



# FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2020

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

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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 3<sup>rd</sup> day of February 2021.



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<br>Actual<br>\$    | 2020<br>Budget<br>\$     | 2019<br>Actual<br>\$     |
|---|-------|-------------------------|--------------------------|--------------------------|
| <b>Revenue</b>  |       |                         |                          |                          |
| 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>       |
| <b>Expenses</b>   |       |                         |                          |                          |
| 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>21,977,507</u>       | <u>12,073,331</u>        | <u>17,967,579</u>        |
| <b>Net result</b>   |       | <b>21,977,507</b>       | <b>12,073,331</b>        | <b>17,967,579</b>        |
| <b>Other comprehensive income (loss)</b>  |       |                         |                          |                          |
| Changes on revaluation of non-current assets                                    | 12    | (12,081,312)            | 0                        | 4,605,376                |
| <b>Total comprehensive income</b>   |       | <u><b>9,896,195</b></u> | <u><b>12,073,331</b></u> | <u><b>22,572,955</b></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<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|--|------|----------------------|----------------------|----------------------|
| <b>Revenue</b>   |      |                      |                      |                      |
| 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  |      | 662,947              | 541,993              | 862,865              |
|  |      | <u>102,869,101</u>   | <u>106,186,162</u>   | <u>103,715,287</u>   |
| <b>Expenses</b>  |      |                      |                      |                      |
| 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  |      | (1,176,425)          | (1,784,909)          | (1,392,887)          |
|  |      | <u>(105,678,984)</u> | <u>(114,389,289)</u> | <u>(103,441,848)</u> |
| <b>Finance costs</b>   |      |                      |                      |                      |
|  | 2(b) |                      |                      |                      |
| Community amenities  |      | (132,253)            | (167,300)            | (145,353)            |
| Recreation and culture   |      | (210,984)            | (173,400)            | (243,623)            |
| Other property and services  |      | (9,523)              | 0                    | 0                    |
|  |      | <u>(352,760)</u>     | <u>(340,700)</u>     | <u>(388,976)</u>     |
| <b>Fair value adjustments to financial assets at fair value through profit or loss</b> |      |                      |                      |                      |
|  | 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<br>Actual<br>\$     | 2020<br>Budget<br>\$     | 2019<br>Actual<br>\$     |
|--|-------|--------------------------|--------------------------|--------------------------|
| <b>Non-operating grants, subsidies and contributions</b> |       |                          |                          |                          |
|  | 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>        |
| <b>Public Open Space - Cash-in-Lieu contributions</b>    |       |                          |                          |                          |
| 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>                 |
| <b>Profit/(Loss) on asset disposals</b>                  | 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>         |
| <b>Net result</b>  |       | <u><b>21,977,507</b></u> | <u><b>12,073,331</b></u> | <u><b>17,967,579</b></u> |
| <b>Other comprehensive income (loss)</b>                 |       |                          |                          |                          |
| Changes on revaluation of non-current assets             | 12    | (12,081,312)             | 0                        | 4,605,376                |
| <b>Total comprehensive income</b>                        |       | <u><b>9,896,195</b></u>  | <u><b>12,073,331</b></u> | <u><b>22,572,955</b></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<br>Actual<br>\$ | 2019<br>Actual<br>\$ |
|--|-------|----------------------|----------------------|
| <b>Current Assets</b>                        |       |                      |                      |
| 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                    |
| <b>Total Current Assets</b>                  |       | <b>149,611,303</b>   | <b>116,099,895</b>   |
| <b>Non-Current Assets</b>                    |       |                      |                      |
| 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                |
| <b>Total Non-Current Assets</b>              |       | <b>1,266,308,264</b> | <b>1,269,002,783</b> |
| <b>Total Assets</b>                          |       | <b>1,415,919,567</b> | <b>1,385,102,678</b> |
| <b>Current Liabilities</b>                   |       |                      |                      |
| 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            |
| <b>Total Current Liabilities</b>             |       | <b>35,880,555</b>    | <b>25,932,517</b>    |
| <b>Non-Current Liabilities</b>               |       |                      |                      |
| 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            |
| <b>Total Non-Current Liabilities</b>         |       | <b>35,259,086</b>    | <b>5,236,684</b>     |
| <b>Total Liabilities</b>                     |       | <b>71,139,641</b>    | <b>31,169,201</b>    |
| <b>Net Assets</b>                            |       | <b>1,344,779,926</b> | <b>1,353,933,477</b> |
| <b>Equity</b>                                |       |                      |                      |
| 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          |
| <b>Total Equity</b>                          |       | <b>1,344,779,926</b> | <b>1,353,933,477</b> |

