



Annual Report 2019/20



Creating great places

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Newell Loop, Gosnells



Our mission, vision and values

Making the City of Gosnell's a great place

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

Teamwork, Communication, Innovation, Customer Focus and Integrity are the core values and behaviours that guide the way our employees interact with one another, on every level.

These values and behaviours also inspire our employees' united efforts to strive for excellence in every aspect of our service to the local community.

Message from the Mayor

Although 2019/20 brought unprecedented challenges for both the City and community, this Annual Report provides an opportunity to look back with pride on the City's many achievements.

A focus has remained on our long term plan to revitalise parks and public spaces. The enhancement of Emerald Park in Canning Vale was completed, and significant progress made towards the redevelopment of Glyndebourne Park in Thornlie and Robinson Park in Gosnells.

The draft Local Planning Scheme 24 and Local Planning Strategy were finally endorsed by the WA Planning Commission after two years of review, and the next stages of community consultation commenced in February. These important documents will be progressed over the coming year, to guide the development of land across the City for the next five years.

I commend our community members for their positivity, cooperation in meeting public health directives and their support for fellow residents in need during the Coronavirus (COVID-19) pandemic.

The City responded swiftly and positively to the pandemic, with the introduction of a range of measures to support the community and reduce the financial and social impacts felt by so many local people.

Along with rates relief, a freeze on most fees and charges and a significant boost to infrastructure spending for 2020/21, the City introduced its Home But Not Alone initiative, in a bid to ease isolation and keep our community connected.

While initially set up as an online forum, Home But Not Alone evolved to deliver a series of unique street-based and physically-distanced events, prompting a very positive response from residents.

Although this COVID-19 period was challenging, uncertain and stressful, I was extremely impressed by the way our community and City adapted. I am confident that, if challenged again, the City and this community will react once again with both strength and compassion.

Thank you to my fellow Councillors for your support and to City staff for their efforts. I look forward to many more achievements during recovery in the coming year.



David Goode JP
Mayor



Chief Executive Officer's message

Until March 2020, the City had been working steadily to deliver numerous infrastructure projects and community services. However, our focus quickly shifted to providing urgent community support, financial relief and economic stimulus as the impacts of the COVID-19 pandemic began to be felt.

I'm pleased that, with the strong support of the Mayor and Councillors, the City was able to introduce a range of measures to ease the financial pressure on ratepayers and small businesses, as well as hirers and lessees of the City's community and sporting facilities.

To increase business activity, \$14 million of capital works have been brought forward to boost the

2020/21 infrastructure program to \$33 million, to help generate jobs and keep local businesses and trades operating.

These support measures, and many others, were funded mainly through grant and reserve money.

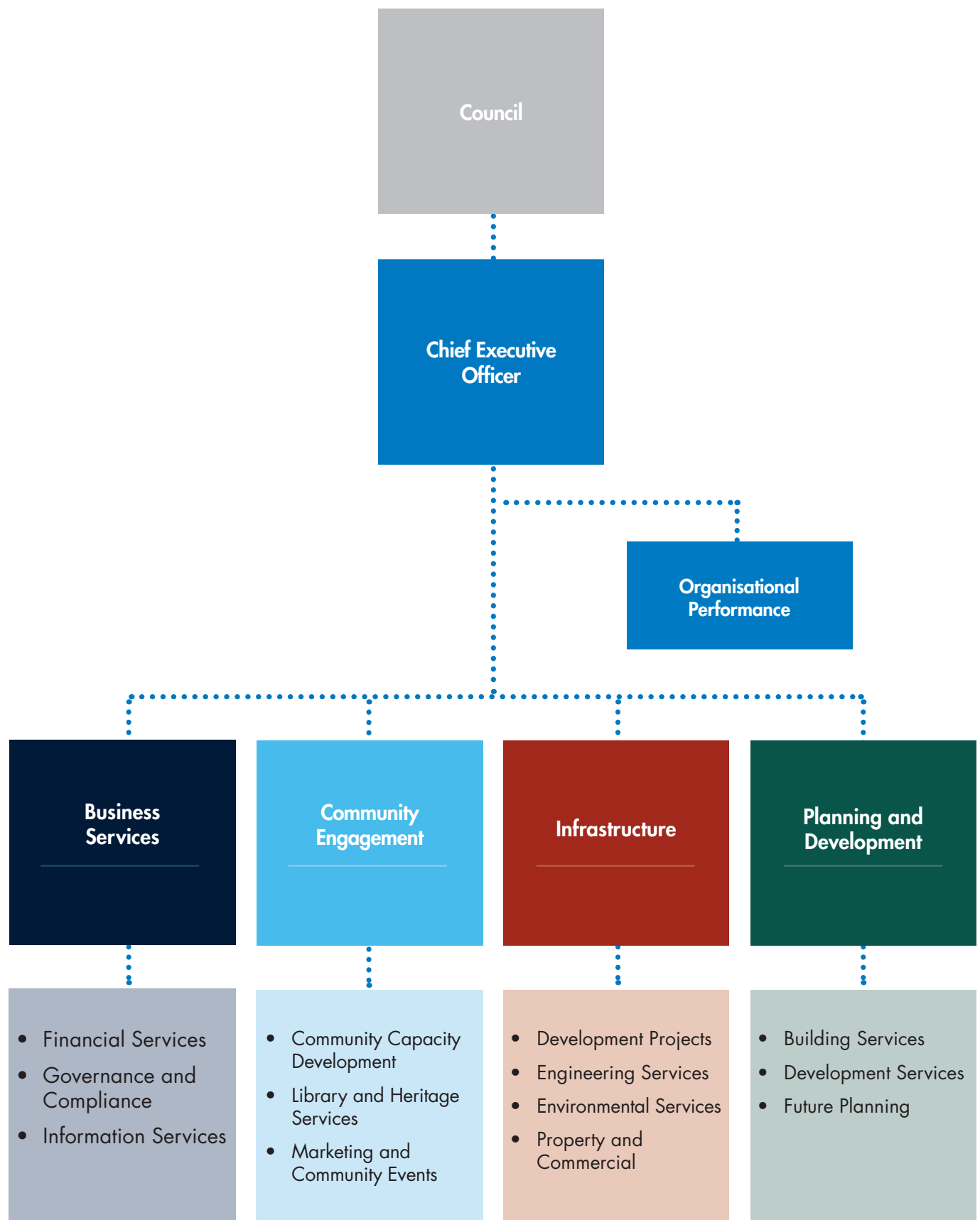
My thanks go to the Mayor and Councillors, the City's staff and volunteers, and to our community members for their support.



Ian Cowie PSM
Chief Executive Officer



Organisational structure



City snapshot

CITY PROFILE

In 1907, at a time when the region was focused on farming and timber mills, the Gosnells Road Board was formed to serve a population of 737 and manage the construction of new roads to connect with the established communities of Perth and Fremantle.

More than 100 years later, the City has grown to cover 127km², with 133,102 people living across 11 suburbs in Beckenham, Canning Vale, Gosnells,

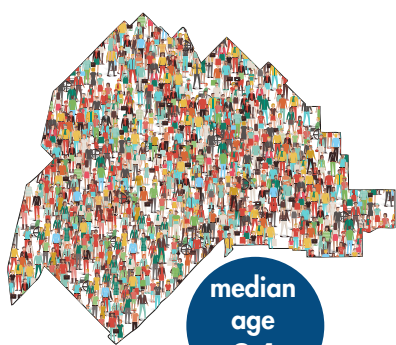
Huntingdale, Kenwick, Langford, Maddington, Martin, Orange Grove, Southern River and Thornlie. The City continues to develop and maintain roads, however it now provides a vast range of services including waste management, parks, community engagement activities, programs for specific groups of people, libraries, environmental health and more.

POPULATION GROWTH

133,102
2020

118,073
2016

110,000
2012



BORN OVERSEAS

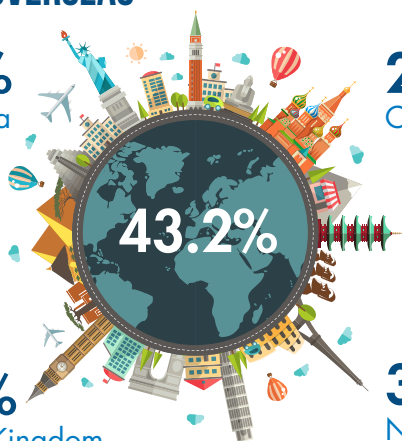
3.1%
Malaysia

2.8%
China

5%
India

7.5%
United Kingdom

3.4%
New Zealand



FAMILY COMPOSITION

37.5%

22.8%

18.9%

11.4%

9.4%



couples
with
children



couples
with
no
children



lone
person



lone
parents



other

AGE DEMOGRAPHICS

Under
18

24.8%



18 – 34

25.9%



35 – 50

21.5%



51 – 69

20.3%



70+

7.5%



TOP SIX LANGUAGES SPOKEN AT HOME

32% speaking a language other than English

5.3%
Mandarin

2.2%
Filipino/Tagalog

1.7%
Persian/Dari

1.6%
Arabic

1.7%
Cantonese

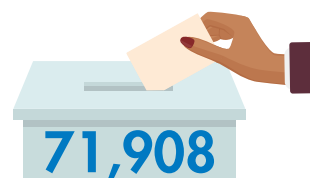
1.6%
Punjabi

RATEABLE RESIDENTIAL DWELLINGS

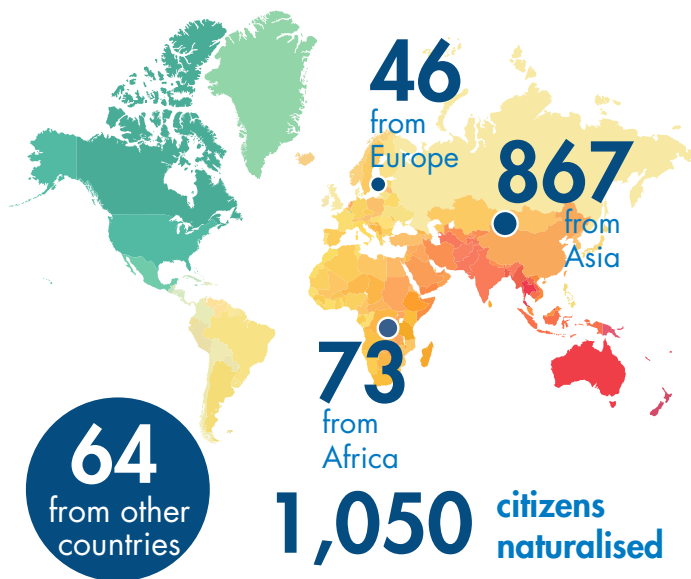


44,426

TOTAL NUMBER OF ELECTORS

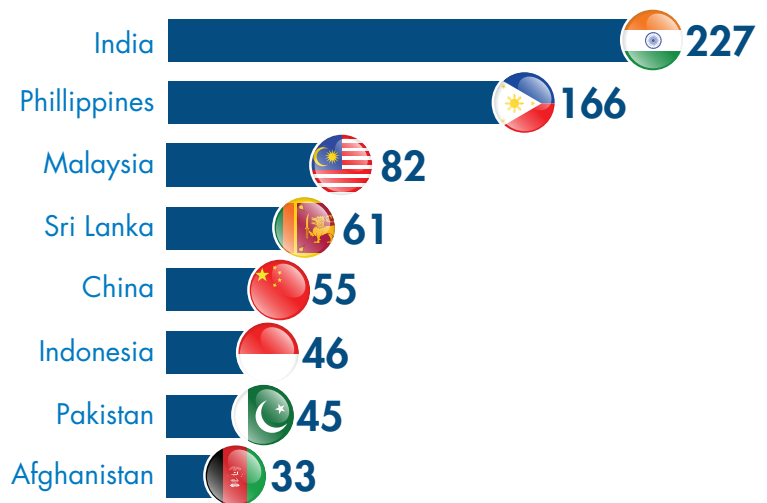


CITIZENS NATURALISED

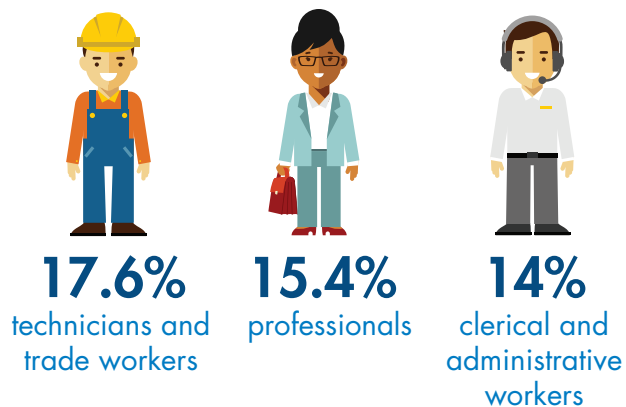


COUNTRY OF ORIGIN

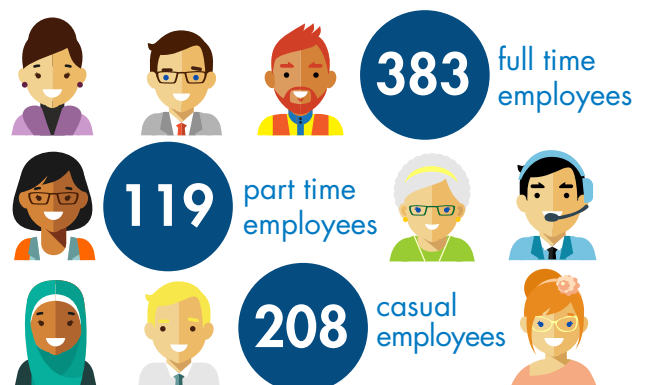
Top 8 countries



TOP THREE OCCUPATIONS



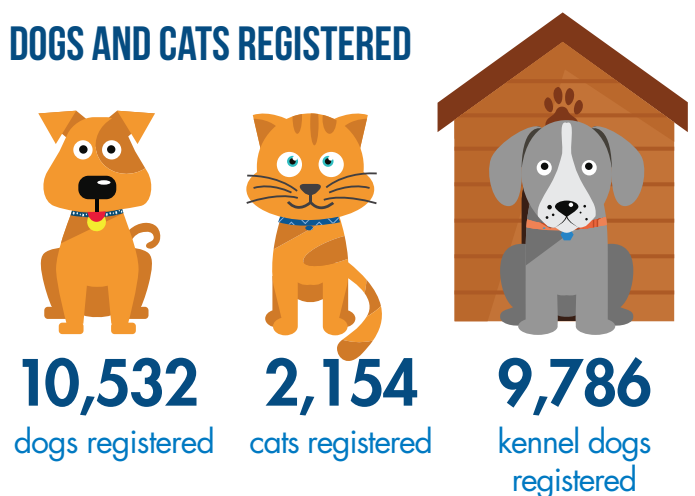
CITY EMPLOYEES



ECONOMY



DOGS AND CATS REGISTERED



Key achievements

The City of Gosnells has completed many significant and worthwhile projects and made substantial progress on a number of long-term initiatives during the 2019/20 financial year. The following provides a summary of some of these achievements.

Infrastructure

Leisure World refurbishment

Leisure World, the City's aquatic centre, underwent an extensive renovation in 2019/20, including replacing tiles in the indoor pool, repainting of the centre inside and out, resurfacing of the slide and installation of new lighting and skylights.

An important part of the renovation was preparing for the return of a café within the centre, which re-opened under new management, as Café by D'Pool, when the renovation was complete in February 2020.



Leisure World, Thornlie

To celebrate the new-look Leisure World, a free family fun day was held on Saturday 29 February, with pool inflatables, 'come and try' classes, a DJ, games, giveaways and competitions.

Spencer Road Improvement Project – Stage 1

An upgrade to Spencer Road, between Yale Road and Thornlie Avenue, was completed towards the end of 2019.

The \$4 million project included new protected turning lanes, upgraded street lighting, U-turn provisions, landscaping and improved pedestrian facilities.

Consultation for Stage 2 of the Spencer Road Improvement Project was completed in early 2020, with further work between Hume Road and Regal Drive to improve safety for pedestrians and motorists to occur in the 2020/21 financial year. This section of the project is expected to cost \$5 million.

Robinson Park

This 5.5ha site along Corfield Street in Gosnells was transformed during 2019/20 into a new community park and housing estate.



Robinson Park, Gosnells

Designed to provide a great new 'green space' for local residents, this \$6.5 million dollar redevelopment features a shaded nature-based playground with all-abilities play equipment, barbecues and seating, a basketball half-court and multi-sports goal, lighting, paths, public toilets, parking and an extensive off-leash dog exercise area.

Many of the park's mature trees were retained and complemented by new tree plantings and extensive landscaping.

There are 42 residential lots surrounding the park and the increased number of people living in the area will provide increased passive surveillance and help improve security and safety.

Glyndebourne Park

Thornlie residents now have a beautiful playground at their new-look Glyndebourne Park.

The City has upgraded this large park into an attractive and more useable green space, with a nature-based play area, circuit path for universal access, seating, lighting, bike racks, a shaded

sand pit and basketball half-court.

Many of the new park's features resulted from community feedback provided during a public consultation session in February.

One-third of the previous lawn area was replaced with irrigated turf for active play, and 27 native trees were planted to complement the many existing mature trees.

Tom Bateman All-Abilities Playground

Development of a new all-abilities playground at Tom Bateman Reserve in Thornlie has been well received by the community, particularly families and young people with disability.



Tom Bateman All-Abilities Playground, Thornlie

The playground, situated near the sports complex, has been popular with local families.

A further nine all-abilities playgrounds will be built across the City in the next two years to improve access for families with children who have special needs and help create more inclusive communities.

Gosnells Cricket Indoor Training Facility

In March 2020, the City opened a new indoor cricket training facility at Sutherlands Park in Huntingdale to provide year-round player development opportunities.

The \$540,000 facility features four indoor cricket wickets, as part of a joint project between the City of Gosnells, Gosnells Cricket Club, Cricket Australia, the WA Cricket Association (WACA) and the State Government.

The venue, one of only a few of its kind in Perth, will enable more young people in the region to be involved in sport and club activities.

Business Services

Simplified Trading Partnership Permit

A new permit was developed to make it easier for mobile food businesses to work at approved events in the cities of Gosnells and Canning and Town of Victoria Park.

