u>(8,648,425)</u>	<u>(14,487,755)</u>	<u>(4,195,683)</u>	<u>(2,985,454)</u>	<u>(32,741,817)</u>
Net Future Projections	<u>(75,188)</u>	<u>725,187</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>649,999</u>

iv. Assets and Liabilities

Assets associated with this land transaction have a written down value of \$22,092,223 as at 30 June 2022.

There were no liabilities that exist in relation to this land transaction as at 30 June 2022.

It is anticipated that a \$3,000,000 short-term loan be established during the 2022/23 financial year. The loan is anticipated to be repaid from the Southern River Business Park sale proceeds.

29. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The City did not participate in any trading undertakings or major trading undertakings during the 2021-22 financial year.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

30. FINANCIAL RISK MANAGEMENT

This note explains the City's exposure to financial risks and how these risks could affect the City's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk – interest rates	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits, investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The City does not engage in transactions expressed in foreign currencies other than low value purchases on corporate credit cards and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Financial Services in accordance with policies approved by Council.

The City held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2022	2021	2022	2021
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	74,604,382	71,812,788	74,604,382	71,812,788
Financial assets at amortised cost				
- Term deposits	79,000,000	76,507,007	79,000,000	76,507,007
- Receivables	12,411,247	11,533,720	12,411,247	11,533,720
Financial assets at fair value through profit or loss	302,104	285,313	302,104	285,313
	<u>166,317,733</u>	<u>160,138,828</u>	<u>166,317,733</u>	<u>160,138,828</u>
Financial liabilities at amortised cost				
Payables	10,712,561	9,428,911	10,712,561	9,428,911
Lease liability	17,607	47,114	17,607	47,114
Borrowings	15,273,661	17,731,583	9,004,608	10,492,019
	<u>26,003,829</u>	<u>27,207,608</u>	<u>19,734,776</u>	<u>19,968,044</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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

30. FINANCIAL RISK MANAGEMENT (continued)

(a) Interest rate risk

The City's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the City to cash flow interest rate risk. The City does not have an overdraft facility.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the City to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts. Carrying amounts of cash and cash equivalents at 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held and disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amount \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
Year ended 30 June 2022					
Cash and cash equivalents	1.06%	74,604,382	0	74,595,847	8,535
Financial assets at amortised cost – Term deposits	0.99%	79,000,000	79,000,000	0	0
		<u>153,604,382</u>	<u>79,000,000</u>	<u>74,595,847</u>	<u>8,535</u>
Year ended 30 June 2021					
Cash and cash equivalents	0.43%	71,812,788	0	71,804,004	8,785
Financial assets at amortised cost – Term deposits	0.59%	76,507,007	76,507,007	0	0
		<u>148,319,795</u>	<u>76,507,007</u>	<u>71,804,004</u>	<u>8,785</u>

Profit or loss is sensitive to interest income from cash and cash equivalents as a result of changes in interest rates.

	2022 \$	2021 \$
Impact of a 1%* movement in interest rates on cash and term deposits		
- Equity	1,793,986	1,672,935
- Statement of Comprehensive Income	1,793,986	1,672,935

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

(b) Credit risk

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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

30. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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 2021 or 1 July 2022 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.

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for rates receivable. No expected credit loss was forecast on 30 June 2022 or 30 June 2021 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 2022					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	6,132,088	815,478	589,306	1,016,574	8,553,446
Loss allowance	0	0	0	0	0
30 June 2021					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	6,546,246	850,352	523,133	1,148,368	9,068,099
Loss allowance	0	0	0	0	0

**The amount of rates receivable include Pensioner's rates and ESL deferred receivables.*

The loss allowance as at 30 June 2022 and 30 June 2021 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 2022					
Expected credit loss	0.03%	0.99%	8.37%	0.53%	
Gross carrying amount	871,729	1,319	1,756	1,774,364	2,649,169
Loss allowance	229	13	147	9,425	9,814
30 June 2021					
Expected credit loss	0.08%	0.00%	2.31%	12.93%	
Gross carrying amount	304,283	879,559	6,363	72,895	1,262,100
Loss allowance	229	13	147	9,425	9,814

***The amount of sundry receivables excludes the GST recoverable from the ATO (statutory receivable).*

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

30. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

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 \$
2022					
Payables	10,712,561	0	0	10,712,561	10,712,561
Borrowings	8,295,817	4,326,850	3,245,138	15,867,805	15,273,661
	<u>19,008,378</u>	<u>4,326,850</u>	<u>3,245,138</u>	<u>26,580,366</u>	<u>25,986,222</u>
2021					
Payables	9,428,911	0	0	9,428,911	9,428,911
Borrowings	2,710,295	11,540,954	4,326,850	18,578,099	17,731,583
	<u>12,139,206</u>	<u>11,540,954</u>	<u>4,326,850</u>	<u>28,007,010</u>	<u>27,160,494</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.

31. 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.

32. OTHER SIGNIFICANT ACCOUNTING POLICIES

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.

Other current assets

Prepayments represent payments in advance of receipt of goods or services.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

32. OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

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.

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.

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 2022

32. OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

CITY OF GOSNELLS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

32. OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 end of the reporting period.

33. FUNCTIONS AND ACTIVITY

KEY TERMS AND DEFINITIONS – REPORTING PROGRAMS

City operations as disclosed in this financial report encompass the following service orientated functions and activities.

OBJECTIVE

General Purpose Funding

To collect revenue to finance Council activities.

ACTIVITIES

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

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.

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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

33. FUNCTIONS AND ACTIVITY (continued)

KEY TERMS AND DEFINITIONS – REPORTING PROGRAMS (CONTINUED)

OBJECTIVE

ACTIVITIES

Education and Welfare

To assist in meeting the education needs of the community.

Administration, support and operation of services for youth and families, seniors and persons with a disability. Operation of Addie Mills Centre. Provision of Community Development programs and events such as NAIDOC Week and Harmony 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.

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 Wilkinson Homestead Museum. Provision of heritage and community programs and events, 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 2022 City of Gosnells

To the Councillors of the City of Gosnells

Opinion

I have audited the financial report of the City of Gosnells (City) which comprises:

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, and Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the City for the year ended 30 June 2022 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 below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO

and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

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

The Chief Executive Officer of the City is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the 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
- 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 responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 financial report. 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.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality control relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the City of Gosnells for the year ended 30 June 2022 included in the annual report 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 financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the City to confirm the information contained in the website version



Caroline Spencer
Auditor General for Western Australia
Perth, Western Australia
17 November 2022