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<br>Surplus<br>\$ | Reserves<br>Cash Backed<br>\$ | Revaluation<br>Surplus<br>\$ | Total<br>Equity<br>\$ |
|--|------|---------------------------|-------------------------------|------------------------------|-----------------------|
| <b>Balance as at 1 July 2018</b>                                     |      | <b>412,567,274</b>        | <b>60,303,904</b>             | <b>858,489,344</b>           | <b>1,331,360,522</b>  |
| <b>Comprehensive income</b>  |      |                           |                               |                              |                       |
| Net result   | 12   | 17,967,579                | 0                             | 0                            | 17,967,579            |
| Changes on revaluation of Non-Current Assets                         |      | 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                     |
| <b>Balance as at 30 June 2019</b>                                    |      | <b>412,819,005</b>        | <b>78,375,965</b>             | <b>862,738,507</b>           | <b>1,353,933,477</b>  |
| Impact of new accounting standards                                   | 37   | (39,860,155)              | 0                             | 0                            | (39,860,155)          |
| <b>Balance as restated as at 30 June 2019</b>                        |      | <b>372,958,850</b>        | <b>78,375,965</b>             | <b>862,738,507</b>           | <b>1,314,073,322</b>  |
| <b>Comprehensive income</b>  |      |                           |                               |                              |                       |
| Net result   | 12   | 21,977,507                | 0                             | 0                            | 21,977,507            |
| Changes on revaluation of Non-Current Assets                         |      | 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            |
| <b>Balance as at 30 June 2020</b>                                    |      | <b>381,334,384</b>        | <b>113,605,484</b>            | <b>849,840,058</b>           | <b>1,344,779,926</b>  |