The three local governments worked together to reduce red tape for food truck operators to create the Simplified Trading Partnership Permit and an online register.



Mobile food vendor

It means food businesses only need one permit with a single annual fee to work at events in this region and, due to COVID-19, the fee will be waived until July 2021.

Community Engagement

Fusion Food and Culture Festival

More than 15,000 people came together for the City's annual Fusion Food and Culture Festival at Mills Park in Beckenham on Saturday 9 November.

A celebration of the City's multicultural community, the event gave residents a chance to sample international cuisine, experience cultural arts, craft, performances and activities, and enjoy carnival rides and a fireworks finale.

Illuminate Night Party

A sell-out crowd of 15,000 rocked Gosnells Oval on Saturday 22 February for the City's annual free music concert, the Illuminate Night Party.

Headlined by multi-ARIA winning The Temper Trap and supported by Brayden Sibbald, The Southern River Band and Gyroscope, the event was a big hit with all ages. Off-stage, Illuminate featured carnival rides, food trucks, roving performers and more.

Youth and Families

Over 800 activities and programs for children, families and young people engaged almost 40,000 people across the City. These included Park Play and new park activation events, youth centre and skate park programs, The Nomad mobile youth space, and school holiday activities.



Mills Park Skate Jam, Beckenham

Home But Not Alone

Home But Not Alone (HBNA) sprang to life as a Facebook group in March when COVID-19 forced people into isolation, as a way to combat loneliness through positive social interaction.

The City delivered a number of online events and, in recognition of the 17 per cent of households having no internet access, took events to the street

to benefit the greatest number of people possible, while maintaining mandatory restrictions and physical distancing measures.

HBNA live events began with an Egg-stra Special Delivery of 35,000 chocolate eggs to residents in their driveways. Volunteer firefighters drove five 'bunnies' on fire trucks to around 75 per cent of the City's streets during the lockdown.



The community's response was overwhelming, with the City's social media reach growing beyond expectations to 54,000 people, with almost 12,000 engagements.

The City also partnered with the Gosnells RSL to support the Light Up the Dawn Service campaign for ANZAC Day, publishing a commemorative poster in the local newspaper for residents to display on their homes.

In May, the '80s themed Driveway Disco involved a 'disco truck' carrying giant LED screens, a DJ, lights and roller-skating divas.

Driveway Disco visited about 50 streets throughout the City and reached 92,000 people via social media, with 18,500 engagements and a further 44,000 views of the livestream video across the City of Gosnells, Australia and internationally.

The final HBNA live event was Eyes on the Sky, which involved four simultaneous fireworks displays for WA Day, launched high enough to be seen by most people in the City from the safety of their homes. A soundtrack was simulcast on 107.3 Heritage FM, with over 70,000 reached through social media.

As well as raising community spirits and building community connections, HBNA provided opportunities to support local businesses affected by the pandemic.

COVID-19 response

The last three months of the 2019/20 financial year changed everything for everyone, as the Coronavirus pandemic affected lives and livelihoods everywhere.

Almost every aspect of the City's operations was affected, with many community services, programs and events cancelled and facilities closed. Some things stayed the same, such as weekly rubbish collections, while other services increased, such as additional Meals on Wheels deliveries.

Based on health advice from State and Federal governments, the City introduced a range of measures to support residents and businesses and assist in the economic recovery of the local community.

Community support included:

- Bringing forward \$14 million of capital works to create a \$33 million program designed to recharge the local economy, including funding a comprehensive road and community infrastructure program to generate jobs and keep local businesses and trades operating, with a large portion funded through grants and reserves.
- Allocating public open space cash reserves to immediately start work on nine all-abilities playgrounds across the City.
- Expanding the City's Meals on Wheels service, to assist more vulnerable, local residents using Federal Government funding.
- Supporting local organisations affected by COVID-19 through the City's Community Funding Program.
- Providing a relief package of \$150,000 to assist hirers and

lessees significantly impacted by facility closures including waiving fees for ground hire.

- A commitment that no one would pay more in rates than last year for the coming financial year (excluding those who had made improvements to their home in the past year).
- A commitment to a freeze on fees and charges for the 2020/21 financial year.
- Continuing with flexible payment arrangements to suit individual ratepayer's circumstances.
- Removing penalty interest on overdue rates for 2020.
- Establishing the Home But Not Alone Facebook group to engage people in their own home, to combat isolation and encourage social interaction.
- Launching a Community Hotline with advice, information and support for community members facing difficult circumstances.
- Expanding the City's Homebound Readers program, to deliver more library books to residents, while also providing a Click and Collect service.

Business support included:

- Reassigning City Officers to the Business Station in Gosnells to provide support to local small businesses.
- Bringing forward local road and community infrastructure projects, to help stimulate the local economy.
- Upgrading local community facilities with work directed to local businesses and

trades through a \$1.1 million Federal Government grant.

- Waiving registration renewals for local food businesses and providing assistance for them to operate as takeaway outlets.
- Waiving commercial lease fees on the City's four commercial leases (three cafes and a child care centre).
- Supporting local mobile food vendors to operate throughout the City at community events – Eyes on the Sky fireworks display and Drive-By Bites.

Staff and operations support included:

- Redeploying permanent staff whose substantive roles could no longer be performed to undertake a variety of other priority projects.
- Facilitating technology enhancements to deliver Ordinary Council Meetings online.
- Launching Webchat to deliver additional customer service online.
- Developing trainee and apprenticeship opportunities to provide young people with new employment pathways at the City.
- Offering casual staff work with the Armadale Gosnells Landcare Group, to provide continued employment and the opportunity to support environmental enhancements.

In total, the cost of dealing with COVID-19 for the City of Gosnells was \$19.5 million, which equates to 18.3% of the City's annual revenue.

Our key service delivery outcomes for 2019/20

EVENTS AND RECREATION

15,000

people attended both the Fusion Food and Culture Festival and the Illuminate Night Party



307,628
visits to City libraries



473,689
library items loaned

54,313
registered library members

10,727 youth were engaged in skate park programs



12,283
visits to Don Russell Performing Arts Centre



CUSTOMER SERVICES

33,216

emails to Council inbox answered

67,087

Customer Contact Centre enquiries answered

622

webchat enquiries answered (20 Apr – 30 Jun)



18,749

over the counter enquiries assisted

16,739

jobs logged by customer service

COMMUNITY SAFETY

1,248

food premises inspected

1,290

swimming pools inspected



8,882m²
of graffiti removed



1,230

Ranger warnings issued



682

Ranger infringements



ENERGY EFFICIENCY

339,438kWh

power generated from solar panels on City buildings



\$74,676

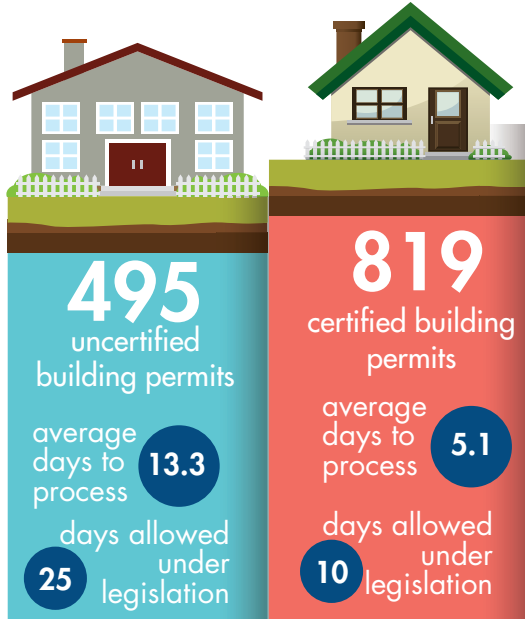
power generation savings

237,606kg

reduced CO² emissions



BUILDING APPLICATIONS PROCESSED



FOOTINGS REQUIRING WORK

CITY MAINTENANCE

24km

of drainage cleaned

137,800m²

median strips/public access ways cleaned

12km

of road resurfaced

6,767

engineering works requests actioned

WASTE SERVICES

4,149

tonnes of general junk collected

4,164

tonnes of green waste collected

7,719

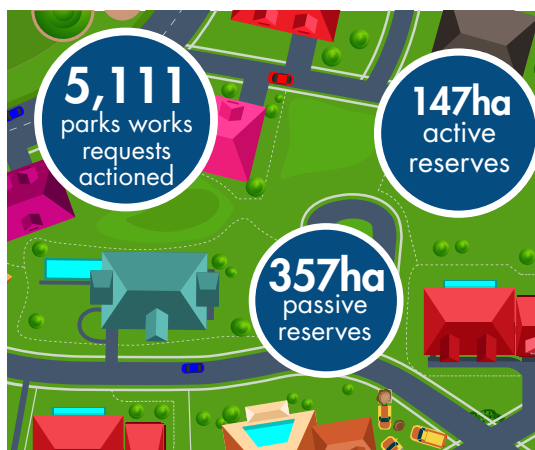
tonnes of recyclables collected

38,607

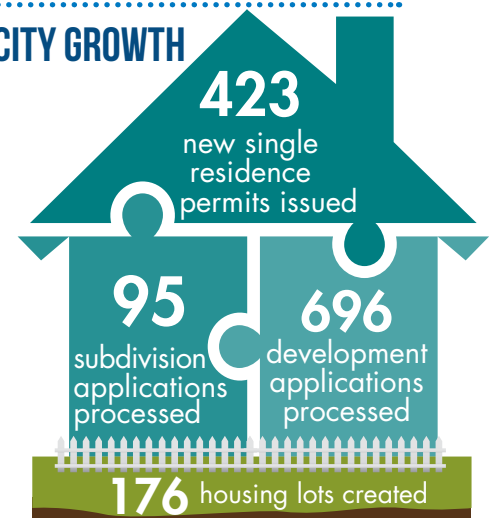
tonnes of general waste collected



PARKS AND RESERVES



CITY GROWTH



Councillors

Councillors at 30 June 2020



Cr David Goode JP
Mayor

Term expires: 15 October 2021
Phone: 0421 415 558
9397 3281
Email: mayor@gosnells.wa.gov.au



Cr Peter Abetz
Deputy Mayor

Term expires: 15 October 2021
Phone: 0409 076 155
Email: pabetz@gosnells.com.au



Cr Aaron Adams

Term expires: 20 October 2023
Phone: 0417 872 257
Email: aadams@gosnells.com.au



Cr Carey-Ann Brett

Term expires: 15 October 2021
Phone: 0430 089 797
Email: cbrett@gosnells.com.au



Cr Julie Brown

Term expires: 15 October 2021
Phone: 0416 367 762
9398 2191
Email: jbrown@gosnells.com.au



Cr Glenn Dewhurst

Term expires: 20 October 2023
Phone: 0407 153 787
Email: gdewhurst@gosnells.com.au



Cr Dave Griffiths

Term expires: 20 October 2023
Phone: 0438 595 795
Business phone: 9398 2242
Email: dgriffiths@gosnells.com.au



Cr Adam Hort

Term expires: 20 October 2023
Phone: 0430 198 955
Email: ahort@gosnells.com.au



Cr Julie Jones

Term expires: 15 October 2021
Phone: 0414 255 947
Email: jjones@gosnells.com.au



Cr Sarah Patterson

Term expires: 20 October 2023
Phone: 0499 989 936
Email: spatterson@gosnells.com.au



Cr Olwen Searle JP

Term expires: 15 October 2021
Phone: 9455 1951
Email: osearle@gosnells.com.au



Cr Emma (Ye) Zhang

Term expires: 20 October 2023
Phone: 0432 710 350
Email: ezhang@gosnells.com.au

Councillor attendance – 1 July 2019 to 30 June 2020

Councillors	Ordinary Council Meetings (20)*	Special Council Meetings (5)	Electors' Meeting (1)	Total (26)
Cr David Goode (Mayor) (Mayor from 21 October 2019)	20	4	1	25
Cr Peter Abetz (Deputy Mayor) (Deputy Mayor from 21 October 2019)	19	4	0	23
Cr Aaron Adams (Cr from 21 October 2019)	12 (of 13)	2 (of 2)	1	15
Cr Carey-Ann Brett	17	5	0	22
Cr Julie Brown	19	5	1	25
Cr Glenn Dewhurst (Mayor to 18 October 2019)	16	4	0	20
Cr David Griffiths	15	5	1	21
Cr Adam Hort (Cr from 21 October 2019)	13 (of 13)	2 (of 2)	1	16
Cr Julie Jones	12	2	0	14
Cr Sarah Patterson (Cr from 21 October 2019)	12 (of 13)	2 (of 2)	1	15
Cr Olwen Searle	19	5	1	25
Cr Emma (Ye) Zhang (Cr from 21 October 2019)	11 (of 13)	2 (of 2)	0	13
Cr Teresa Lynes (Deputy Mayor and term ended 18 October 2019)	7 (of 7)	2 (of 3)	–	9
Cr Ron Mitchell (Term ended 18 October 2019)	7 (of 7)	3 (of 3)	–	10
Cr Serena Williamson (Term ended 18 October 2019)	7 (of 7)	3 (of 3)	–	10

Future plans

The City has a range of significant projects planned for the coming 12 months.

Thornlie Community and Sports Hub

By mid-2021, Thornlie residents will have a new community and sports facility at the site of the old Thornlie bowls and tennis facility.

Work on the development began in September 2020 to provide new facilities for the Thornlie Bowling Club and Thornlie Tennis Club, as well as a 200-person capacity community centre.

This project will provide modern facilities for both of these well-established clubs, helping to grow their sports, while giving residents a new community hub and nearby playground.

The development is jointly funded by the City of Gosnells, Federal Government, Lotterywest and the Thornlie Bowling Club.



All-abilities play spaces

Over the next two years, the City will develop nine all-abilities playgrounds, as part of a \$4.2 million initiative to improve access for families who have children with disability.

One of the biggest projects will be a \$1 million facility at Mary Carroll Park in the heart of Gosnells, while eight other projects worth about \$400,000 each will be developed, including four in 2020/21 at Harmony Fields in Maddington, Langford Sporting Complex, Sutherlands Park in Huntingdale and Thornlie Park.

Each playground has been designed to provide a safe place where children of all abilities can play together, helping to create more inclusive communities.

Spencer Road Improvement Project – Stage 2

In early 2021, the City will begin upgrades of the 850m section of Spencer Road between Hume Road and Regal Drive in Thornlie to ease congestion and install a median island and turning lanes to improve safety.

The Stage 2 works will involve upgrading the intersections along this section of Spencer Road to make it safer for motorists travelling in both directions.

Traffic islands and turning pockets will make left and right turns easier, while U-turn areas and new street lighting will further enhance safety.

Jointly funded by the City and the State Government, the project will also include changes to the location of five bus stops and bring them up to current standards.

Landscaping will be carried out towards the end of the project during the 2021/22 financial year.

Southern River Business Park

Subdivision of this high-quality business park is currently being assessed by the WA Planning Commission.

The proposed Southern River Business Park is expected to enhance economic development and create employment opportunities for the local community.

Current plans propose around 49 lots, however this may change depending on sales interest and market conditions.

The sale of the subdivided lots is expected to fund future strategic projects for the City.

Green space planning for parks

With more than 300 green spaces, the City of Gosnells places high importance on the long-term planning of play, parks and sports areas to meet the community's current and future needs.

In 2020/21, the City will be working on a number of park improvement projects, including the Koorlangka Waabiny Park at Langford (formerly Imber Turn Reserve) and Ashford Park in Maddington.

Hester Park

The first stage of a project to revitalise Hester Park in Langford began in September 2020, with a \$500,000 recreation facility to activate this Canning River parkland.

This is a joint initiative between the City of Gosnells and State Government, and will include development of a new entry road, basketball

half-court and pump track for BMX and mountain bike riding.

This project will create a more useable, active community space.

Town Square development

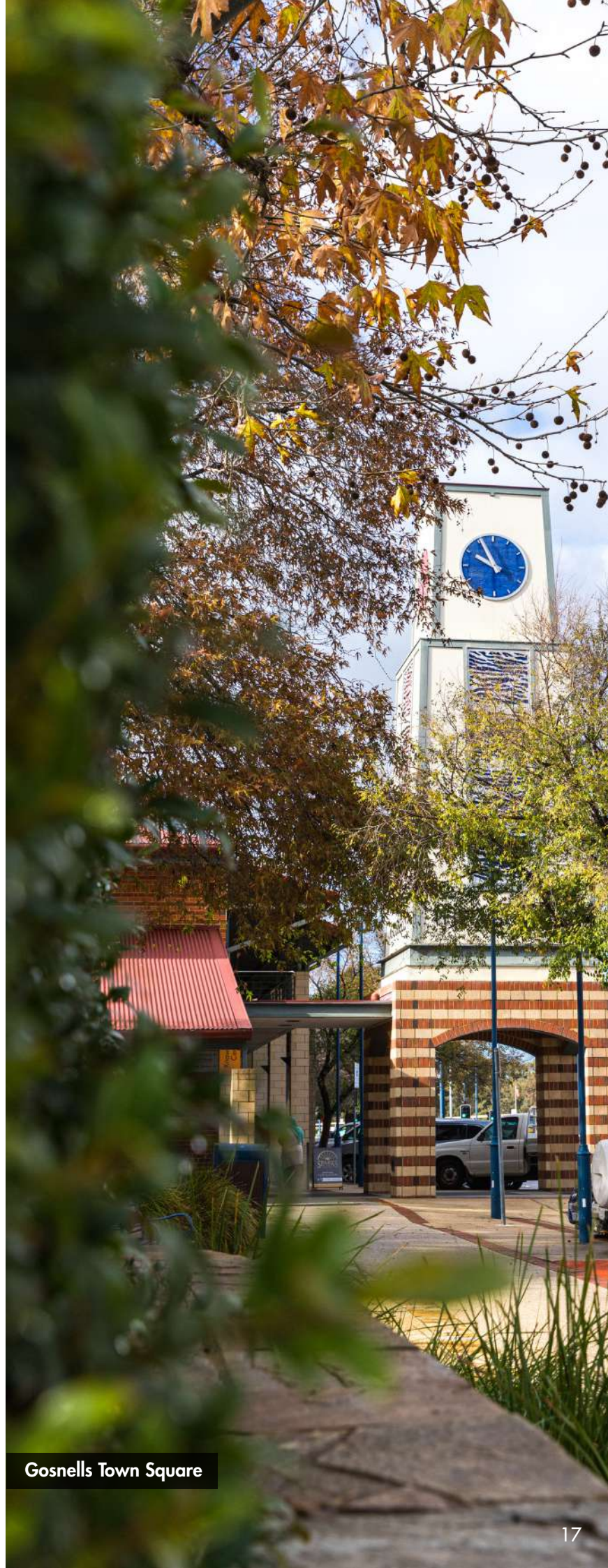
Redevelopment of the Gosnells Town Square will continue in 2020/21 to make this area more accessible from Albany Highway and create a more usable, safe and friendly community space.

Removal of the retaining wall along Albany Highway will open up the square, where a new central lawn and innovative 'fogging' feature with lights and sound, will create a focal point and play space.

New planter boxes will be built around the retained London Plane trees to provide casual, shaded seating areas, along with new energy-efficient lighting and brightly coloured furniture, public art and landscaping.

Locally-sourced granite boulders from the Holcim Australia quarry will feature in the design and new paving will ensure the finished town square is universally accessible.

The adjacent temporary gravel car park will be paved and will remain as a car park until the land is developed.



Gosnells Town Square

Employee salaries

The City of Gosnells employs 710 people in a diverse range of roles to serve the community. The number of City employees earning an annual salary of \$100,000 or more is set out below, in bands of \$10,000.

Salary range \$	2019/20	Salary range \$	2019/20
100,000 – 109,999	38	220,000 – 229,999	1
110,000 – 119,999	14	230,000 – 239,999	3
120,000 – 129,999	3	240,000 – 249,999	0
130,000 – 139,999	6	250,000 – 259,999	0
140,000 – 149,999	3	260,000 – 269,999	0
150,000 – 159,999	3	270,000 – 279,999	0
160,000 – 169,999	2	280,000 – 289,999	0
170,000 – 179,999	0	290,000 – 299,999	0
180,000 – 189,999	0	300,000 – 309,999	0
190,000 – 199,999	0	310,000 – 319,999	0
200,000 – 209,999	0	320,000 – 329,999	1
210,000 – 219,999	0		



Official conduct report

In accordance with Section 5.53(2)(hb) of the Local Government Act 1995, the City is required to include in its Annual Report details of complaints alleging minor breaches by Council

Members during the financial year including:

1. The number of complaints recorded in the register of complaints
2. How the complaints were dealt with

The City received no complaints alleging minor breaches by Council Members during the financial year.



Disability Services program participants

Access and inclusion

The City has demonstrated a strong commitment to the guiding principles of inclusion and equitable access.

Throughout 2019/20 the City continued to implement the strategies and actions included in the Disability Access and Inclusion Plan 2019 – 2023. This plan outlines the City's approach to ensuring that people with disability have the same opportunities as other people to access City services, facilities, events, information, complaints processes, public consultation and employment.

Importantly, the City delivers several large-scale events each year – all of which adhere to the State's guidelines for creating accessible events. The City develops and adheres to an Accessible Events Checklist for all events, to ensure that they are as accessible as possible for all community

members. The City also includes a Creating Accessible Events brochure in the hire package for community groups hiring buildings and/or reserves. This encourages the community to be mindful of accessibility requirements, and provides simple guidance so that clubs and groups can deliver inclusive events and activities.

The City also upgraded a substandard pedestrian crossing at Yale Road so that it complied with disability access standards, by incorporating ramps and hand rails. A further \$20,000 was allocated in the 2020/21 budget to upgrade pedestrian ramps at various other locations.

Business and strategic planning

In the 2019/20 financial year, the City made 20 additions to its Corporate Business Plan 2019 – 2023.

Many of the additions related to the setting of new sustainability targets and business activities aimed at using less resources at a corporate level and within the community.

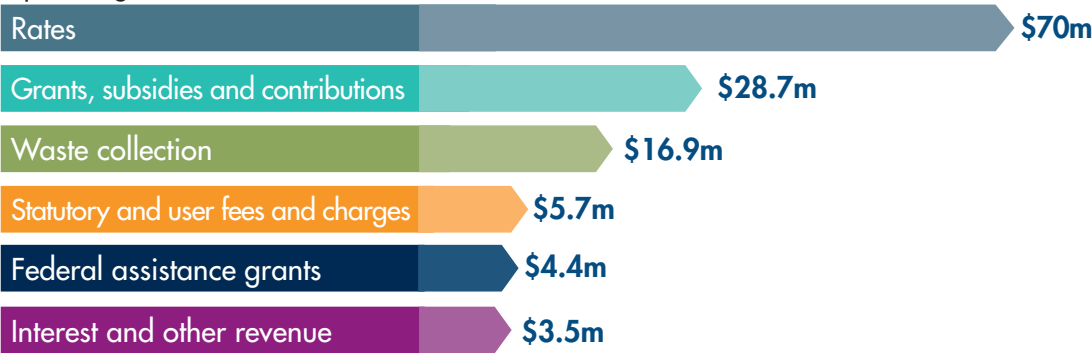
Other key changes addressed improvements identified by the City to enhance digital connectivity, community support and the development of road, drainage and cycling infrastructure to meet future demand.

No amendments were made to the Strategic Community Plan 2018 – 2028.

Revenue and expenditure

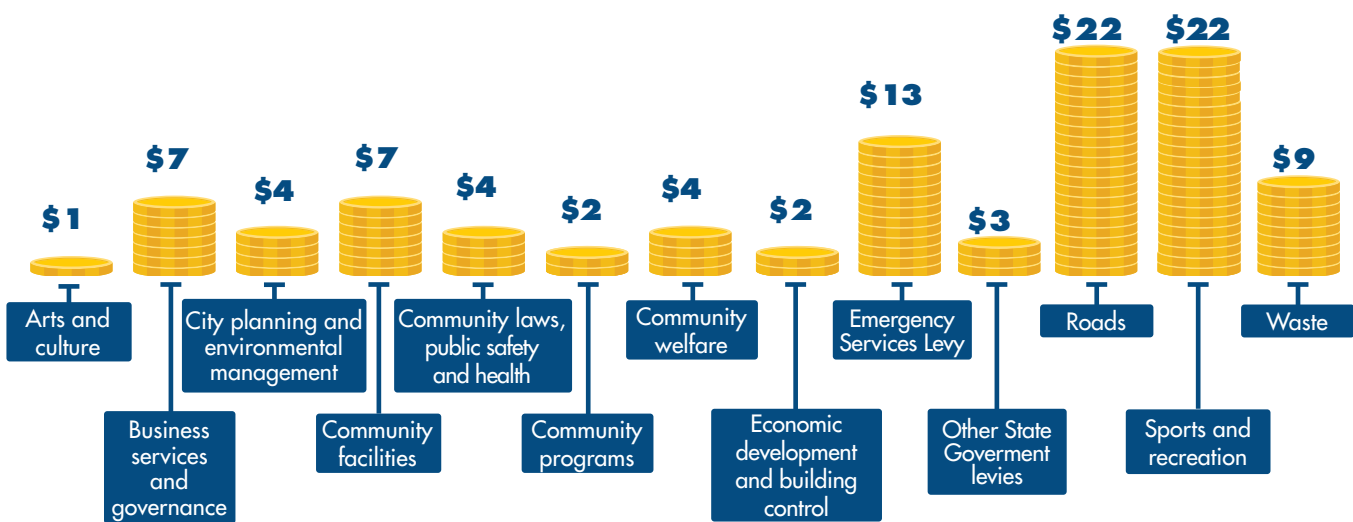
Budget revenue

Operating revenue sources



Budget outgoings

Areas of expenditure for every \$100 Council receives:



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**CITY OF GOSNELLS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

**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 2020 is based on proper accounts and records to present fairly the financial position of the City at 30 June 2020 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 3rd day of February 2021.

A handwritten signature in blue ink, appearing to read 'Ian Cowie'.

Ian Cowie PSM
Chief Executive Officer

CITY OF GOSNELLS
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	27(a)	70,049,632	69,224,277	67,537,936
Operating grants, subsidies and contributions	2(a)	6,730,348	6,270,970	6,903,968
Fees and charges	2(a)	22,584,510	25,858,715	25,174,850
Interest earnings	2(a)	3,101,572	4,832,000	3,824,845
Other revenue	2(a)	403,039	200	273,688
		<u>102,869,101</u>	<u>106,186,162</u>	<u>103,715,287</u>
Expenses				
Employee costs		(44,998,220)	(48,143,035)	(44,991,941)
Materials and contracts		(28,607,065)	(34,899,170)	(28,323,591)
Utility charges		(4,388,589)	(4,759,996)	(4,635,371)
Amortisation and depreciation	11(c)	(25,494,408)	(24,549,495)	(23,779,377)
Interest expenses	2(b)	(352,760)	(340,700)	(388,976)
Insurance expenses		(692,135)	(715,606)	(694,471)
Other expenses	2(b)	(1,428,167)	(1,321,987)	(1,017,097)
		<u>(105,961,344)</u>	<u>(114,729,989)</u>	<u>(103,830,824)</u>
Non-operating grants, subsidies and contributions	2(a)	24,296,075	11,695,826	18,460,321
Public Open Space - Cash-in-Lieu contributions		2,023,924	0	0
Fair value adjustments to financial assets at fair value through profit or loss		30,802	0	20,503
Profit on asset disposals	11(b)	44,702	8,956,206	229,838
Loss on asset disposals	11(b)	(1,255,353)	(34,874)	(627,546)
Impairment of an asset		(70,400)	0	0
		<u>(1,250,049)</u>	<u>8,921,332</u>	<u>(397,205)</u>
Net result		21,977,507	12,073,331	17,967,579
Other comprehensive income (loss)				
Changes on revaluation of non-current assets	12	(12,081,312)	0	4,605,376
Total comprehensive income		<u>9,896,195</u>	<u>12,073,331</u>	<u>22,572,955</u>

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

CITY OF GOSNELLS
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
General purpose funding		78,113,372	79,444,400	76,781,067
Governance		7,567	6,768	5,866
Law, order and public safety		764,538	602,587	658,106
Health		150,026	323,879	351,058
Education and welfare		841,692	720,925	809,045
Community amenities		18,375,087	18,254,103	17,924,152
Recreation and culture		1,721,418	3,886,933	4,184,626
Transport		229,061	202,500	296,702
Economic services		2,003,393	2,202,074	1,841,800
Other property and services		<u>662,947</u>	<u>541,993</u>	<u>862,865</u>
		102,869,101	106,186,162	103,715,287
Expenses				
General purpose funding		(2,013,664)	(2,037,307)	(1,513,397)
Governance		(6,249,559)	(6,635,919)	(5,863,818)
Law, order and public safety		(3,613,283)	(3,818,329)	(3,551,812)
Health		(1,334,585)	(1,360,162)	(1,293,455)
Education and welfare		(4,655,601)	(4,616,639)	(4,433,300)
Community amenities		(19,225,496)	(22,733,132)	(20,133,413)
Recreation and culture		(38,488,229)	(41,487,329)	(36,776,385)
Transport		(26,072,204)	(26,641,437)	(25,458,003)
Economic services		(2,849,938)	(3,274,126)	(3,025,378)
Other property and services		<u>(1,176,425)</u>	<u>(1,784,909)</u>	<u>(1,392,887)</u>
		(105,678,984)	(114,389,289)	(103,441,848)
Finance costs				
	2(b)			
Community amenities		(132,253)	(167,300)	(145,353)
Recreation and culture		(210,984)	(173,400)	(243,623)
Other property and services		<u>(9,523)</u>	<u>0</u>	<u>0</u>
		(352,760)	(340,700)	(388,976)
Fair value adjustments to financial assets at fair value through profit or loss				
	6			
General purpose funding		30,802	0	20,503

CITY OF GOSNELLS
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
Non-operating grants, subsidies and contributions				
	2(a)			
Community amenities		5,585,941	4,290,000	2,188,315
Law, order and public safety		0	0	5,250
Recreation and culture		1,296,426	128,333	2,176,634
Transport		17,358,177	7,277,493	14,049,951
Other property and services		55,531	0	40,171
		<u>24,296,075</u>	<u>11,695,826</u>	<u>18,460,321</u>
Public Open Space - Cash-in-Lieu contributions				
Community amenities		1,452,000	0	0
Recreation and culture		571,924	0	0
		<u>2,023,924</u>	<u>0</u>	<u>0</u>
Profit/(Loss) on asset disposals	11(b)			
Community amenities		(34,940)	0	186,002
Education and welfare		0	0	(3,503)
Health		0	0	(79)
Law, order, public safety		(39,084)	0	1,642
Recreation and culture		(300,567)	0	(192,352)
Transport		(48,591)	83,307	(10,980)
Other property and services		(787,469)	8,838,025	(378,438)
		<u>(1,210,651)</u>	<u>8,921,332</u>	<u>(397,708)</u>
Net result		<u>21,977,507</u>	<u>12,073,331</u>	<u>17,967,579</u>
Other comprehensive income (loss)				
Changes on revaluation of non-current assets	12	(12,081,312)	0	4,605,376
Total comprehensive income		<u><u>9,896,195</u></u>	<u><u>12,073,331</u></u>	<u><u>22,572,955</u></u>

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

CITY OF GOSNELLS
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 Actual \$	2019 Actual \$
Current Assets			
Cash and cash equivalents	3	65,614,379	58,352,441
Trade and other receivables	4	9,173,373	9,353,090
Inventories	5	3,830,400	1,859,082
Other financial assets	6	70,100,000	46,535,282
Other current assets	7	893,151	0
Total Current Assets		149,611,303	116,099,895
Non-Current Assets			
Trade and other receivables	4	1,487,045	1,364,103
Inventories	5	1,292,856	1,178,172
Other financial assets	6	391,299	175,171
Property, plant and equipment	8	253,217,715	264,973,737
Infrastructure	9	1,007,457,091	998,458,856
Intangible assets	10	2,392,198	2,849,144
Right of use assets	14(a)	70,060	0
Investment property	13	0	3,600
Total Non-Current Assets		1,266,308,264	1,269,002,783
Total Assets		1,415,919,567	1,385,102,678
Current Liabilities			
Trade and other payables	15	13,059,592	10,332,551
Contract, grant and contribution liabilities	16	10,669,753	0
Lease liabilities	14(b)	26,944	0
Current portion of long term borrowings	17(a)	2,400,972	6,226,223
Employee related provisions	18	9,723,294	9,373,743
Total Current Liabilities		35,880,555	25,932,517
Non-Current Liabilities			
Lease liabilities	14(b)	47,114	0
Contract, grant and contribution liabilities	16	20,369,630	0
Employee related provisions	18	677,659	704,129
Long term borrowings	17(a)	14,164,683	4,532,555
Total Non-Current Liabilities		35,259,086	5,236,684
Total Liabilities		71,139,641	31,169,201
Net Assets		1,344,779,926	1,353,933,477
Equity			
Retained surplus		381,334,384	412,819,005
Reserves - cash backed	19	113,605,484	78,375,965
Revaluation surplus	12	849,840,058	862,738,507
Total Equity		1,344,779,926	1,353,933,477

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 2020

	Note	Retained Surplus \$	Reserves Cash Backed \$	Revaluation Surplus \$	Total Equity \$
Balance as at 1 July 2018		412,567,274	60,303,904	858,489,344	1,331,360,522
Comprehensive income					
Net result		17,967,579	0	0	17,967,579
Changes on revaluation of Non-Current Assets	12	0	0	4,605,376	4,605,376
Total comprehensive income		17,967,579	0	4,605,376	22,572,955
Revaluation write back on disposals	12	356,213	0	(356,213)	0
Transfers (from)/to reserves	19	(18,072,061)	18,072,061	0	0
Balance as at 30 June 2019		412,819,005	78,375,965	862,738,507	1,353,933,477
Impact of new accounting standards	37	(39,860,155)	0	0	(39,860,155)
Balance as restated as at 30 June 2019		372,958,850	78,375,965	862,738,507	1,314,073,322
Comprehensive income					
Net result		21,977,507	0	0	21,977,507
Changes on revaluation of Non-Current Assets	12	0	0	(12,081,312)	(12,081,312)
Total comprehensive income		21,977,507	0	(12,081,312)	9,896,195
Revaluation write back on disposals	12	817,137	0	(817,137)	0
Transfers (from)/to reserves	19	(14,419,110)	14,419,110	0	0
Transfers from Public Open Space - Cash in Lieu to Planning Reserves	19	0	20,810,409	0	20,810,409
Balance as at 30 June 2020		381,334,384	113,605,484	849,840,058	1,344,779,926

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 2020

	Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cash Flows from Operating Activities				
Receipts				
Rates		69,408,858	69,224,277	66,248,939
Operating grants, subsidies and contributions		6,763,742	6,270,970	6,899,448
Fees and charges		21,032,788	25,761,090	23,337,212
Interest earnings		4,024,236	4,772,000	4,105,085
Goods and services tax		5,200,620	3,200,000	4,877,705
Other revenue		217,713	200	273,688
		106,647,957	109,228,537	105,742,077
Payments				
Employee costs		(44,696,464)	(46,143,035)	(43,863,233)
Materials and contracts		(28,043,286)	(34,569,170)	(28,587,855)
Utility charges		(4,388,589)	(4,759,996)	(4,635,370)
Interest expenses		(213,154)	(340,700)	(371,306)
Insurance expenses		(692,135)	(715,606)	(694,471)
Goods and services tax		(5,209,728)	(3,250,000)	(4,756,000)
Other expenditure		(1,428,171)	(1,321,987)	(1,017,097)
		(84,671,527)	(91,100,494)	(83,925,332)
Net cash provided by operating activities	20	21,976,430	18,128,043	21,816,745
Cash Flows from Investing Activities				
Payments for:				
Development of land held for sale		(2,186,447)	(6,727,074)	(94,454)
Purchase of property, plant and equipment		(9,560,038)	(3,755,723)	(3,207,651)
Construction of infrastructure assets		(15,451,236)	(22,134,012)	(16,397,928)
Investments in term deposits		(119,500,000)	0	(46,535,282)
Proceeds from:				
Assets disposals		293,478	10,364,400	668,086
Matured term deposits		95,935,282	0	81,769,606
Non-operating grants, subsidies and contributions		9,160,973	11,695,826	10,636,482
Net cash (used in)/provided by investing activities		(41,307,988)	(10,556,583)	26,838,859
Cash Flows from Financing Activities				
Repayment of loan facilities		(6,226,223)	(7,026,223)	(1,385,894)
Proceeds from loan facilities		12,033,100	13,703,074	0
Repayment of lease liabilities		(23,790)	0	0
Net cash provided by/(used in) financing activities		5,783,087	6,676,851	(1,385,894)
Net (decrease) increase in cash held		(13,548,471)	14,248,311	47,269,710
Cash at beginning of year		58,352,441	130,843,000	11,082,731
Public Open Space - Cash in Lieu from Trust		20,810,409	0	0
Cash and cash equivalents at the end of the year	20	65,614,379	145,091,311	58,352,441