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

**CITY OF GOSNELLS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

|  | Note | 2020<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|--|------|----------------------|----------------------|----------------------|
| <b>Cash Flows from Operating Activities</b>                |      |                      |                      |                      |
| <b>Receipts</b>  |      |                      |                      |                      |
| 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          |
| <b>Payments</b>  |      |                      |                      |                      |
| 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)         |
| <b>Net cash provided by operating activities</b>           | 20   | 21,976,430           | 18,128,043           | 21,816,745           |
| <b>Cash Flows from Investing Activities</b>                |      |                      |                      |                      |
| <b>Payments for:</b>                                       |      |                      |                      |                      |
| 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)         |
| <b>Proceeds from:</b>                                      |      |                      |                      |                      |
| 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           |
| <b>Net cash (used in)/provided by investing activities</b> |      | (41,307,988)         | (10,556,583)         | 26,838,859           |
| <b>Cash Flows from Financing Activities</b>                |      |                      |                      |                      |
| 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                    |
| <b>Net cash provided by/(used in) financing activities</b> |      | 5,783,087            | 6,676,851            | (1,385,894)          |
| <b>Net (decrease) increase in cash held</b>                |      | (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                    |
| <b>Cash and cash equivalents at the end of the year</b>    | 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<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|--|-------|----------------------|----------------------|----------------------|
| <b>Revenue from Operating Activities excluding Rates</b> |       |                      |                      |                      |
| 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>    |
| <b>Expense from Operating Activities</b>                 |       |                      |                      |                      |
| 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> |
| <b>Net operating result excluding rates</b>              |       |                      |                      |                      |
|  |       | <u>(73,812,674)</u>  | <u>(68,846,772)</u>  | <u>(68,030,678)</u>  |
| <b>Adjustments for cash budget requirements:</b>         |       |                      |                      |                      |
| <b>Non-cash revenue and expenses</b>                     |       |                      |                      |                      |
| 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>    |
| <b>Amount attributable to Operating Activities</b>       |       |                      |                      |                      |
|  |       | <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<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|--|-------|----------------------|----------------------|----------------------|
| <b>Investing Activities</b>                          |       |                      |                      |                      |
| 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>  |
| <b>Amount attributable to investing activities</b>   |       | <u>(11,785,565)</u>  | <u>(10,556,583)</u>  | <u>(8,627,671)</u>   |
| <b>Financing Activities</b>                          |       |                      |                      |                      |
| 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>     |
| <b>Amount attributable to financing activities</b>   |       | <u>(8,634,051)</u>   | <u>(9,688,000)</u>   | <u>(19,457,955)</u>  |
| <b>Net Current Assets - surplus/(deficit) at:</b>    |       |                      |                      |                      |
| 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            |
| <b>Total amount raised from rates</b>                | 27(a) | <u>(69,470,182)</u>  | <u>(69,224,277)</u>  | <u>(67,537,936)</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<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|--|----------------------|----------------------|----------------------|
| <b>Operating grants, subsidies and contributions</b>     |                      |                      |                      |
| 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>     |
| <b>Non-operating grants, subsidies and contributions</b> |                      |                      |                      |
| 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>    |
| <b>Fees and charges</b>                                  |                      |                      |                      |
| 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<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|---|----------------------|----------------------|----------------------|
| <b>Interest earnings</b>                        |                      |                      |                      |
| 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>     |
| <b>Other revenue</b>                            |                      |                      |                      |
| 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<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|--|----------------------|----------------------|----------------------|
| <b>Auditors remuneration</b>                     |                      |                      |                      |
| 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>        |
| <b>Interest expenses (Finance costs)</b>         |                      |                      |                      |
| 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>       |
| <b>Other expenses</b>                            |                      |                      |                      |
| 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<br>Actual<br>\$ | 2019<br>Actual<br>\$ |
|--|------|----------------------|----------------------|
| Cash on hand   |      | 8,935                | 9,276                |
| Cash at bank   |      | 5,605,444            | 9,343,165            |
| Term deposits  |      | 60,000,000           | 49,000,000           |
|  |      | <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    | 70,100,000           | 46,535,282           |
|  |      | <u>135,714,379</u>   | <u>104,887,723</u>   |
| Comprises:   |      |                      |                      |
| - Unrestricted   |      | 20,679,568           | 25,165,612           |
| - Restricted   |      | 115,034,811          | 79,722,111           |
|  |      | <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<br>Actual<br>\$ | 2019<br>Actual<br>\$ |
|---|------|----------------------|----------------------|
| <b>Restricted Cash and Financial assets at amortised cost</b>             |      |                      |                      |
| 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            |
|   |      | <u>115,034,811</u>   | <u>79,722,111</u>    |

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**4. TRADE AND OTHER RECEIVABLES**

|   | 2020<br>\$       | 2019<br>\$       |
|---|------------------|------------------|
| <b>Current</b>                          |                  |                  |
| 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                |
|   | <u>9,173,373</u> | <u>9,353,090</u> |
| <b>Non-current</b>                      |                  |                  |
| Pensioner's rates and ESL deferred      | <u>1,487,045</u> | <u>1,364,103</u> |

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates and sundry receivables**

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

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

**Accrued revenue**

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



**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 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<br>\$ | 2019<br>\$ |
|--|------|------------|------------|
| <b>Current</b>                                   |      |            |            |
| 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  |
| <b>Non-current</b>                               |      |            |            |
| 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:

|  |       |             |             |
|--|-------|-------------|-------------|
| <b>Carrying amount at 1 July</b>                       |       | 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           |
| <b>Carrying amount at 30 June</b>                      |       | 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<br>\$ | 2019<br>\$ |
|--|------------|------------|
| <b>Current</b>   |            |            |
| Financial assets at amortised cost                     |            |            |
| - Term deposits  | 70,100,000 | 46,535,282 |
| <b>Non-current</b>                                     |            |            |
| Financial assets at fair value through profit and loss |            |            |
| - Units in Local Government House Trust                | 178,053    | 175,171    |
| - Share in Rivers Regional Council                     | 213,246    | 0          |
|  | 391,299    | 175,171    |