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

CITY OF GOSNELLS
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue from Operating Activities excluding Rates				
General purpose funding		8,673,992	10,220,123	9,263,635
Governance		7,567	6,768	5,866
Law, order, public safety		768,017	602,587	659,748
Health		150,026	323,879	351,058
Education and welfare		841,692	720,925	809,045
Community amenities		18,375,087	18,254,103	18,110,154
Recreation and culture		1,722,866	3,886,933	4,184,626
Transport		234,355	320,681	296,702
Economic services		2,003,393	2,202,074	1,841,800
Other property and services		697,428	9,380,019	862,865
		<u>33,474,423</u>	<u>45,918,092</u>	<u>36,385,499</u>
Expense from Operating Activities				
General purpose funding		(2,013,664)	(2,037,307)	(1,513,399)
Governance		(6,249,559)	(6,635,919)	(5,863,818)
Law, order, public safety		(3,655,846)	(3,818,329)	(3,551,812)
Health		(1,334,585)	(1,360,162)	(1,293,534)
Education and welfare		(4,655,601)	(4,616,639)	(4,436,803)
Community amenities		(19,392,689)	(22,900,432)	(20,278,766)
Recreation and culture		(39,001,229)	(41,660,729)	(37,212,360)
Transport		(26,126,089)	(26,676,312)	(25,468,983)
Economic services		(2,849,938)	(3,274,126)	(3,025,378)
Other property and services		(2,007,897)	(1,784,909)	(1,771,324)
		<u>(107,287,097)</u>	<u>(114,764,864)</u>	<u>(104,416,177)</u>
Net operating result excluding rates		<u>(73,812,674)</u>	<u>(68,846,772)</u>	<u>(68,030,678)</u>
Adjustments for cash budget requirements:				
Non-cash revenue and expenses				
Loss/(Profit) on asset disposals	11(b)	1,210,651	(8,921,332)	397,708
Depreciation and amortisation on assets	11(c)	25,703,409	24,702,620	24,011,580
Impairment of an asset		70,400	0	0
Fair value adjustment to financial assets		(30,802)	0	(20,503)
Movement in Non-Current Assets		(122,945)	0	(163,904)
Movement in Non-Current Liabilities		(4,794,193)	0	26,926
		<u>22,036,520</u>	<u>15,781,288</u>	<u>24,251,807</u>
Amount attributable to Operating Activities		<u>(51,776,154)</u>	<u>(53,065,484)</u>	<u>(43,778,871)</u>

CITY OF GOSNELLS
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
Investing Activities				
Contributions/Grants for construction of assets		24,296,075	11,695,826	18,460,321
Public Open Space Cash-in-Lieu contributions		2,023,924	0	0
Proceeds from asset disposals	11(b)	293,478	10,364,400	668,086
Purchase of land held for sale	5	(2,191,587)	(6,727,074)	(94,454)
Purchase of intangible assets	10	(83,290)	0	(332,323)
Recognition of investment in Rivers Regional Council	6	(185,326)	0	0
Purchase of property, plant and equipment	8	(8,792,596)	(3,755,723)	(3,107,534)
Construction/Purchase of infrastructure assets	9	<u>(27,146,243)</u>	<u>(22,134,012)</u>	<u>(24,221,767)</u>
Amount attributable to investing activities		<u>(11,785,565)</u>	<u>(10,556,583)</u>	<u>(8,627,671)</u>
Financing Activities				
Proceeds from loan facilities	17(b)	12,033,100	13,703,074	4,800,000
Repayment of loan facilities	17(b)	(6,226,223)	(7,026,223)	(6,185,894)
Interest on lease liability		9,523	0	0
Amortisation of lease liability	14	(31,341)	0	0
Transfers to reserves (restricted cash)	19	(23,177,470)	(24,666,354)	(21,590,232)
Transfers from reserves (restricted cash)	19	<u>8,758,360</u>	<u>8,301,503</u>	<u>3,518,171</u>
Amount attributable to financing activities		<u>(8,634,051)</u>	<u>(9,688,000)</u>	<u>(19,457,955)</u>
Net Current Assets - surplus/(deficit) at:				
The start of the financial year	30	16,439,346	4,085,790	20,765,907
Impact of new accounting standards	30	(5,482,373)	0	0
The end of the financial year	30	<u>(8,231,385)</u>	<u>0</u>	<u>(16,439,346)</u>
		2,725,588	4,085,790	4,326,561
Total amount raised from rates	27(a)	<u><u>(69,470,182)</u></u>	<u><u>(69,224,277)</u></u>	<u><u>(67,537,936)</u></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 2020

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

AMENDMENT TO THE LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, Regulation 16 arbitrarily prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, have not been recognised in previous financial reports of the City. This was not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

From 1 July 2019, the City has applied AASB 16 *Leases* which requires leases to be included by lessees in the balance sheet. Also, the *Financial Management Regulations* have been amended to specify that vested land is a right of use (ROU) asset to be measured at cost. All ROU assets (other than vested improvements) under zero cost concessionary leases (peppercorn leases) are measured at zero cost rather than at fair value. The exception is vested improvements and concessionary land leases such as roads, buildings, or other infrastructure which continue to be reported at fair value, and as opposed to the vested land which is measured at zero cost. The measurement of vested improvement at fair value is a departure from AASB 16 *Leases* which would have required the City to measure any vested improvement 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 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.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

On 1 July 2020 the following new accounting standards are to be adopted:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*

AASB 1059 *Service Concession Arrangements: Grantors* is not expected to impact the financial report. Specific impacts of AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*, have not been identified.

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 26 to these financial statements.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions			
General purpose funding	4,515,049	4,364,000	4,455,905
Governance	5,567	6,768	5,866
Law, order and public safety	376,061	249,402	297,787
Health	7,802	5,567	4,541
Education and welfare	671,540	559,435	640,848
Community amenities	439,927	478,615	598,395
Recreation and culture	203,247	222,159	334,054
Transport	89,589	56,500	148,003
Economic services	7,574	9,070	8,276
Other property and services	413,992	319,454	410,293
	<u>6,730,348</u>	<u>6,270,970</u>	<u>6,903,968</u>
Non-operating grants, subsidies and contributions			
Community amenities	5,585,941	4,290,000	2,188,315
Law, order and public safety	0	0	5,250
Recreation and culture	1,296,426	128,333	2,176,634
Transport	17,358,177	7,277,493	14,049,951
Other property and services	55,531	0	40,171
	<u>24,296,075</u>	<u>11,695,826</u>	<u>18,460,321</u>
	<u>31,026,423</u>	<u>17,966,796</u>	<u>25,364,289</u>
Fees and charges			
General purpose funding	428,727	1,024,123	938,471
Law, order and public safety	388,477	353,185	360,319
Health	142,224	318,312	346,518
Education and welfare	170,175	161,489	168,127
Community amenities	17,612,915	17,775,488	17,326,259
Recreation and culture	1,517,833	3,664,774	3,850,427
Transport	139,472	146,000	148,699
Economic services	1,995,819	2,193,004	1,833,525
Other property and services	188,868	222,340	202,505
	<u>22,584,510</u>	<u>25,858,715</u>	<u>25,174,850</u>

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 2020

2. REVENUE AND EXPENSES (continued)

(a) Revenue (continued)

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest earnings			
Reserve funds	1,601,037	2,640,000	1,809,151
Other funds	726,786	1,503,000	1,112,868
Rates instalment and penalty interest (Note 29)	773,749	689,000	902,826
	<u>3,101,572</u>	<u>4,832,000</u>	<u>3,824,845</u>
Other revenue			
Discount received	8,043	0	11,313
Impairment gain on receivables	27,635	0	61,978
Others	367,361	200	200,397
	<u>403,039</u>	<u>200</u>	<u>273,688</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 discount and rebate is received.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (continued)

(b) Expenses

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Auditors remuneration			
Audit of the annual financial report	55,860	65,000	62,663
Audit of grant acquittals	0	1,200	1,132
	<u>55,860</u>	<u>66,200</u>	<u>63,795</u>
Interest expenses (Finance costs)			
Operating:			
- Interest on loan facilities	343,237	340,700	388,976
- Interest on lease liabilities	9,523	0	0
Capital interest on loan facilities	5,142	324,000	0
	<u>357,902</u>	<u>664,700</u>	<u>388,976</u>
Other expenses			
Elected Members remuneration (Note 31(a))	552,833	528,750	518,347
Election expenditure	253,482	290,000	0
Community sponsorship and donations	328,356	293,123	191,773
Rate waivers	114,361	75,700	74,227
Refund of fees and charges	17,986	29,900	11,558
Land donated to crown and land acquisition costs	0	0	229
ESL council properties	78,996	80,364	76,536
Developer contribution reimbursements	15,491	0	110,856
Others	66,662	24,150	33,571
	<u>1,428,167</u>	<u>1,321,987</u>	<u>1,017,097</u>

3. CASH AND CASH EQUIVALENTS

	Note	2020 Actual \$	2019 Actual \$
Cash on hand		8,935	9,276
Cash at bank		5,605,444	9,343,165
Term deposits		<u>60,000,000</u>	<u>49,000,000</u>
		<u>65,614,379</u>	<u>58,352,441</u>
Cash and cash equivalents		65,614,379	58,352,441
Term deposits classified as Financial assets at amortised cost	6	<u>70,100,000</u>	<u>46,535,282</u>
		<u>135,714,379</u>	<u>104,887,723</u>
Comprises:			
- Unrestricted		20,679,568	25,165,612
- Restricted		<u>115,034,811</u>	<u>79,722,111</u>
		<u>135,714,379</u>	<u>104,887,723</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

3. CASH AND CASH EQUIVALENTS (continued)

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

	Note	2020 Actual \$	2019 Actual \$
Restricted Cash and Financial assets at amortised cost			
Reserves - cash backed	19	113,605,484	78,375,965
Contract liabilities from transfers for recognisable non-financial assets	16	218,619	0
Contract liabilities from contracts with customers	16	1,210,708	0
Unspent grants and contributions		0	1,346,146
		115,034,811	79,722,111

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.

4. TRADE AND OTHER RECEIVABLES

	2020 \$	2019 \$
Current		
Rates receivables	7,040,434	5,778,535
Sundry receivables	300,422	1,525,636
Allowance for impairment of receivables	(6,586)	(36,818)
GST receivables	550,209	541,101
Accrued revenue	652,686	1,544,636
Capital grant receivables	636,208	0
	9,173,373	9,353,090
Non-current		
Pensioner's rates and ESL deferred	1,487,045	1,364,103

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 2020

4. TRADE AND OTHER RECEIVABLES (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

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 35.

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.

5. INVENTORIES

	Note	2020 \$	2019 \$
Current			
Fuel and materials		268,179	280,792
Land under development and developed land - cost			
- Acquisition cost		1,101,300	1,212,175
- Work in progress		2,460,921	366,115
		3,830,400	1,859,082
Non-current			
Land under development and developed land - cost			
- Acquisition cost		1,292,856	958,425
- Development cost		0	170,875
- Work in progress		0	48,872
		1,292,856	1,178,172

The following movements in inventories occurred during the year:

Carrying amount at 1 July		3,037,254	2,989,551
Inventories expensed during the year		(1,388,538)	(1,586,575)
Additions to fuel and materials		1,375,925	1,578,527
Write down to net realisable value		(70,400)	0
Additions to land under development and developed land		2,191,587	94,454
Sale/disposals of inventory	11(b)	0	(38,703)
Transfers between asset classes		(22,572)	0
Carrying amount at 30 June		5,123,256	3,037,254

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

5. 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.

6. OTHER FINANCIAL ASSETS

	2020	2019
	\$	\$
Current		
Financial assets at amortised cost		
- Term deposits	<u>70,100,000</u>	<u>46,535,282</u>
Non-current		
Financial assets at fair value through profit and loss		
- Units in Local Government House Trust	178,053	175,171
- Share in Rivers Regional Council	<u>213,246</u>	<u>0</u>
	<u>391,299</u>	<u>175,171</u>
The following movement in Financial assets at fair value through profit and loss occurred during the year:		
Carrying amount at 1 July	175,171	154,668
Initial recognition of Investment in Rivers Regional Council	185,326	0
Unrealised gain - Investment in Local Government House Trust	2,882	20,503
Unrealised gain - Investment in Rivers Regional Council	<u>27,920</u>	<u>0</u>
Carrying amount at 30 June	<u>391,299</u>	<u>175,171</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 2019 as the audited financial statements as at 30 June 2020 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 2020 are unlikely to be material.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

6. OTHER FINANCIAL ASSETS (continued)

During the year, the City recognised its investment in Rivers Regional Council representing 32.11% share in Net Assets of \$577,122.

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 2019 as the audited financial statements as at 30 June 2020 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 2020 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 35.

7. OTHER CURRENT ASSETS

	2020 \$	2019 \$
Prepayments	<u>893,151</u>	<u>0</u>

SIGNIFICANT ACCOUNTING POLICIES

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 2020

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 2020	Land	Buildings	Furniture and Equipment	Plant and Equipment	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2019	145,798,031	102,026,891	5,188,900	11,959,915	264,973,737
Additions					
- Completed Works	3,561,136	1,759,460	922,697	1,187,581	7,430,874
- Developer Contributed Assets	0	0	777,000	0	777,000
- Works in Progress	12,700	572,022	0	0	584,722
	<u>3,573,836</u>	<u>2,331,482</u>	<u>1,699,697</u>	<u>1,187,581</u>	<u>8,792,596</u>
Reclassification	26,172	(92,737)	0	0	(66,565)
Disposals	(814,131)	(31,395)	0	(372,691)	(1,218,217)
Depreciation	0	(3,265,653)	(1,231,127)	(2,685,744)	(7,182,524)
Revaluation decrements transferred to revaluation surplus	(12,081,312)	0	0	0	(12,081,312)
Carrying amount at 30 June 2020	<u>136,502,596</u>	<u>100,968,588</u>	<u>5,657,470</u>	<u>10,089,061</u>	<u>253,217,715</u>
Comprises					
Gross carrying amount at 30 June 2020	136,502,596	187,624,896	15,111,197	21,051,820	360,290,509
Less: Accumulated depreciation at 30 June 2020	0	(86,656,308)	(9,453,727)	(10,962,759)	(107,072,794)
Carrying amount at 30 June 2020	<u>136,502,596</u>	<u>100,968,588</u>	<u>5,657,470</u>	<u>10,089,061</u>	<u>253,217,715</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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 2019	Land	Buildings	Furniture and Equipment	Plant and Equipment	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2018	145,713,665	104,330,688	2,628,163	11,970,968	264,643,484
Additions					
- Completed Works	566,957	751,725	564,251	1,010,240	2,893,173
- Works in Progress	0	214,361	0	0	214,361
	566,957	966,086	564,251	1,010,240	3,107,534
Disposals	(482,591)	0	(162,494)	(238,830)	(883,915)
Depreciation	0	(3,269,883)	(626,880)	(2,436,014)	(6,332,777)
Revaluation increments transferred to revaluation surplus	0	0	2,785,860	1,653,551	4,439,411
Carrying amount at 30 June 2019	145,798,031	102,026,891	5,188,900	11,959,915	264,973,737
Comprises					
Gross carrying amount at 30 June 2019	145,798,031	185,934,151	12,335,500	20,967,980	365,035,662
Less: Accumulated depreciation at 30 June 2019	0	(83,907,260)	(7,146,600)	(9,008,065)	(100,061,925)
Carrying amount at 30 June 2019	145,798,031	102,026,891	5,188,900	11,959,915	264,973,737

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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 2020	Roads, Footpaths and Kerbs	Bridges	Drainage	Park Development	Others	Total
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2019	600,038,984	45,381,356	258,880,889	76,423,883	17,733,744	998,458,856
Additions						
- Completed Works	9,838,977	1,732,689	1,032,557	1,129,471	677,305	14,410,999
- Developer Contributed Assets	3,506,046	0	5,873,365	113,399	12,296	9,505,106
- Works in Progress	789,400	0	56,883	2,383,269	586	3,230,138
	14,134,423	1,732,689	6,962,805	3,626,139	690,187	27,146,243
Reclassification	0	0	0	92,737	0	92,737
Disposals	0	0	0	(271,111)	(14,801)	(285,912)
Depreciation	(8,501,649)	(1,110,797)	(3,630,853)	(4,294,614)	(416,920)	(17,954,833)
Carrying amount at 30 June 2020	<u>605,671,758</u>	<u>46,003,248</u>	<u>262,212,841</u>	<u>75,577,034</u>	<u>17,992,210</u>	<u>1,007,457,091</u>
Comprises:						
Gross carrying amount at 30 June 2020	704,557,750	87,276,593	369,090,796	97,965,007	23,989,846	1,282,879,992
Accumulated depreciation at 30 June 2020	(98,885,992)	(41,273,345)	(106,877,955)	(22,387,973)	(5,997,636)	(275,422,901)
Carrying amount at 30 June 2020	<u>605,671,758</u>	<u>46,003,248</u>	<u>262,212,841</u>	<u>75,577,034</u>	<u>17,992,210</u>	<u>1,007,457,091</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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 2019	Roads, Footpaths and Kerbs	Bridges	Drainage	Park Development	Others	Total
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2018	592,418,438	46,128,894	258,223,708	76,807,645	18,075,867	991,654,552
Additions						
- Completed Works	9,395,569	278,574	180,853	2,582,891	84,883	12,522,770
- Developer Contributed Assets	3,710,909	0	3,805,136	290,330	0	7,806,375
- Works in Progress	2,567,411	75,810	246,418	1,002,983	0	3,892,622
	15,673,889	354,384	4,232,407	3,876,204	84,883	24,221,767
Disposals	0	0	0	(109,444)	(13,623)	(123,067)
Depreciation	(8,053,343)	(1,101,922)	(3,575,226)	(4,150,522)	(413,383)	(17,294,396)
Carrying amount at 30 June 2019	<u>600,038,984</u>	<u>45,381,356</u>	<u>258,880,889</u>	<u>76,423,883</u>	<u>17,733,744</u>	<u>998,458,856</u>
Comprises:						
Gross carrying amount at 30 June 2019	690,423,328	85,543,904	362,127,990	94,663,350	23,352,759	1,256,111,331
Accumulated depreciation at 30 June 2019	(90,384,344)	(40,162,548)	(103,247,101)	(18,239,467)	(5,619,015)	(257,652,475)
Carrying amount at 30 June 2019	<u>600,038,984</u>	<u>45,381,356</u>	<u>258,880,889</u>	<u>76,423,883</u>	<u>17,733,744</u>	<u>998,458,856</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

10. INTANGIBLE ASSETS

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

	Note	2020 \$	2019 \$
Computer Software:			
Balance at 1 July		2,849,144	2,755,371
Additions			
Capitalised		43,090	315,323
Work in progress		40,200	17,000
Disposals	11(b)	0	(20,109)
Amortisation expense	11(c)	(540,236)	(384,406)
Revaluation increment	12	0	165,965
Carrying amount at 30 June		<u>2,392,198</u>	<u>2,849,144</u>
Comprises:			
Gross carrying amount at 30 June		4,761,290	4,678,000
Accumulated amortisation at 30 June		<u>(2,369,092)</u>	<u>(1,828,856)</u>
Carrying amount at 30 June		<u>2,392,198</u>	<u>2,849,144</u>

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

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

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

Initial recognition and measurement between mandatory revaluation dates

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets 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, infrastructure and investment properties 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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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

SIGNIFICANT ACCOUNTING POLICIES (continued)

Revaluation

In accordance with the regulatory framework the fair value of land, buildings, infrastructure and investment properties 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, investment properties, 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.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

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

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116 *Property, Plant and Equipment*. They were then classified as Land but are not revalued with other land in accordance with the other policies detailed in this Note.

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 116 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 14 that details the significant accounting policies applying to leases (including ROU assets).

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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

SIGNIFICANT ACCOUNTING POLICIES (continued)

Land under roads prior to 1 July 2019

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

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

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

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

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

Land under roads from 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, are treated as right of use (ROU) assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect on 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 balance sheet.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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	Market Approach	Management	30 June 2020	Price per square metre
	Level 3	Income Approach	Management	30 June 2020	
	Level 3	Market Approach	Management	30 June 2020	
	Level 3	Cost Approach	Independent	30 June 2017	
Buildings					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	
Bridges (Pedestrian)	Level 3	Cost Approach	Management	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	

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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					
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	
Investment Properties					
Investment Properties	Level 2	Market Approach	Independent	30 June 2017	Estimates of remaining useful life, pattern of consumption and asset obsolescence to assess level of remaining service potential of the depreciable amount.

The timing of valuation(s) complies with the statutory requirement of regulation 17A (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 2020

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

(b) Asset Disposals

Asset Class / Program	2020		2020		2020		2019		2019	
	Net Book Value		Sale Proceeds		Profit / (Loss)		Net Book Value		Sale Proceeds	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Value	Actual	Profit / (Loss)
Land under Development and Developed Land										
- Community amenities	0	0	0	0	0	0	14,900	203,284	188,384	
- Other properties and services	0	1,170,875	0	10,008,900	0	8,838,025	23,803	0	(23,803)	
Land under Development and Developed Land	0	1,170,875	0	10,008,900	0	8,838,025	38,703	203,284	164,581	
Infrastructure Assets										
Other Infrastructure										
- Transport	3,781	0	0	0	(3,781)	0	12,392	0	(12,392)	
- Community amenities	11,020	0	0	0	(11,020)	0	1,231		(1,231)	
Park Development										
- Recreation and culture	271,111	0	0	0	(271,111)	0	109,444	0	(109,444)	
Total Infrastructure Assets	285,912	0	0	0	(285,912)	0	123,067	0	(123,067)	
Balance carried forward	285,912	1,170,875	0	10,008,900	(285,912)	8,838,025	161,770	203,284	41,514	

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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

(b) Asset Disposals (continued)

Asset Class / Program	2020		2020		2020		2020		2019		2019	
	Net Book Value		Sale Proceeds		Profit / (Loss)		Net book value		Sale Proceeds		Profit / (Loss)	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance brought forward	285,912	1,170,875	0	10,008,900	(285,912)	8,838,025	161,770	203,284	41,514			
Property, Plant and Equipment												
- Community amenities	52,207	0	28,287	0	(23,920)	0	1,151	0	(1,151)			
- Recreation and culture	0	0	0	0	0	0	37,345	22,614	(14,731)			
- Other properties and services	154,642	0	180,634	0	25,992	0	112,461	110,895	(1,566)			
- Law, order, public safety	82,962	0	43,878	0	(39,084)	0	37,992	39,634	1,642			
- Transport	82,880	272,193	38,070	355,500	(44,810)	83,307	49,881	51,293	1,412			
Land												
- Other Properties and Services	814,131	0	0	0	(814,131)	0	482,591	230,928	(251,663)			
Buildings												
- Other Properties and Services	490	0	0	0	(490)	0	0	0	0			
- Recreation and culture	30,905	0	0	0	(30,905)	0	0	0	0			
Furniture and Equipment												
- Education and welfare	0	0	0	0	0	0	3,503	0	(3,503)			
- Health	0	0	0	0	0	0	79	0	(79)			
- Other properties and services	0	0	1,160	0	1,160	0	90,735	9,438	(81,297)			
- Recreation and culture	0	0	1,449	0	1,449	0	68,177	0	(68,177)			
Total Property, Plant and Equipment	1,218,217	272,193	293,478	355,500	(924,739)	83,307	883,915	464,802	(419,113)			
Intangible Assets												
- Other properties and services	0	0	0	0	0	0	20,109	0	(20,109)			
	1,504,129	1,443,068	293,478	10,364,400	(1,210,651)	8,921,332	1,065,794	668,086	(397,708)			

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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

(b) Asset Disposals (continued)

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Profit	44,702	8,956,206	229,838
Loss	<u>(1,255,353)</u>	<u>(34,874)</u>	<u>(627,546)</u>
Net	<u><u>(1,210,651)</u></u>	<u><u>8,921,332</u></u>	<u><u>(397,708)</u></u>

(c) Depreciation and Amortisation

By Asset Class	2020 Actual \$	2020 Budget \$	2019 Actual \$
Bridges	1,110,797	1,112,581	1,101,922
Buildings	3,265,653	3,247,407	3,269,883
Drainage	3,630,853	3,832,018	3,575,226
Furniture and equipment	1,231,127	656,024	626,880
Intangible assets	540,236	387,438	384,406
Other infrastructure	416,920	414,571	413,383
Park development	4,294,614	4,216,004	4,150,522
Plant and equipment	2,476,743	2,302,736	2,203,812
Right of use assets	25,816	0	0
Roads, footpaths and kerbs	<u>8,501,649</u>	<u>8,380,716</u>	<u>8,053,343</u>
	25,494,408	24,549,495	23,779,377
Depreciation Capitalised			
Plant and equipment	209,001	153,125	232,202
Total Depreciation and Amortisation	<u><u>25,703,409</u></u>	<u><u>24,702,620</u></u>	<u><u>24,011,579</u></u>

SIGNIFICANT ACCOUNTING POLICIES

Depreciation and Amortisation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested land, are depreciated on a straight-line basis over the individual asset 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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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

SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Depreciation and Amortisation Rates

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

Asset Class	Years
Buildings	20 to 100
Furniture and Equipment	3 to 15
Plant and Equipment	6 to 10
Land	Infinite
Bridges – Roads	60 to 100
Drainage	50 to 100
Roads, Kerbing and Paths	
Subgrade	Infinite
Access Roads – Pavement	Infinite
Distributor Roads – Pavement	54 to 75
Surface	18 to 30
Kerbing	36 to 60
Pathways	60 to 80
Park Development	15 to 63
Other Infrastructure	12 to 80
Intangible Assets	1 to 10
Right of use assets – Plant and Equipment	Based on the remaining lease

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

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 2020

13. INVESTMENT PROPERTY

	2020 \$	2019 \$
Non-current assets – at fair value		
Balance at 1 July	3,600	3,600
Reclassification to Land held for resale	(3,600)	0
Carrying amount at 30 June	<u>0</u>	<u>3,600</u>

SIGNIFICANT ACCOUNTING POLICIES

Investment property

Investment property is a freehold parcel of land with a green title, held for capital appreciation and/or long-term rental yields and not occupied by the City. Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are accounted for using the fair value model. Any gains and losses arising from changes in the fair value of investment are included in the Statement of Comprehensive Income in the period in which they arise. For the year ended 30 June 2020, no income has been generated from investment property. In 2020, the City changed its intention for the freehold parcel of land and reclassified it to Land held for resale.

14. 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.

	2020 \$	2019 \$
Colour printer copier machines:		
Recognised on initial application of AASB 16	104,378	0
Additions	4,545	0
Accumulated depreciation	(38,863)	0
Carrying amount at 30 June	<u>70,060</u>	<u>0</u>
 Cash outflow from leases		
Interest expense on lease liabilities	7,551	0
Lease liabilities principal repayments	23,790	0
Total cash outflow from leases	<u>31,341</u>	<u>0</u>
 Other expenses relating to leases		
Short-term lease payments recognised as expense	<u>18,675</u>	<u>0</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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

14. LEASES (continued)

(b) Lease Liabilities

				2020		2019
				\$		\$
Current				26,944		0
Non-Current				47,114		0
				<u>74,058</u>		<u>0</u>

Year ended 30 June 2020	Interest Rate	Lease Principal outstanding at 1 July	New Leases	Lease Principal repayments	Lease Principal outstanding at 30 June	Actual Interest repayments
Particulars/Purpose		\$	\$	\$	\$	\$
Other Properties and Services						
Colour printer copier machines	0.77% - 0.82%	93,303	4,545	(23,790)	74,058	(7,551)

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 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.

Right of use assets are subsequently measured under the cost model and are not revalued. All right of use 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.

Right of use 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 right of use asset reflects that the City anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

Leases (to 30 June 2019)

Leases where the lessee has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments and the corresponding obligation is recorded in payables. Each lease payment is allocated between the finance charge and reducing the liability.

Leases are classified as operating leases when the lessor retains substantially all the risks and rewards of ownership. Payments or income received under operating leases are recognised in the income statement on a straight line basis over the lease term. Where the City is the lessor, the asset subject to an operating lease is recognised in the statement of financial position according to the nature of the asset.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

15. TRADE AND OTHER PAYABLES

	2020 Actual \$	2019 Actual \$
Current		
Trade creditors	3,007,530	4,192,769
Bonds and deposits	1,703,124	4,251,549
Accrued expenditure	3,460,109	1,602,262
Income in advance	4,888,829	285,971
	<u>13,059,592</u>	<u>10,332,551</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.

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.

16. CONTRACT, GRANT AND CONTRIBUTION LIABILITIES

	2020 Actual \$	2019 Actual \$
Current		
Contract liabilities from contracts with customers	218,619	0
Capital grant liabilities	1,210,708	0
Developer Contribution Plan liability	9,240,426	0
	<u>10,669,753</u>	<u>0</u>
Non-current		
Developer Contribution Plan liability	<u>20,369,630</u>	<u>0</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 2019	0	0
Initial application of AASB 1058	1,591,261	34,377,782
Restated balance as at 1 July 2019	1,591,261	34,377,782
Additions	1,928,221	549,781
Revenue recognised during the year	(2,308,774)	(5,317,507)
Carrying amount as at 30 June 2020	<u>1,210,708</u>	<u>29,610,055</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

16. CONTRACT, GRANT AND CONTRIBUTION LIABILITIES (continued)

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 19). 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.

17. INFORMATION ON BORROWINGS

(a) Borrowings

	2020 Actual \$	2019 Actual \$
Current	2,400,972	6,226,223
Non-Current	<u>14,164,683</u>	<u>4,532,555</u>
	<u><u>16,565,655</u></u>	<u><u>10,758,778</u></u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

17. INFORMATION ON BORROWINGS (continued)

(b) Repayments - Borrowings

Year ended 30 June 2020	Interest Rate	2020 Actual Principal at 1 July	2020 Actual New Loans	2020 Actual Principal repayments	2020 Actual Principal outstanding at 30 June	2020 Actual Interest repayments	2020 Budget Principal at 1 July	2020 Budget New Loans	2020 Budget Principal repayments	2020 Budget Principal outstanding at 30 June	2020 Budget Interest repayments
Particulars/Purpose		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Community Amenities											
Central Maddington ODP Infrastructure	1.52%	4,800,000	10,000,000	(4,800,000)	10,000,000	(97,566)	4,800,000	5,200,000	0	10,000,000	(167,300)
Recreation and Culture											
Mills Park Redevelopment	2.91%	5,958,778	0	(1,426,223)	4,532,555	(194,428)	5,958,777	0	(1,426,223)	4,532,554	(173,400)
Other Property and Services											
Robinson Park Subdivision and Park Development	0.69%	0	2,033,100	0	2,033,100	0	0	5,600,000	(5,600,000)	0	(300,000)
Lot 2935, 1 Willow Way	2.50%	0	0	0	0	0	0	1,730,160	0	1,730,160	0
Lots 2 & 3, Blanch & King Street	2.50%	0	0	0	0	0	0	432,914	0	432,914	0
Lot 400, 137 Attfield Street	2.50%	0	0	0	0	0	0	740,000	0	740,000	0
		10,758,778	12,033,100	(6,226,223)	16,565,655	(291,994)	10,758,777	13,703,074	(7,026,223)	17,435,628	(640,700)

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

Mills Park Redevelopment loan facility repayments will be financed by general purpose revenue.

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

All borrowings are obtained from the WA Treasury Corporation.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

17. INFORMATION ON BORROWINGS (continued)

(b) Repayments - Borrowings (continued)

Year ended 30 June 2019	Interest Rate	2019 Actual Principal at 1 July	2019 Actual New Loans	2019 Actual Principal repayments	2019 Actual Principal outstanding at 30 June	2019 Actual Interest repayments
Particulars/Purpose		\$	\$	\$	\$	\$
Community Amenities						
Central Maddington ODP Infrastructure	1.91%	4,800,000	4,800,000	(4,800,000)	4,800,000	(131,658)
Recreation and Culture						
Mills Park Redevelopment	2.91%	7,344,672	0	(1,385,894)	5,958,778	(239,648)
		12,144,672	4,800,000	(6,185,894)	10,758,778	(371,306)

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

17. INFORMATION ON BORROWINGS (continued)

(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 \$	
Community Amenities										
Central Maddington ODP Infrastructure	10,000,000	10,000,000	10,000,000	Long Term	10	46,493	1.52%	10,000,000	10,000,000	0
Other Properties and Services										
Robinson Park Subdivision and Park Development	5,600,000	2,033,100	5,600,000	Short Term	3	5,142	0.69%	2,033,100	5,600,000	0
Lot 2935, 1 Willow Way*	0	0	1,730,160	Short Term	3	0	2.50%	0	1,730,160	0
Lots 2 & 3, Blanch & King Street*	0	0	432,914	Short Term	3	0	2.50%	0	432,914	0
Lot 400, 137 Attfield Street*	0	0	740,000	Short Term	3	0	2.50%	0	740,000	0
	15,600,000	12,033,100	18,503,074			51,635		12,033,100	18,503,074	0

*These loan facilities were approved by Council to be established but application has not yet been made to WA Treasury Corporation (WATC) as at 30 June 2020.

All borrowings are obtained from WATC.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

17. INFORMATION ON BORROWINGS (continued)

(d) Unspent Borrowings

The City did not have any unspent loan funds as at 30 June 2020.

(e) Undrawn Borrowing Facilities

	2020	2019
	\$	\$
Credit Standby Arrangements*		
Credit card limit	300,000	250,000
Credit card balance at balance date	<u>(55,088)</u>	<u>(49,026)</u>
Total amount of credit unused	<u><u>244,912</u></u>	<u><u>200,974</u></u>
 Loan facilities		
Loan facilities - current	2,400,972	6,226,223
Loan facilities - non-current	<u>14,164,683</u>	<u>4,532,555</u>
Total facilities in use at 30 June	<u><u>16,565,655</u></u>	<u><u>10,758,778</u></u>
 Loan facilities at balance date**		
Loan facilities in use	16,565,655	10,758,778
Loan facilities not in use	9,034,345	9,241,222

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

** Funds only available for the purposes detailed in Note 17(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 35.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

18. EMPLOYEE RELATED PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Provision for On-costs \$	Provision for Deferred Salaries \$	Total \$
Opening balance at 1 July 2019					
Current provisions	3,744,087	4,496,802	988,907	143,947	9,373,743
Non-Current provisions	0	628,686	75,443	0	704,129
	<u>3,744,087</u>	<u>5,125,488</u>	<u>1,064,350</u>	<u>143,947</u>	<u>10,077,872</u>
Additional provision	3,192,566	873,773	427,372	62,521	4,556,232
Amounts used	(2,853,042)	(815,701)	(517,742)	(90,288)	(4,276,773)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	39,476	4,146	0	43,622
Balance at 30 June 2020	<u>4,083,611</u>	<u>5,223,036</u>	<u>978,126</u>	<u>116,180</u>	<u>10,400,953</u>
Comprises					
Current provisions	4,083,611	4,609,823	913,680	116,180	9,723,294
Non-Current provisions	0	613,213	64,446	0	677,659
	<u>4,083,611</u>	<u>5,223,036</u>	<u>978,126</u>	<u>116,180</u>	<u>10,400,953</u>

Annual leave liabilities

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

	2020 \$	2019 \$
Within 12 months of the end of the reporting period	2,703,870	2,560,787
More than 12 months after the end of the reporting period	<u>1,379,741</u>	<u>1,183,300</u>
	<u>4,083,611</u>	<u>3,744,087</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:

	2020 \$	2019 \$
Within 12 months of the end of the reporting period	3,495,951	3,389,262
More than 12 months after the end of the reporting period	<u>1,727,085</u>	<u>1,736,226</u>
	<u>5,223,036</u>	<u>5,125,488</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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

18. EMPLOYEE RELATED PROVISIONS (continued)

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.