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

|  |         |         |
|--|---------|---------|
| <b>Carrying amount at 1 July</b>                             | 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      | 27,920  | 0       |
| <b>Carrying amount at 30 June</b>                            | 391,299 | 175,171 |

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<br>\$     | 2019<br>\$ |
|-------------|----------------|------------|
| 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<br>\$         | Buildings<br>\$    | Furniture and<br>Equipment<br>\$ | Plant and<br>Equipment<br>\$ | Total<br>\$        |
|---|--------------------|--------------------|----------------------------------|------------------------------|--------------------|
| <b>Balance at 1 July 2019</b>                             | 145,798,031        | 102,026,891        | 5,188,900                        | 11,959,915                   | 264,973,737        |
| <b>Additions</b>  |                    |                    |                                  |                              |                    |
| - 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            |
|   | 3,573,836          | 2,331,482          | 1,699,697                        | 1,187,581                    | 8,792,596          |
| 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)       |
| <b>Carrying amount at 30 June 2020</b>                    | <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> |
| <b>Comprises</b>  |                    |                    |                                  |                              |                    |
| 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)      |
| <b>Carrying amount at 30 June 2020</b>                    | <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**  
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**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<br>\$         | Buildings<br>\$    | Furniture and<br>Equipment<br>\$ | Plant and<br>Equipment<br>\$ | Total<br>\$        |
|---|--------------------|--------------------|----------------------------------|------------------------------|--------------------|
| <b>Balance at 1 July 2018</b>                             | 145,713,665        | 104,330,638        | 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          |
| <b>Carrying amount at 30 June 2019</b>                    | <b>145,798,031</b> | <b>102,026,891</b> | <b>5,188,900</b>                 | <b>11,959,915</b>            | <b>264,973,737</b> |
| <b>Comprises</b>  |                    |                    |                                  |                              |                    |
| 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)      |
| <b>Carrying amount at 30 June 2019</b>                    | <b>145,798,031</b> | <b>102,026,891</b> | <b>5,188,900</b>                 | <b>11,959,915</b>            | <b>264,973,737</b> |

**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,<br>Footpaths<br>and Kerbs | Bridges           | Drainage           | Park<br>Development | Others            | Total                |
|--|----------------------------------|-------------------|--------------------|---------------------|-------------------|----------------------|
|  | \$                               | \$                | \$                 | \$                  | \$                | \$                   |
| <b>Balance as at 1 July 2019</b>         | 600,038,984                      | 45,381,356        | 258,880,889        | 76,423,883          | 17,733,744        | 998,458,856          |
| <b>Additions</b>                         |                                  |                   |                    |                     |                   |                      |
| - 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            |
|  | <u>14,134,423</u>                | <u>1,732,689</u>  | <u>6,962,805</u>   | <u>3,626,139</u>    | <u>690,187</u>    | <u>27,146,243</u>    |
| 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)         |
| <b>Carrying amount at 30 June 2020</b>   | <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> |
| <b>Comprises:</b>                        |                                  |                   |                    |                     |                   |                      |
| 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)        |
| <b>Carrying amount at 30 June 2020</b>   | <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**  
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**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,<br>Footpaths<br>and Kerbs | Bridges           | Drainage           | Park<br>Development | Others            | Total              |
|--|----------------------------------|-------------------|--------------------|---------------------|-------------------|--------------------|
|  | \$                               | \$                | \$                 | \$                  | \$                | \$                 |
| <b>Balance as at 1 July 2018</b>         | 592,418,438                      | 46,128,894        | 258,223,708        | 76,807,645          | 18,075,867        | 991,654,552        |
| <b>Additions</b>                         |                                  |                   |                    |                     |                   |                    |
| - 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)       |
| <b>Carrying amount at 30 June 2019</b>   | <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> |
| <b>Comprises:</b>                        |                                  |                   |                    |                     |                   |                    |
| 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)      |
| <b>Carrying amount at 30 June 2019</b>   | <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**  
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**10. INTANGIBLE ASSETS**