	2020	2019
	\$	\$
Carrying amount at beginning of period	1,064,350	1,094,362
Additional (reversal of) provisions recognised	<u>(86,224)</u>	<u>(30,012)</u>
	<u>978,126</u>	<u>1,064,350</u>

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:

	2020	2019
	\$	\$
Within 12 months of the end of the reporting period	34,850	53,095
More than 12 months after the end of the reporting period	<u>81,330</u>	<u>90,852</u>
	<u>116,180</u>	<u>143,947</u>

Employee numbers

The number of full-time equivalent employees as at:

30 June 2019	445
30 June 2020	449

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 and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

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

Other long-term employee benefits

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any 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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

18. EMPLOYEE RELATED PROVISIONS (continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Provisions

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

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

19. RESERVES – CASH BACKED

(a) Summary of movements

	2020	2020	2019
	Actual	Budget	Actual
	\$	\$	\$
Ordinary Reserves			
a) Asset Management			
Opening Balance	2,148,979	2,146,108	2,090,953
Amount set aside / transfer to reserve	163,716	164,056	58,026
Amount used / transfer from reserve	(40,972)	(136,000)	0
Transfers between reserves - Equity	(1,300,000)	(1,300,000)	0
	<u>971,723</u>	<u>874,164</u>	<u>2,148,979</u>
b) Central Maddington City Funded Common Infrastructure Works			
Amount set aside / transfer to reserve	5,212,547	0	0
Amount used / transfer from reserve	(24,316)	0	0
	<u>5,188,231</u>	<u>0</u>	<u>0</u>
c) Community Infrastructure Reserve			
Amount set aside / transfer to reserve	4,246,789	2,091,104	0
Amount used / transfer from reserve	(2,159,365)	(1,031,628)	0
Transfers between reserves - Equity	7,660,391	7,298,830	0
	<u>9,747,815</u>	<u>8,358,306</u>	<u>0</u>
d) Developer Contributions Infrastructure			
Opening Balance	711,074	743,429	596,993
Amount set aside / transfer to reserve	32,367	76,945	114,081
	<u>743,441</u>	<u>820,374</u>	<u>711,074</u>
Total ordinary reserves carried forward	16,651,210	10,052,844	2,860,053

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

19. RESERVES – CASH BACKED (continued)

(a) Summary of movements (continued)

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Ordinary Reserves (continued)			
Total ordinary reserves brought forward	16,651,210	10,052,844	2,860,053
e) Don Russell Performing Arts Centre			
Opening Balance	371,180	380,193	364,781
Amount set aside / transfer to reserve	0	0	35,037
Amount used / transfer from reserve	0	0	(28,638)
Transfers between reserves - Equity	(371,180)	(380,193)	0
	<u>0</u>	<u>0</u>	<u>371,180</u>
f) Emergency Services			
Opening Balance	96,612	114,305	136,610
Amount set aside / transfer to reserve	24,923	0	9,848
Amount used / transfer from reserve	0	0	(49,846)
Transfers between reserves - Equity	(121,535)	(114,305)	0
	<u>0</u>	<u>0</u>	<u>96,612</u>
g) Floodlighting Levy			
Opening Balance	58,160	58,841	37,608
Amount set aside / transfer to reserve	0	0	20,552
Transfers between reserves - Equity	(58,160)	(58,841)	0
	<u>0</u>	<u>0</u>	<u>58,160</u>
h) Gosnells Oval Redevelopment			
Opening Balance	1,004,509	1,001,573	922,803
Amount set aside / transfer to reserve	86,705	71,851	81,706
	<u>1,091,214</u>	<u>1,073,424</u>	<u>1,004,509</u>
i) Gosnells Town Centre Revitalisation			
Opening Balance	5,320,839	5,297,067	3,544,375
Amount set aside / transfer to reserve	2,039,934	2,006,872	1,853,540
Amount used / transfer from reserve	(684,966)	(139,512)	(77,076)
Transfers between reserves - Equity	2,000,000	2,000,000	0
	<u>8,675,807</u>	<u>9,164,427</u>	<u>5,320,839</u>
j) Harmony Fields			
Opening Balance	203,326	164,908	150,646
Amount set aside / transfer to reserve	55,537	53,511	54,506
Amount used / transfer from reserve	0	0	(1,826)
	<u>258,863</u>	<u>218,419</u>	<u>203,326</u>
Total ordinary reserves carried forward	26,677,094	20,509,114	9,914,679

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

19. RESERVES – CASH BACKED (continued)

(a) Summary of movements (continued)

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Ordinary Reserves (continued)			
Total ordinary reserves brought forward	26,677,094	20,509,114	9,914,679
k) Heritage Condition Reward Scheme			
Opening Balance	53,308	52,577	58,167
Amount set aside / transfer to reserve	1,014	959	1,601
Amount used / transfer from reserve	(8,860)	(7,100)	(6,460)
	<u>45,462</u>	<u>46,436</u>	<u>53,308</u>
l) Insurance			
Opening Balance	628,583	627,743	611,610
Amount set aside / transfer to reserve	12,078	13,239	16,973
	<u>640,661</u>	<u>640,982</u>	<u>628,583</u>
m) Langford Oval Redevelopment			
Opening Balance	241,105	233,100	255,452
Amount set aside / transfer to reserve	31,100	28,182	33,365
Amount used / transfer from reserve	(181,726)	(206,967)	(47,712)
	<u>90,479</u>	<u>54,315</u>	<u>241,105</u>
n) Leisure World Asset Management			
Opening Balance	320,014	319,496	357,077
Amount set aside / transfer to reserve	0	0	8,847
Amount used / transfer from reserve	0	0	(45,910)
Transfers between reserves - Equity	(320,014)	(319,496)	0
	<u>0</u>	<u>0</u>	<u>320,014</u>
o) Local Government Elections			
Opening Balance	199,280	199,014	73,228
Amount set aside / transfer to reserve	129,519	126,738	126,052
Amount used / transfer from reserve	(253,482)	(290,000)	0
	<u>75,317</u>	<u>35,752</u>	<u>199,280</u>
p) Local Open Space Strategy			
Opening Balance	673,396	688,549	365,086
Amount set aside / transfer to reserve	42,545	1,659,136	500,666
Amount used / transfer from reserve	(218,048)	0	(192,356)
Transfers between reserves - Equity	(101,250)	0	0
	<u>396,643</u>	<u>2,347,685</u>	<u>673,396</u>
q) Maddington/Kenwick Revitalisation			
Opening Balance	2,549,409	2,546,003	2,480,570
Amount set aside / transfer to reserve	48,985	53,696	68,839
	<u>2,598,394</u>	<u>2,599,699</u>	<u>2,549,409</u>
Total ordinary reserves carried forward	30,524,050	26,233,983	14,579,774

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

19. RESERVES – CASH BACKED (continued)

(a) Summary of movements (continued)

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Ordinary Reserves (continued)			
Total ordinary reserves brought forward	30,524,050	26,233,983	14,579,774
r) Mills Park			
Opening Balance	411,825	410,490	368,307
Amount set aside / transfer to reserve	63,590	61,121	64,276
Amount used / transfer from reserve	(63,270)	0	(20,758)
	<u>412,145</u>	<u>471,611</u>	<u>411,825</u>
s) Operations Centre			
Opening Balance	5,329,890	7,182,947	1,422,261
Amount set aside / transfer to reserve	6,111,941	1,530,117	3,907,629
Transfers between reserves - Equity	3,700,000	3,700,000	0
	<u>15,141,831</u>	<u>12,413,064</u>	<u>5,329,890</u>
t) Plant and Equipment			
Opening Balance	6,818,897	6,610,458	5,707,300
Amount set aside / transfer to reserve	1,544,472	1,530,541	1,757,002
Amount used / transfer from reserve	(543,213)	(1,031,250)	(645,405)
Transfers between reserves - Equity	(2,000,000)	(2,000,000)	0
	<u>5,820,156</u>	<u>5,109,749</u>	<u>6,818,897</u>
u) Rate Revaluation			
Opening Balance	523,136	522,836	370,560
Amount set aside / transfer to reserve	157,855	152,303	152,576
Amount used / transfer from reserve	(388,764)	(370,000)	0
	<u>292,227</u>	<u>305,139</u>	<u>523,136</u>
v) Recreation and Culture Infrastructure			
Opening Balance	5,489,503	5,125,995	823,300
Amount set aside / transfer to reserve	0	0	5,240,774
Amount used / transfer from reserve	0	0	(574,571)
Transfers between reserves - Equity	(5,489,503)	(5,125,995)	0
	<u>0</u>	<u>0</u>	<u>5,489,503</u>
w) Refuse Disposal Site Rehabilitation			
Opening Balance	686,612	651,520	715,300
Amount set aside / transfer to reserve	36,182	36,105	63,617
Amount used / transfer from reserve	(60,945)	(150,000)	(92,305)
	<u>661,849</u>	<u>537,625</u>	<u>686,612</u>
Total ordinary reserves carried forward	52,852,258	45,071,171	33,839,637

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

19. RESERVES – CASH BACKED (continued)

(a) Summary of movements (continued)

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Ordinary Reserves (continued)			
Total ordinary reserves brought forward	52,852,258	45,071,171	33,839,637
x) Strategic Capital Acquisition			
Opening Balance	1,231,494	1,276,664	688,109
Amount set aside / transfer to reserve	706,451	792,427	555,335
Amount used / transfer from reserve	(420,000)	(15,000)	(11,950)
	<u>1,517,945</u>	<u>2,054,091</u>	<u>1,231,494</u>
y) Sutherlands Park			
Opening Balance	1,019,977	988,002	943,055
Amount set aside / transfer to reserve	89,099	95,135	76,922
Amount used / transfer from reserve	(57,899)	(25,000)	0
	<u>1,051,177</u>	<u>1,058,137</u>	<u>1,019,977</u>
z) Synthetic Surfaces Renewal			
Opening Balance	234,096	227,102	163,570
Amount set aside / transfer to reserve	190,667	192,078	186,362
Amount used / transfer from reserve	(8,825)	0	(115,836)
	<u>415,938</u>	<u>419,180</u>	<u>234,096</u>
aa) Walter Padbury Park			
Opening Balance	187,793	187,146	135,844
Amount set aside / transfer to reserve	52,994	52,224	51,949
	<u>240,787</u>	<u>239,370</u>	<u>187,793</u>
ab) Waste Reserve (Formerly known as MGB Plant and Equipment)			
Opening Balance	9,679,568	7,989,900	6,600,562
Amount set aside / transfer to reserve	786,985	980,140	3,426,173
Amount used / transfer from reserve	(462,026)	(845,000)	(347,167)
Transfers between reserves - Equity	(3,700,000)	(3,700,000)	0
	<u>6,304,527</u>	<u>4,425,040</u>	<u>9,679,568</u>
Total Ordinary Reserves	<u>62,382,632</u>	<u>53,266,989</u>	<u>46,192,565</u>
Planning Reserves			
ac) ODP - Canning Vale			
Opening Balance	1,047,707	1,047,079	1,098,807
Amount set aside / transfer to reserve	70,816	31,662	29,887
Amount used / transfer from reserve	(30,195)	(30,000)	(80,987)
Transfers between reserves - Equity	2,656,164	0	0
	<u>3,744,492</u>	<u>1,048,741</u>	<u>1,047,707</u>
Total planning reserves carried forward	3,744,492	1,048,741	1,047,707

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

19. RESERVES – CASH BACKED (continued)

(a) Summary of movements (continued)

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Planning Reserves (continued)			
Total planning reserves brought forward	3,744,492	1,048,741	1,047,707
ad) ODP - Central Maddington Precinct 1			
Opening Balance	397,038	282,384	618,730
Amount set aside / transfer to reserve	203,975	5,792,854	355,918
Amount used / transfer from reserve	(133,097)	(262,852)	(588,510)
Transfers between reserves - Equity	(723,150)	0	10,900
	<u>(255,234)</u>	<u>5,812,386</u>	<u>397,038</u>
ae) ODP - Central Maddington Precinct 2			
Opening Balance	581,590	598,070	557,925
Amount set aside / transfer to reserve	0	107,779	23,665
Amount used / transfer from reserve	(90)	0	0
Transfers between reserves - Equity	1,123,941	0	0
	<u>1,705,441</u>	<u>705,849</u>	<u>581,590</u>
af) ODP - Homestead Road			
Opening Balance	405,200	404,342	642,517
Amount set aside / transfer to reserve	7,239	18,422	17,085
Amount used / transfer from reserve	(82,503)	(15,000)	(254,402)
Transfers between reserves - Equity	372,985	0	0
	<u>702,921</u>	<u>407,764</u>	<u>405,200</u>
ag) ODP - Maddington Road A and B			
Opening Balance	910,738	910,370	740,246
Amount set aside / transfer to reserve	17,239	29,050	187,550
Amount used / transfer from reserve	(17,000)	(17,000)	(17,058)
Transfers between reserves - Equity	1,006,133	0	0
	<u>1,917,110</u>	<u>922,420</u>	<u>910,738</u>
ah) ODP - Southern River Precinct 1			
Opening Balance	4,385,340	4,383,314	3,816,245
Amount set aside / transfer to reserve	41,617	84,267	594,181
Amount used / transfer from reserve	(2,491,238)	(387,800)	(25,086)
Transfers between reserves - Equity	984,868	0	0
	<u>2,920,587</u>	<u>4,079,781</u>	<u>4,385,340</u>
ai) ODP - Southern River Precinct 2			
Opening Balance	6,817,339	6,810,545	6,649,654
Amount set aside / transfer to reserve	517,500	181,372	187,841
Amount used / transfer from reserve	(20,638)	(631,569)	(20,156)
Transfers between reserves - Equity	5,363,044	0	0
	<u>12,677,245</u>	<u>6,360,348</u>	<u>6,817,339</u>
Total planning reserves carried forward	23,412,562	19,337,289	14,544,952

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

19. RESERVES – CASH BACKED (continued)

(a) Summary of movements (continued)

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Planning Reserves (continued)			
Total planning reserves brought forward	23,412,562	19,337,289	14,544,952
aj) ODP - Southern River Precinct 3			
Opening Balance	5,791,253	5,475,697	5,053,555
Amount set aside / transfer to reserve	247,346	388,535	914,496
Amount used / transfer from reserve	(356,166)	(1,577,825)	(176,798)
Transfers between reserves - Equity	4,404,502	0	0
	<u>10,086,935</u>	<u>4,286,407</u>	<u>5,791,253</u>
ak) ODP - Southern River Precinct 3A			
Opening Balance	234,803	237,076	210,987
Amount set aside / transfer to reserve	10,239	25,422	23,816
Amount used / transfer from reserve	(91)	0	0
Transfers between reserves - Equity	3,276,284	0	0
	<u>3,521,235</u>	<u>262,498</u>	<u>234,803</u>
al) ODP - Southern River Precinct 3E			
Opening Balance	17,678	0	0
Amount set aside / transfer to reserve	338	0	17,678
Amount used / transfer from reserve	(1,100)	0	0
	<u>16,916</u>	<u>0</u>	<u>17,678</u>
am) ODP - Southern River Precinct 3F			
Opening Balance	2,921	0	0
Amount set aside / transfer to reserve	54	0	2,921
Amount used / transfer from reserve	(1,100)	0	0
	<u>1,875</u>	<u>0</u>	<u>2,921</u>
an) ODP - Southern River Precinct 5			
Opening Balance	68,371	68,340	66,525
Amount set aside / transfer to reserve	1,314	1,441	1,846
	<u>69,685</u>	<u>69,781</u>	<u>68,371</u>
ao) ODP - West Canning Vale			
Opening Balance	7,792,262	7,785,184	7,462,333
Amount set aside / transfer to reserve	112,955	163,539	422,918
Amount used / transfer from reserve	(32,256)	(31,000)	(92,989)
Transfers between reserves - Equity	(1,870,737)	0	0
	<u>6,002,224</u>	<u>7,917,723</u>	<u>7,792,262</u>
Total planning reserves carried forward	43,111,432	31,873,698	28,452,240

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

19. RESERVES – CASH BACKED (continued)

(a) Summary of movements (continued)

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Planning Reserves (continued)			
Total planning reserves brought forward	43,111,432	31,873,698	28,452,240
ap) Public Open Space - Cash in Lieu *			
Opening Balance	0	33,572,868	0
Amount set aside / transfer to reserve	0	5,974,599	0
Amount used / transfer from reserve	0	(1,086,000)	0
	<u>0</u>	<u>38,461,467</u>	<u>0</u>
aq) TPS - 9A			
Opening Balance	1,944,897	1,951,317	1,656,425
Amount set aside / transfer to reserve	37,292	41,049	293,575
Amount used / transfer from reserve	(6,098)	(5,000)	(5,103)
Transfers between reserves - Equity	781,870	0	0
	<u>2,757,961</u>	<u>1,987,366</u>	<u>1,944,897</u>
ar) TPS - 10			
Transfers between reserves - Equity	66,285	0	0
	<u>66,285</u>	<u>0</u>	<u>0</u>
as) TPS - 15			
Opening Balance	507,658	508,122	496,785
Amount set aside / transfer to reserve	16,925	20,822	16,022
Amount used / transfer from reserve	(5,041)	(5,000)	(5,149)
Transfers between reserves - Equity	861,896	0	0
	<u>1,381,438</u>	<u>523,944</u>	<u>507,658</u>
at) TPS - 17			
Opening Balance	861,656	861,257	843,352
Amount set aside / transfer to reserve	16,597	28,270	23,321
Amount used / transfer from reserve	(5,070)	(5,000)	(5,017)
Transfers between reserves - Equity	1,960,267	0	0
	<u>2,833,450</u>	<u>884,527</u>	<u>861,656</u>
au) TPS - 20			
Opening Balance	416,949	416,757	405,691
Amount set aside / transfer to reserve	8,029	8,790	11,258
Transfers between reserves - Equity	647,308	0	0
	<u>1,072,286</u>	<u>425,547</u>	<u>416,949</u>
Total Planning Reserves	<u><u>51,222,852</u></u>	<u><u>74,156,549</u></u>	<u><u>32,183,400</u></u>
Total Reserves	<u><u>113,605,484</u></u>	<u><u>127,423,538</u></u>	<u><u>78,375,965</u></u>

* The City has recognised actual funds held in Cash-in-lieu of Public Open Space in trust to meet the requirements of Section 154 of the *Planning and Development Act 2005*. Refer to Note 26.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

19. RESERVES – CASH BACKED (continued)

(a) Summary of movements (continued)

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

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

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Summary of Reserves			
Opening balance	78,375,965	111,058,687	60,303,904
Amount set aside / transfers to reserves	23,177,470	24,666,354	21,590,232
Amount used / transfers from reserves	(8,758,360)	(8,301,503)	(3,529,071)
Transfers between reserves - equity	20,810,409	0	10,900
Total Reserves	<u>113,605,484</u>	<u>127,423,538</u>	<u>78,375,965</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

19. RESERVES – CASH BACKED (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.
Developer Contributions Infrastructure	Ongoing	Developer contributions paid to the City for road and drainage infrastructure works for non TPS or ODP Projects.
Don Russell Performing Arts Centre	2019-20	Construction, equipping and assessment of Don Russell Performing Arts Centre funded from Telco Tower Leases.
Emergency Services	2019-20	To fund excess Bushfire and SES expenditure from the prior year over budget reimbursements.
Floodlighting Levy	2019-20	To upgrade the City's active reserve floodlighting.
Gosnells Oval Redevelopment	Ongoing	To fund improvement of recreation and community facilities at Gosnells Oval funded from Telco Tower leases.
Gosnells Town Centre Revitalisation	Ongoing	To fund the cost of redeveloping and additional operational expenses of Gosnells Town Centre.
Harmony Fields	Ongoing	To 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	Ongoing	To fund improvement of recreation and community facilities at Langford Oval funded from Telco Tower leases.
Leisure World Asset Management	2019-20	Purchase and/or major repair of plant and buildings located at the Leisure World complex.
Local Government Elections	Ongoing	For expenditure associated with holding of local government elections.
Local Open Space Strategy	Ongoing	To fund the implementation of the Local Open Space Strategy.
Maddington/Kenwick Revitalisation	Ongoing	To fund the cost of urban renewal in Maddington/Kenwick.
Mills Park	Ongoing	To fund improvement of recreation and community facilities at Mills Park funded from Telco Tower leases.
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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

19. RESERVES – CASH BACKED (continued)

(b) Purpose of reserves (continued)

Reserve Name	Anticipated date of use	Purpose of the Reserve
Ordinary Reserves (continued)		
Rate Revaluation	Ongoing	For expenditure associated with the revaluation of properties on which Council raises rates.
Recreation and Culture Infrastructure	2019-20	To fund future expenditure on Recreational and Cultural Infrastructure.
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.
Sutherland Park	Ongoing	To fund improvement of recreation and community facilities at Sutherland Park funded from Telco Tower leases.
Synthetic Surface Renewal	Ongoing	To fund renewal of specialised sports surfaces.
Walter Padbury Park	Ongoing	To fund improvement of recreation and community facilities at Walter Padbury Reserve funded from Telco Tower leases.
Waste Reserve (formerly known as MGB Plant and Equipment)	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 3E		
ODP - Southern River Precinct 3F		
ODP - Southern River Precinct 5		
ODP - West Canning Vale		
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 2020

20. 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:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cash and cash equivalents	<u>65,614,379</u>	<u>145,091,311</u>	<u>58,352,441</u>

Reconciliation of Net Cash Provided by Operating Activities to Net Result

Net result	21,977,507	14,325,331	17,967,579
Non-cash flows in Net result:			
Depreciation	25,494,408	24,549,495	23,779,377
Interest on initial recognition of lease liability	1,972	0	0
Loss/(Profit) on sale of asset	1,210,651	(8,921,332)	397,708
Fair value adjustments to investment in			
Local Government House Trust	(2,882)	0	(20,503)
Movement in investment in Rivers Regional Council	(213,246)	0	0
Impairment of assets	70,400	0	0
Change in accounting policy	(4,211,582)	0	0
Changes in assets and liabilities:			
Decrease/(Increase) in receivables	692,984	400,000	(1,838,310)
Decrease/(Increase) in inventories	12,613	(30,000)	8,048
Increase in other current assets	0	0	(134,896)
Increase/(Decrease) in payables	2,694,132	(698,500)	(189,499)
Increase in contract liabilities	218,619	0	0
Increase in provisions	350,853	198,875	307,562
Grants contributions for			
the development of assets	(24,296,075)	(11,695,826)	(18,460,321)
Public Open Space Cash-in-Lieu contributions	(2,023,924)	0	0
Net cash from operating activities	<u>21,976,430</u>	<u>18,128,043</u>	<u>21,816,745</u>

21. CONTINGENT LIABILITY

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

22. CAPITAL COMMITMENTS

	2020	2019
	\$	\$
Contracted for:		
- capital expenditure projects*	555,598	1,151,386
- plant & equipment purchases*	199,900	372,900
	<u>755,498</u>	<u>1,524,286</u>
Payable:		
- not later than one year	<u>755,498</u>	<u>1,524,286</u>

* Commitments greater than \$100,000

23. JOINT VENTURE ARRANGEMENTS

The City is not involved in any joint venture arrangements.

24. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	0	290,330
General purpose funding	139,116,881	104,089,986
Law, order, public safety	4,209,949	4,418,619
Health	507,883	608,449
Education and welfare	4,871,118	5,117,061
Community amenities	4,445,602	5,068,833
Recreation and culture	140,494,787	143,601,052
Transport	925,226,815	914,488,056
Economic services	1,054,604	175,598
Other property and services	189,436,044	197,175,978
Unallocated	6,555,884	10,068,716
	<u>1,415,919,567</u>	<u>1,385,102,678</u>

25. FINANCIAL RATIOS

	2020	2019	2018
Current ratio	1.37	1.40	1.87
Asset sustainability ratio	0.90	1.06	0.73
Debt service cover ratio	3.30	3.61	1.55
Operating surplus ratio	(0.05)	(0.01)	(0.11)
Own source revenue coverage ratio	0.90	0.93	0.85
Asset consumption ratio	0.67	0.69	0.70
Asset renewal funding ratio	0.80	1.01	0.97

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

25. FINANCIAL RATIOS (CONTINUED)

The above ratios are calculated as follows:

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

26. TRUST FUNDS

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

	Balance 1 July 2019	Amounts Received	Amounts Paid	Balance 30 June 2020
	\$	\$	\$	\$
Unclaimed Monies	48,998	16,621	(30,207)	35,412
Construction Training Fund	35,145	213,020	(252,244)	(4,079)
Building Commission	60,313	372,580	(401,491)	31,402
Development Applications	0	72,982	(63,571)	9,411
Public Open Space - Cash In Lieu	33,464,718	1,795,673	(25,623,866)	9,636,525
	<u>33,609,174</u>	<u>2,470,876</u>	<u>(26,371,379)</u>	<u>9,708,671</u>

Amount paid out of Public Open Space – Cash In Lieu includes \$20,810,409 transferred to Planning Reserves.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

27. RATING INFORMATION

(a) Rates

Rate Type	Rate in cents	Number of Properties	2020 Actual				2020 Budget				2019 Actual	
			Rateable Value	Rate Revenue	Interim Rates	Total Revenue	Rate Revenue	Interim Rates	Total Revenue	Total Revenue		
			\$	\$	\$	\$	\$	\$	\$	\$		
Differential General Rate												
Gross Rental Value (GRV)												
Extractive Industry	12.373	3	393,000	48,626	0	48,626	48,626	0	48,626		43,025	
General GRV	6.512	39,691	903,242,577	58,819,154	1,142,666	59,961,820	58,819,157	806,000	59,625,157		58,181,614	
Rural GRV	7.814	867	22,216,053	1,735,962	(78,867)	1,657,095	1,735,962	0	1,735,962		1,714,701	
Tenancy Agreements	7.012	51	2,350,301	164,803	(3,131)	161,672	164,803	0	164,803		160,943	
Town Centre	7.489	73	8,788,445	658,167	(8,760)	649,407	658,167	0	658,167		647,186	
Unimproved Value (UV)												
Rural UV	0.2539	21	28,870,000	73,301	0	73,301	73,301	0	73,301		72,328	
Rural UV Agricultural Concession	0.2031	7	65,840,000	133,721	0	133,721	133,721	0	133,721		131,325	
Minimum \$												
		40,713	1,031,700,376	61,633,734	1,051,908	62,685,642	61,633,737	806,000	62,439,737		60,951,122	
Minimum payment												
Gross Rental Value (GRV)												
General GRV	980	6,877	86,648,421	6,739,460	0	6,739,460	6,739,460	0	6,739,460		6,541,600	
Rural GRV	980	29	302,372	28,420	0	28,420	28,420	0	28,420		28,860	
Tenancy Agreements	980	9	62,685	8,820	0	8,820	8,820	0	8,820		8,658	
Town Centre	980	5	42,205	4,900	0	4,900	4,900	0	4,900		4,810	
Unimproved Value (UV)												
Rural UV	980	3	691,000	2,940	0	2,940	2,940	0	2,940		2,886	
		6,923	87,746,683	6,784,540	0	6,784,540	6,784,540	0	6,784,540		6,586,814	
Total amount raised from general rates												
		47,636	1,119,447,059	68,418,274	1,051,908	69,470,182	68,418,277	806,000	69,224,277		67,537,936	
Total amount raised from general rates												
Specified Area Rate (refer to 27 (b))						69,470,182			69,224,277		67,537,936	
Ex-gratia Rates						523,592			519,123		472,859	
						55,858			0		57,715	
Total Rates						70,049,632			69,743,400		68,068,510	

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

27. RATING INFORMATION (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 15.

(b) Specified Area Rates

Gross Rental Value (GRV)	Rate in cents	Number of Properties	2020 Actual			2020 Budget			2019 Actual	
			Rateable Value \$	Rate Revenue \$	Interim Rates \$	Total Revenue \$	Rate Revenue \$	Interim Rate \$	Total Revenue \$	Total Revenue \$
Bletchley Park	0.6468	1,500	33,789,850	218,545	4,085	222,630	218,553	0	218,553	187,872
Brookland Greens	0.4588	562	16,186,580	74,261	207	74,468	74,264	0	74,264	68,541
Sanctuary Waters	0.4601	691	17,743,120	81,633	(6)	81,627	81,636	0	81,636	78,192
The Avenues	0.4662	498	11,609,600	54,122	8	54,130	54,124	0	54,124	57,802
The Boardwalk	0.3515	625	18,588,388	65,335	22	65,357	65,338	0	65,338	55,358
The Reserve	0.2677	347	9,416,645	25,206	174	25,380	25,208	0	25,208	25,094
				519,102	4,490	523,592	519,123	0	519,123	472,859

Purpose for the rate and proposed application of proceeds:

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

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

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

(c) Service Charges

The City did not impose any service charges in 2019/20.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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

	Type	Discount %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates				
Rates Incentive A	Incentive	N/A	5,000	5,000
Rates Waivers	Waiver	N/A	114,361	75,700
Fees and Charges				
Don Russell Performing Arts Centre	Discount	Various	7,831	12,000
Facility Hire Charges	Discount	100%	29,623	39,000
Health Services	Discount	Various	13,652	22,000
Leisure Programs	Discount	Various	26	3,700
Leisure World	Discount	Various	10,550	35,000
Library & Heritage Services	Discount	Various	211	330
Rangers Services	Discount	Various	29,408	23,000
Sundry Debtor Write Off	Write-Off	N/A	2,597	0

Incentives

Incentives for ratepayers to pay their rates in full by the due date were offered as follows:

Incentive A

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

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

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

Incentive B

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

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

One winner was drawn each week on a Friday. Inclusion in the draw was dependent on eligible ratepayers placing their entry form in the barrel located outside the Centre Management Office at Forest Lakes Forum between Saturday 20 July and noon on Friday 23 August 2019 for a chance to win one of the four prizes.

Waivers

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

	2020 \$	2019 \$
Foothills Estate Syndicate Pty Ltd.	1,960	0
Gosnells Junior Football Club Inc.	2,136	2,860
Grand Lodge of Western Australia Freemasons Homes for the Aged Inc.	72,285	71,367
Covid-19 relief for lessees	37,980	0
	<u>114,361</u>	<u>74,227</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

28. 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% Discount (general offer; targeted group marketing campaign or multiple hire)
- 30% Discount (3 or more shows)
- 50% Discount (2 for 1 offer)
- Group Bookings - 1 free ticket with every 10 purchased
- City of Gosnells Councillors, Staff & Volunteers - up to 25% discount.

Facility Hire Charges & Road Closure Fees

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

Health Services

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

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

Leisure Programs

Leisure programs offered the following discounts to enhance the financial viability of the program:

- 15% Discount (general offer; or targeted group marketing campaign)
- 30% Discount (special offer)
- 50% Discount (2 for 1 Offer)
- Group Bookings - 1 free ticket with every 10 purchased
- City of Gosnells Councillors, Staff & Volunteers - up to 25% discount.

Leisure World

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

- 5% Discount (second and subsequent children enrolled into term programs)
- 10% Discount (general offer)
- 15% Discount (general offer)
- 20% Discount (general offer)
- 25% Discount (special offer)
- 33% Discount (special offer)
- 50% Discount (2 for 1 offer)
- Group Bookings - 1 free pass with every 10 purchased
- Group Bookings - 3 free pass with every 20 purchased
- City of Gosnells Councillors, Staff & Volunteers - up to 25% discount.

Library & Heritage Services

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

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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

Ranger Services

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

- 100% concession - Assistance Dogs
- 75% concession - Dogs used for Droving or tendering stock
- 50% concession - Dogs owned by pensioners (persons eligible for exemption pursuant to Regulation 4 (2))
- 50% concession - Registration after 31 May in any year for that registration year
- 50% concession - Annual Bulk Registration Pensioners (persons eligible for exemption pursuant to Regulation 4 (2))

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

Write-Offs

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

29. INTEREST CHARGES AND INSTALMENTS

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest				
Four Instalment Payment Plan	5.50%	N/A	468,346	475,000
Late Payment	11.00%	N/A	305,403	214,000
Administration Fees				
Four Instalment Payment Plan	N/A	15.00	253,786	270,000
Direct Debit Arrangement	N/A	29.00	124,154	155,000
			1,151,689	1,114,000

Rates Instalment Options

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

Payment in full by 23 August 2019

Payment by Four Instalments:

1st Instalment due by 23 August 2019
 2nd Instalment due by 25 October 2019
 3rd Instalment due by 10 January 2020
 4th Instalment due by 13 March 2020

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 and continued to attract late payment interest until paid.

Late Payment Interest

Late payment interest was imposed on all rates related fees and charges (current and arrears) including but not limited to general rates, specified area rates, refuse charges and swimming pool inspection fees (excluding registered Pensioners/Seniors with 100% equity). Interest was charged on a daily basis on all arrears and current amounts that remain unpaid 35 days from the date of issue of the original rate notice. The City ceased to charge late payment interest from 1 March to 30 June 2020 as a relief to ratepayers due to the Covid-19 pandemic.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

29. INTEREST CHARGES AND INSTALMENTS (continued)

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.

30. RATE SETTING STATEMENT INFORMATION

Information on Surplus Brought Forward

	Note	2020 (1 July 2020 Carried Forward) \$	2020 (1 July 2019 Brought Forward) \$	2019 (30 June 2019 Carried Forward) \$
Surplus Rate Setting Statement		<u>8,231,385</u>	<u>10,956,973</u>	<u>16,439,346</u>
Comprises:				
Current Assets				
Cash and cash equivalents	3	65,614,379	58,352,441	58,352,441
Trade and other receivables	4	9,173,373	9,353,090	9,353,090
Inventories	5	3,830,400	1,859,082	1,859,082
Financial assets at amortised cost	6	70,100,000	46,535,282	46,535,282
Other current assets	7	893,151	0	0
Total Current Assets		<u>149,611,303</u>	<u>116,099,895</u>	<u>116,099,895</u>
Current Liabilities				
Trade and other payables	15	(13,059,592)	(10,476,498)	(10,332,551)
Contract, grant and contribution liabilities	16	(10,669,753)	0	0
Lease liabilities	14(b)	(26,944)	0	0
Borrowings	17(a)	(2,400,972)	(6,226,223)	(6,226,223)
Employee related provisions	18	(9,723,294)	(9,229,796)	(9,373,743)
Total Current Liabilities		<u>(35,880,555)</u>	<u>(25,932,517)</u>	<u>(25,932,517)</u>
Net Current Assets		<u>122,971,174</u>	<u>90,167,378</u>	<u>90,167,378</u>
Less:				
Reserves	19	(113,605,484)	(78,375,965)	(78,375,965)
Land under development and developed land	5	(3,562,221)	(1,578,290)	(1,578,290)
Developer contribution plan liabilities		9,240,426	0	0
Revenue restatement		0	(5,482,373)	0
Add:				
Current portion of lease liabilities	14(b)	26,944	0	0
Current portion of long term borrowings	17(a)	2,400,972	6,226,223	6,226,223
Surplus		<u><u>8,231,385</u></u>	<u><u>10,956,973</u></u>	<u><u>16,439,346</u></u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

30. RATE SETTING STATEMENT INFORMATION (continued)

Difference

There is a difference between the 1 July 2019 surplus brought forward position used in the 2020 financial report and the surplus carried forward position as disclosed in the 2019 audited financial report amounting to \$5,482,373. This relates to the restatement of the opening retained surplus arising from the initial application of AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income For Not-For-Profit Entities*. Refer to Note 37 for the details.