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

|                                     | Note  | 2020<br>\$       | 2019<br>\$       |
|-------------------------------------|-------|------------------|------------------|
| <b>Computer Software:</b>           |       |                  |                  |
| 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          |
| <b>Carrying amount at 30 June</b>   |       | <b>2,392,198</b> | <b>2,849,144</b> |
| <br><b>Comprises:</b>               |       |                  |                  |
| Gross carrying amount at 30 June    |       | 4,761,290        | 4,678,000        |
| Accumulated amortisation at 30 June |       | (2,369,092)      | (1,828,856)      |
| <b>Carrying amount at 30 June</b>   |       | <b>2,392,198</b> | <b>2,849,144</b> |

**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**  
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**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).

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**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.



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

**(a) Fair Value Measurements**

| Asset Class                         | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of last Valuation | Inputs used  |
|-------------------------------------|----------------------|---------------------|--------------------|------------------------|--|
| <b>Property Plant and Equipment</b> |                      |                     |                    |                        |  |
| 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.  |
| <b>Infrastructure</b>               |                      |                     |                    |                        |  |
| 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           |  |
|                                     | Level 3              | Cost Approach       | Management         | 30 June 2018           |  |



**CITY OF GOSNELLS**  
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**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   |
|------------------------------|----------------------|---------------------|--------------------|------------------------|---|
| <b>Intangibles</b>           |                      |                     |                    |                        |   |
| 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           |   |
| <b>Investment Properties</b> |                      |                     |                    |                        |   |
| Investment Properties        | Level 2              | Market Approach     | Independent        | 30 June 2017           | Estimates of remaining useful life, pattern of consumption and asset obsolescence to assess level of remaining service potential of the depreciable amount. |

The timing of valuation(s) complies with the statutory requirement of regulation 17A (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**  
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**11. PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE AND INTANGIBLE ASSETS (continued)**

**(b) Asset Disposals**

| Asset Class / Program                            | 2020           |                  |          | 2020          |                   |                  | 2020             |                  |                | 2019           |                |                        |
|--|----------------|------------------|----------|---------------|-------------------|------------------|------------------|------------------|----------------|----------------|----------------|------------------------|
|  | Net Book Value |                  |          | Sale Proceeds |                   |                  | Profit / (Loss)  |                  |                | Net Book Value |                |                        |
|  | Actual         | Budget           | \$       | Actual        | Budget            | \$               | Actual           | Budget           | \$             | Actual         | Actual         | Profit / (Loss) Actual |
| 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)               |
| <b>Land under Development and Developed Land</b> | <b>0</b>       | <b>1,170,875</b> | <b>0</b> | <b>0</b>      | <b>10,008,900</b> | <b>0</b>         | <b>0</b>         | <b>8,838,025</b> | <b>0</b>       | <b>38,703</b>  | <b>203,284</b> | <b>164,581</b>         |
| 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)              |
| <b>Total Infrastructure Assets</b>               | <b>285,912</b> | <b>0</b>         | <b>0</b> | <b>0</b>      | <b>0</b>          | <b>0</b>         | <b>(285,912)</b> | <b>0</b>         | <b>0</b>       | <b>123,067</b> | <b>0</b>       | <b>(123,067)</b>       |
| <b>Balance carried forward</b>                   | <b>285,912</b> | <b>1,170,875</b> | <b>0</b> | <b>0</b>      | <b>10,008,900</b> | <b>(285,912)</b> | <b>8,838,025</b> | <b>0</b>         | <b>161,770</b> | <b>203,284</b> | <b>41,514</b>  |                        |

**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        |        |                 |        |
| <b>Property, Plant and Equipment</b>       |                  |                  |                |                   |                    |                  |                  |                |                  |        |                 |        |
| - 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                | 112,451          | 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            |        |                 |        |
| <b>Land</b>                                |                  |                  |                |                   |                    |                  |                  |                |                  |        |                 |        |
| - Other Properties and Services            | 814,131          | 0                | 0              | 0                 | (814,131)          | 0                | 482,591          | 230,928        | (251,663)        |        |                 |        |
| <b>Buildings</b>                           |                  |                  |                |                   |                    |                  |                  |                |                  |        |                 |        |
| - 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                |        |                 |        |
| <b>Furniture and Equipment</b>             |                  |                  |                |                   |                    |                  |                  |                |                  |        |                 |        |
| - 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)         |        |                 |        |
| <b>Total Property, Plant and Equipment</b> | <b>1,218,217</b> | <b>272,193</b>   | <b>293,478</b> | <b>355,500</b>    | <b>(924,739)</b>   | <b>83,307</b>    | <b>883,915</b>   | <b>464,802</b> | <b>(419,113)</b> |        |                 |        |
| <b>Intangible Assets</b>                   |                  |                  |                |                   |                    |                  |                  |                |                  |        |                 |        |
| - Other properties and services            | 0                | 0                | 0              | 0                 | 0                  | 0                | 20,109           | 0              | (20,109)         |        |                 |        |
|  | <b>1,504,129</b> | <b>1,443,068</b> | <b>293,478</b> | <b>10,364,400</b> | <b>(1,210,651)</b> | <b>8,921,332</b> | <b>1,065,794</b> | <b>668,086</b> | <b>(397,708)</b> |        |                 |        |



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

**(c) Depreciation and Amortisation**

| By Asset Class                             | 2020<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|--|----------------------|----------------------|----------------------|
| 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                 | 8,501,649            | 8,380,716            | 8,053,343            |
|  | <u>25,494,408</u>    | <u>24,549,495</u>    | <u>23,779,377</u>    |
| <b>Depreciation Capitalised</b>            |                      |                      |                      |
| Plant and equipment                        | 209,001              | 153,125              | 232,202              |
| <b>Total Depreciation and Amortisation</b> | <u>25,703,409</u>    | <u>24,702,620</u>    | <u>24,011,579</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**  
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**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:

| <b>Asset Class</b>                              | <b>Years</b>                 |
|---|------------------------------|
| 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 |



## 12. REVALUATION SURPLUS

|                            | 2020            | 2020                                | 2020                                | 2020            | 2019            | 2019                                | 2019            |
|----------------------------|-----------------|-------------------------------------|-------------------------------------|-----------------|-----------------|-------------------------------------|-----------------|
|                            | Opening Balance | Revaluation Increment / (Decrement) | Revaluation Write back on Disposals | Closing Balance | Opening Balance | Revaluation Increment / (Decrement) | Closing Balance |
|                            | \$              | \$                                  | \$                                  | \$              | \$              | \$                                  | \$              |
| Land and buildings         | 165,682,905     | (12,081,312)                        | (481,820)                           | 153,119,773     | 165,852,040     | 0                                   | 165,682,905     |
| Plant and equipment        | 1,686,851       | 0                                   | (225,607)                           | 1,461,244       | 41,540          | 1,653,551                           | 1,686,851       |
| Furniture and equipment    | 2,785,860       | 0                                   | 0                                   | 2,785,860       | 0               | 2,785,860                           | 2,785,860       |
| Roads, footpaths and kerbs | 406,197,641     | 0                                   | 0                                   | 406,197,641     | 406,197,641     | 0                                   | 406,197,641     |
| Bridges                    | 14,320,887      | 0                                   | 0                                   | 14,320,887      | 14,320,887      | 0                                   | 14,320,887      |
| Drainage                   | 214,703,646     | 0                                   | 0                                   | 214,703,646     | 214,703,646     | 0                                   | 214,703,646     |
| Other infrastructure       | 13,256,791      | 0                                   | 7,587                               | 13,264,378      | 13,264,312      | 0                                   | 13,256,791      |
| Intangible assets          | 2,729,029       | 0                                   | 0                                   | 2,729,029       | 2,638,199       | 165,965                             | 2,729,029       |
| Park developments          | 41,374,897      | 0                                   | (117,297)                           | 41,257,600      | 41,471,079      | 0                                   | 41,374,897      |
|                            | 862,738,507     | (12,081,312)                        | (817,137)                           | 849,840,058     | 858,489,344     | 4,605,376                           | 862,738,507     |