31. RELATED PARTY TRANSACTIONS

(a) Elected Members' Remuneration

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Meeting fees	387,097	362,550	360,686
Mayor's allowance	89,508	89,750	88,864
Deputy Mayor's allowance	22,438	22,450	22,216
Telecommunications allowance	36,297	25,500	23,100
Travelling expenses *	17,493	28,500	23,481
	<u>552,833</u>	<u>528,750</u>	<u>518,347</u>

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

(b) Key Management Personnel (KMP) Compensation Disclosure

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

	2020 \$	2019 \$
Short-term employee benefits	1,287,250	1,092,580
Post-employment benefits	127,734	110,073
Other long-term benefits	132,879	45,746
Termination benefits	0	208,346
	<u>1,547,863</u>	<u>1,456,745</u>

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 31(a).

Post-term employee benefits

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

Other long-term benefits

These amounts represent long service benefits accrued during the year.

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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

31. RELATED PARTY TRANSACTIONS (continued)

(c) Related parties

The City's main related parties are the Key Management Personnel.

(d) Transactions with related parties

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

32. MAJOR LAND TRANSACTIONS

(a) Robinson Park Subdivision and Park Development

i. Details

The City plans to revitalise Robinson Park (the Park). The revitalisation includes a substantial park enhancement and a 42 lot residential subdivision around the perimeter of the park to assist with funding the project and provide passive surveillance to the Park. The Park was a large neighbourhood park, predominantly used by the community as a dog exercise area. Whilst there was a small amount of community infrastructure located at the Park it was limited in its current capacity to serve any social or recreation function for the community. In the past, the site has been susceptible to anti-social behaviour. The revitalisation project aims to enhance the Park, encourage and entice positive use and overcome current challenges associated with the site.

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

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

Further work was undertaken in mid-2017 in relation to site investigations and a review of site investigations was completed late 2018. Construction began in January 2020 and was completed in September 2020.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

32. MAJOR LAND TRANSACTIONS (continued)

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

ii. Revenue and Expenditure

	Project Budget \$	Project Actual \$	2020 Budget \$	2020 Actual \$
Funding Sources				
Capital Revenue				
Asset Disposal Proceeds	8,190,000	0	8,148,000	0
Other Funding Sources				
Loan Proceeds	5,600,000	2,033,100	5,600,000	2,033,100
Total Funding Sources	<u>13,790,000</u>	<u>2,033,100</u>	<u>13,748,000</u>	<u>2,033,100</u>
Disbursement of Funds				
Operating Expense				
Materials & Contracts	<u>(410,809)</u>	<u>(736,964)</u>	<u>(320,000)</u>	<u>(233,313)</u>
	(410,809)	(736,964)	(320,000)	(233,313)
Capital Expenditure				
Materials & Contracts	(5,600,000)	(2,455,822)	(5,152,462)	(2,168,305)
Interest Expense	<u>(324,000)</u>	<u>(5,142)</u>	<u>(300,000)</u>	<u>(5,142)</u>
	(5,924,000)	(2,460,964)	(5,452,462)	(2,173,447)
Other Expenses				
Loan Repayment	(5,600,000)	0	(5,600,000)	0
Transfer to Reserve -				
Local Open Space Strategy	(1,215,150)	0	(1,534,000)	0
Public Open Space	<u>(640,041)</u>	<u>0</u>	<u>0</u>	<u>0</u>
	(7,455,191)	0	(7,134,000)	0
Total Disbursement of Funds	<u>(13,790,000)</u>	<u>(3,197,928)</u>	<u>(12,906,462)</u>	<u>(2,406,760)</u>
Net Revenue / (Expenditure)	<u>0</u>	<u>(1,164,828)</u>	<u>841,538</u>	<u>(373,660)</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

32. MAJOR LAND TRANSACTIONS (continued)

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

iii. Expected Future Projections

	2021 \$	2022 \$	2023 \$	Total \$
Revenue				
Asset Disposal Proceeds	4,290,000	3,900,000	0	8,190,000
Loan Proceeds	690,000	0	0	690,000
Transfer from Reserve	0	0	2,816,700	2,816,700
	<u>4,980,000</u>	<u>3,900,000</u>	<u>2,816,700</u>	<u>11,696,700</u>
Expenditure				
Materials & Contracts	(690,000)	0	0	(690,000)
Interest Expense	(86,917)	(33,800)	0	(120,717)
Loan Repayment	0	(2,783,300)	(2,816,700)	(5,600,000)
Transfer to Reserve	(4,203,083)	(1,082,900)	0	(5,285,983)
	<u>(4,980,000)</u>	<u>(3,900,000)</u>	<u>(2,816,700)</u>	<u>(11,696,700)</u>
Net Future Projections	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

iv. Assets and Liabilities

Assets associated with this land transaction have a written down value of \$3,621,367 as at 30 June 2020. It is anticipated assets related to the land transactions will be disposed by 30 June 2021.

The City drew down \$2,033,100 of its \$5,600,000 short term loan facility established during the financial year ending 30 June 2020. The loan is anticipated to be repaid from Robinson Park sale proceeds.

(b) Southern River Business Park

i. Details

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

The market analysis was finalised late 2018, and further work was undertaken early 2018 to refine the Business Case and review projected costs. Investigations with Western Power regarding underground cable ratings and feasibility are now complete. Negotiations between the City and Western Power for the acquisition of a portion of land adjoining Lot 501 are now finalised. Predicated on the current work program the design development phase is planned for commencement in the third quarter 2020. Upon completion of the design, Stage one of the project will be tendered and construction will commence upon award of tender.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

32. MAJOR LAND TRANSACTIONS (continued)

(b) Southern River Business Park (continued)

ii. Revenue and Expenditure

	Project Budget \$	Project Actual \$	2020 Budget \$	2020 Actual \$
Funding Sources				
Capital Revenue				
Asset Disposal Proceeds	29,585,586	0	0	0
Other Funding Sources				
Loan Proceeds	21,450,000	0	0	0
Total Funding Sources	<u>51,035,586</u>	<u>0</u>	<u>0</u>	<u>0</u>
Disbursement of Funds				
Operating Expense				
Materials & Contracts	<u>(1,770,000)</u>	<u>(484,593)</u>	<u>(300,000)</u>	<u>(8,287)</u>
	(1,770,000)	(484,593)	(300,000)	(8,287)
Capital Expenditure				
Materials & Contracts	(19,980,000)	(48,872)	0	0
Interest Expense	<u>(3,385,218)</u>	<u>0</u>	<u>0</u>	<u>0</u>
	(23,365,218)	(48,872)	0	0
Other Expenses				
Loan Repayment	(21,450,000)	0	0	0
Transfer to Reserve				
Operations Centre	<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>(533,465)</u>	<u>(300,000)</u>	<u>(8,287)</u>
Net Expenditure	<u>0</u>	<u>(533,465)</u>	<u>(300,000)</u>	<u>(8,287)</u>

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

32. MAJOR LAND TRANSACTIONS (continued)

(b) Southern River Business Park (continued)

iii. Expected Future Projections

	2021	2022	2023	2024	2025	Total
	\$	\$	\$	\$		\$
Revenue						
Asset Disposal Proceeds	0	0	4,752,252	4,752,252	2,063,063	11,567,567
Loan Proceeds	0	8,717,635	3,340,472	5,464,415	2,717,250	20,239,772
	<u>0</u>	<u>8,717,635</u>	<u>8,092,724</u>	<u>10,216,667</u>	<u>4,780,313</u>	<u>31,807,339</u>
Expenditure						
Materials & Contracts	(294,023)	(8,717,635)	(3,340,472)	(5,464,415)	(2,717,250)	(20,533,795)
Interest Expense	0		(419,870)	(393,663)	(367,117)	(1,180,650)
Loan Repayment	0		(1,304,349)	(1,321,306)	(1,338,483)	(3,964,138)
Transfer to Reserve	0		(3,028,033)	(3,037,283)	(357,463)	(6,422,779)
	<u>(294,023)</u>	<u>(8,717,635)</u>	<u>(8,092,724)</u>	<u>(10,216,667)</u>	<u>(4,780,313)</u>	<u>(32,101,362)</u>
Net Future Projections	<u>(294,023)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(294,023)</u>

iv. Assets and Liabilities

Assets associated with this land transaction have a written down value of \$22,092,223 as at 30 June 2020.

There were no liabilities that exist in relation to this land transaction as at 30 June 2020. It is anticipated a \$21,450,000 long term loan be established during the 2021/22 financial year. The loan is anticipated to be repaid from the Southern River Business Park sale proceeds.

33. MAJOR PROJECTS

The City did not participate in any major projects during the 2019-20 financial year.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The City did not participate in any trading undertakings or major trading undertakings during the 2019-20 financial year.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

35. 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.

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	
	2020	2019	2020	2019
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	65,614,379	58,352,441	65,614,379	58,352,441
Financial assets at amortised cost				
- Term deposits	70,100,000	46,535,282	70,100,000	46,535,282
- Receivables	10,660,418	10,717,193	10,660,418	10,717,193
Financial assets at fair value through profit or loss	391,299	175,171	391,299	175,171
	<u>146,766,096</u>	<u>115,780,087</u>	<u>146,766,096</u>	<u>115,780,087</u>
Financial liabilities at amortised cost				
Payables	13,059,592	10,332,551	13,059,592	10,332,551
Borrowings	16,565,655	10,758,778	10,080,994	8,430,496
	<u>29,625,247</u>	<u>21,091,329</u>	<u>23,140,586</u>	<u>18,763,047</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.

(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 disclosed as financial assets at amortised cost are reflected in the table below.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Interest rate risk (continued)

	Weighted Average Interest Rate	Carrying Amount \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
Year ended 30 June 2020					
Cash and cash equivalents	1.23%	65,614,379	0	65,605,444	8,935
Financial assets at amortised cost – Term deposits	1.53%	70,100,000	70,100,000	0	0
		<u>135,714,379</u>	<u>70,100,000</u>	<u>65,605,444</u>	<u>8,935</u>
Year ended 30 June 2019					
Cash and cash equivalents	2.22%	58,352,441	0	58,343,165	9,276
Financial assets at amortised cost – Term deposits	2.74%	46,535,282	46,535,282	0	0
		<u>104,887,723</u>	<u>46,535,282</u>	<u>58,343,165</u>	<u>9,276</u>

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

	2020 \$	2019 \$
Impact of a 1%* movement in interest rates on cash and term deposits		
- Equity	1,612,553	1,491,473
- Statement of Comprehensive Income	1,612,553	1,491,473

* 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.

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 2019 or 1 July 2020 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. Re-negotiation of repayment terms is expected due to the Covid-19 pandemic.

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

(b) Credit risk (continued)

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for rates receivable. No expected credit loss was forecast on 30 June 2020 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current \$	More than 1 year past due \$	More than 2 years past due \$	More than 3 years past due \$	Total \$
Rates Receivable*					
30 June 2020					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	6,452,372	708,844	390,617	975,646	8,527,479
Loss allowance	0	0	0	0	0
30 June 2019					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	5,510,136	501,414	282,823	848,265	7,142,638
Loss allowance	0	0	0	0	0

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

The loss allowance as at 30 June 2020 and 30 June 2019 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 2020					
Expected credit loss	0.01%	0.03%	4.96%	3.06%	
Gross carrying amount	72,975	13,470	2,088	211,889	300,422
Loss allowance	5	4	104	6,473	6,586
30 June 2019					
Expected credit loss	0.00%	2.18%	1.39%	6.89%	
Gross carrying amount	872,974	142,613	26,269	483,780	1,525,636
Loss allowance	10	3,115	366	33,327	36,818

***The amount of sundry receivables exclude 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 2020

35. 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 \$
2020					
Payables	13,059,592	0	0	13,059,592	13,059,592
Borrowings	<u>2,695,440</u>	<u>9,566,250</u>	<u>5,408,563</u>	<u>17,670,253</u>	<u>16,565,655</u>
	<u>15,755,032</u>	<u>9,566,250</u>	<u>5,408,563</u>	<u>30,729,845</u>	<u>29,625,247</u>
2019					
Payables	10,332,551	0	0	10,332,551	10,332,551
Borrowings	<u>6,480,252</u>	<u>4,798,872</u>	<u>0</u>	<u>11,279,124</u>	<u>10,758,778</u>
	<u>16,812,803</u>	<u>4,798,872</u>	<u>0</u>	<u>21,611,675</u>	<u>21,091,329</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.

36. 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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

37. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15 Revenue from Contracts with Customers

The City adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the City adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised at 1 July 2019. In summary, the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	AASB 1004 carrying amount 30 June 2019	Reclassification	AASB 15 carrying amount 1 July 2019
	\$	\$	\$
Contract liabilities			
Contract liabilities from contracts with customers	0	(183,209)	(183,209)
Total adjustment to retained surplus		(183,209)	(183,209)

(b) AASB 1058 Income For Not-For-Profit Entities

The City adopted AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions AASB 1058, the City adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods was not restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 1004 *Contributions* before the change:

	AASB 1004 carrying amount 30 June 2019	Reclassification	AASB 1058 carrying amount 1 July 2019
	\$	\$	\$
Trade and other receivables			
Capital grant receivables	0	320,470	320,470
Trade and other payables			
Rates paid in advance	0	(4,028,373)	(4,028,373)
Contract, grant and contribution liabilities			
Capital grant liabilities	0	(1,591,261)	(1,591,261)
Contributions under Developer Contribution Plans	0	(34,377,782)	(34,377,782)
Total adjustment to retained surplus		(39,676,946)	(39,676,946)

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

37. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (continued)

Set out below are the amounts by which each financial statement line item is affected as at and for the year ended 30 June 2020 as a result of the adoption of AASB 15 and AASB 1058.

	2020	Adjustment due to application of AASB 15 and AASB 1058	2020
Note	AASB 15 / AASB 1058 \$		AASB 118 / AASB 1004 \$
Statement of Comprehensive Income			
Revenue			
Rates			
- General purpose funding	70,049,631	744,067	70,793,698
Operating grants, subsidies and contributions			
- General purpose funding	4,515,049	0	4,515,049
- Governance	5,567	(14,304)	(8,737)
- Law, order and public safety	376,061	61,161	437,222
- Health	7,802	0	7,802
- Education and welfare	671,540	(99,636)	571,904
- Community amenities	439,927	35,113	475,040
- Recreation and culture	203,247	37,130	240,377
- Transport	89,589	(2,777)	86,812
- Economic services	7,574	0	7,574
- Other property and services	413,992	18,723	432,715
	6,730,348	35,410	6,765,758
Non-operating grants, subsidies and contributions			
- Community amenities	5,585,941	(4,770,485)	815,456
- Recreation and culture	1,296,426	(53,177)	1,243,249
- Transport	17,358,177	(640,356)	16,717,821
- Other property and services	55,531	0	55,531
	24,296,075	(5,464,018)	18,832,057
Net result	101,076,054	(4,684,541)	96,391,513
Statement of Financial Position			
Trade and other receivables	636,208	(636,208)	0
Trade and other payables	(13,059,592)	4,772,440	(8,287,152)
Contract, grant and contributions liabilities	(31,039,383)	31,039,383	0
Net assets	(43,462,767)	35,175,615	(8,287,152)
Statement of Changes in Equity			
Net result	21,977,507	(4,684,541)	17,292,966
Retained surplus	381,334,384	35,175,615	416,509,999

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

37. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (continued)

(c) AASB 16 Leases

The City adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the City assessed the application of this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. In applying AASB 16, under the specific transition provisions chosen, the City did not restate comparatives for prior reporting periods.

The City assessed that the effect of adopting AASB 16 as at 1 July 2019 was not material hence the impact of \$1,972 was not reflected as an adjustment to opening Retained Surplus but rather reported in the Statement of Comprehensive Income for the year ended 30 June 2020.

On adoption of AASB 16, the City recognised lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117 (excluding short term and low value leases). These lease liabilities were measured at the present value of the remaining lease payments, discounted using the rate implicit in the lease.

	2020
	\$
Operating lease commitments at 30 June 2019 applying AASB 117	113,375
Discount applied using incremental borrowing rate	(15,988)
Low value and short-term leases recognised on a straight-line bases as an expense	(4,084)
Lease liability recognised as 1 July 2019 discounted using the rate implicit in the lease	<u>93,303</u>

38. 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.

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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

38. OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

38. OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

Valuation techniques that reflect the current replacement cost of 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.

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.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

39. STATEMENT OF OBJECTIVE

KEY TERMS AND DEFINITIONS – REPORTING PROGRAMS

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

OBJECTIVE

ACTIVITIES

Governance

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

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

General Purpose Funding

To collect revenue to finance Council activities.

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

Law, Order and Public Safety

To provide services to ensure a safer community.

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

Health

To provide an operational framework for good community health.

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

Education and Welfare

To assist in meeting the education needs of the community.

Administration, support and operation of services for youth and families, seniors and persons with a disability. Operation of Addie Mills Centre including the Meals on Wheel services. Provision of Community Development programs and events such as NAIDOC Week 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 the Wilkinson Homestead Museum. Provision of heritage and community programs and events such as Illuminate Festival, Outdoor Cinema, Arts and Culture programs, Sponsorship and Funding programs.

CITY OF GOSNELLS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

39. STATEMENT OF OBJECTIVE (continued)

KEY TERMS AND DEFINITIONS – REPORTING PROGRAMS (CONTINUED)

OBJECTIVE

ACTIVITIES

Transport

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

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

Economic Services

To promote the City and improve its economic base.

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

Other Property and Services

To provide services required by the community

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



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the City of Gosnells

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the City of Gosnells which comprises the Statement of Financial Position as at 30 June 2020, and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, as well as notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the City in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matters – Basis of Accounting

I draw attention to Notes 1 and 11 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the City's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

- (i) Regulation 17A requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 *Leases* which would have required the entity to measure the vested improvements also at zero cost.
- (ii) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matter indicates significant adverse trends in the financial position of the City:
 - a. Operating Surplus Ratio as reported in Note 25 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last 3 financial years.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial ratios for 2018 in Note 25 of the financial report were audited by another auditor when performing their audit of the City for the year ending 30 June 2018. The auditor expressed an unmodified opinion on the financial report for that year.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the City of Gosnells for the year ended 30 June 2020 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
15 February 2021



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