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**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**13. INVESTMENT PROPERTY**

|   | 2020<br>\$ | 2019<br>\$   |
|---|------------|--------------|
| <b>Non-current assets – at fair value</b> |            |              |
| 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<br>\$    | 2019<br>\$ |
|---|---------------|------------|
| <b>Colour printer copier machines:</b>          |               |            |
| 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>   |
| <b>Cash outflow from leases</b>                 |               |            |
| 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>   |
| <b>Other expenses relating to leases</b>        |               |            |
| 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  |               |                                       |            |                            |  |                            |
|                                | 0.77% -       |                                       |            |                            |  |                            |
| Colour printer copier machines | 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<br>Actual<br>\$ | 2019<br>Actual<br>\$ |
|---------------------|----------------------|----------------------|
| <b>Current</b>      |                      |                      |
| 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<br>Actual<br>\$ | 2019<br>Actual<br>\$ |
|--|----------------------|----------------------|
| <b>Current</b>                                     |                      |                      |
| 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>             |
| <b>Non-current</b>                                 |                      |                      |
| 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<br>liabilities<br>Actual<br>\$ | Developer<br>Contribution<br>Plan liability<br>Actual<br>\$ |
|------------------------------------|--|---|
| 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<br>Actual<br>\$ | 2019<br>Actual<br>\$ |
|-------------|----------------------|----------------------|
| Current     | 2,400,972            | 6,226,223            |
| Non-Current | 14,164,683           | 4,532,555            |
|             | <u>16,565,655</u>    | <u>10,758,778</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                            |               | \$                              | \$                    | \$                               | \$   | \$                              | \$                              | \$                    | \$                               | \$   | \$                              |
| <b>Community Amenities</b>                     |               |                                 |                       |                                  |  |                                 |                                 |                       |                                  |  |                                 |
| 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)                       |
| <b>Recreation and Culture</b>                  |               |                                 |                       |                                  |  |                                 |                                 |                       |                                  |  |                                 |
| 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)                       |
| <b>Other Property and Services</b>             |               |                                 |                       |                                  |  |                                 |                                 |                       |                                  |  |                                 |
| 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                               |
|  |               | <u>10,758,778</u>               | <u>12,033,100</u>     | <u>(6,226,223)</u>               | <u>16,565,655</u>                            | <u>(291,994)</u>                | <u>10,758,777</u>               | <u>13,703,074</u>     | <u>(7,026,223)</u>               | <u>17,435,628</u>                            | <u>(640,700)</u>                |

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



**CITY OF GOSNELLS**  
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**17. INFORMATION ON BORROWINGS (continued)**

**(c) New Borrowings**

| Particulars/Purpose                            | Facility Limit | Amount Borrowed<br>Actual \$ | Budget \$  | Loan Type  | Term (Years) | Total Interest & Charges \$ | Interest Rate % | Amount Used<br>Actual \$ | Budget \$  | Balance Unspent \$ |
|--|----------------|------------------------------|------------|------------|--------------|-----------------------------|-----------------|--------------------------|------------|--------------------|
| <b>Community Amenities</b>                     |                |                              |            |            |              |                             |                 |                          |            |                    |
| 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                  |
| <b>Other Properties and Services</b>           |                |                              |            |            |              |                             |                 |                          |            |                    |
| 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<br>\$        | 2019<br>\$        |
|--|-------------------|-------------------|
| <b>Credit Standby Arrangements*</b>          |                   |                   |
| Credit card limit                            | 300,000           | 250,000           |
| Credit card balance at balance date          | (55,088)          | (49,026)          |
| <b>Total amount of credit unused</b>         | <u>244,912</u>    | <u>200,974</u>    |
| <br><b>Loan facilities</b>                   |                   |                   |
| Loan facilities - current                    | 2,400,972         | 6,226,223         |
| Loan facilities - non-current                | 14,164,683        | 4,532,555         |
| <b>Total facilities in use at 30 June</b>    | <u>16,565,655</u> | <u>10,758,778</u> |
| <br><b>Loan facilities at balance date**</b> |                   |                   |
| 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**  
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**18. EMPLOYEE RELATED PROVISIONS**

|   | Provision<br>for Annual<br>Leave<br>\$ | Provision<br>for Long<br>Service<br>Leave<br>\$ | Provision<br>for<br>On-costs<br>\$ | Provision<br>for<br>Deferred<br>Salaries<br>\$ | Total<br>\$       |
|---|--|---|------------------------------------|--|-------------------|
| <b>Opening balance at 1 July 2019</b>   |  |   |                                    |  |                   |
| 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<br>arising because of time and the effect<br>of any change in the discounted rate | 0                                      | 39,476  | 4,146                              | 0  | 43,622            |
| <b>Balance at 30 June 2020</b>  | <u>4,083,611</u>                       | <u>5,223,036</u>                                | <u>978,126</u>                     | <u>116,180</u>                                 | <u>10,400,953</u> |
| <b>Comprises</b>  |  |   |                                    |  |                   |
| 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<br>\$       | 2019<br>\$       |
|---|------------------|------------------|
| 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<br>\$       | 2019<br>\$       |
|---|------------------|------------------|
| 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**  
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**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**  
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**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<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|--|----------------------|----------------------|----------------------|
| <b>Ordinary Reserves</b>   |                      |                      |                      |
| <b>a) Asset Management</b>   |                      |                      |                      |
| 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>b) Central Maddington City Funded<br/>Common Infrastructure Works</b> |                      |                      |                      |
| 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>             |
| <b>c) Community Infrastructure Reserve</b>                               |                      |                      |                      |
| 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>             |
| <b>d) Developer Contributions Infrastructure</b>                         |                      |                      |                      |
| 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>       |
| <b>Total ordinary reserves carried forward</b>                           | <b>16,651,210</b>    | <b>10,052,844</b>    | <b>2,860,053</b>     |



**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**19. RESERVES – CASH BACKED (continued)**

**(a) Summary of movements (continued)**

|  | 2020<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|--|----------------------|----------------------|----------------------|
| <b>Ordinary Reserves (continued)</b>           |                      |                      |                      |
| <b>Total ordinary reserves brought forward</b> | 16,651,210           | 10,052,844           | 2,860,053            |
| <b>e) Don Russell Performing Arts Centre</b>   |                      |                      |                      |
| 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>       |
| <b>f) Emergency Services</b>                   |                      |                      |                      |
| 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>        |
| <b>g) Floodlighting Levy</b>                   |                      |                      |                      |
| 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>        |
| <b>h) Gosnells Oval Redevelopment</b>          |                      |                      |                      |
| 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>     |
| <b>i) Gosnells Town Centre Revitalisation</b>  |                      |                      |                      |
| 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>     |
| <b>j) Harmony Fields</b>                       |                      |                      |                      |
| 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>       |
| <b>Total ordinary reserves carried forward</b> | 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<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|---|----------------------|----------------------|----------------------|
| <b>Ordinary Reserves (continued)</b>        |                      |                      |                      |
| Total ordinary reserves brought forward     | 26,677,094           | 20,509,114           | 9,914,679            |
| <b>k) Heritage Condition Reward Scheme</b>  |                      |                      |                      |
| 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>        |
| <b>l) Insurance</b>                         |                      |                      |                      |
| 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>       |
| <b>m) Langford Oval Redevelopment</b>       |                      |                      |                      |
| 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>       |
| <b>n) Leisure World Asset Management</b>    |                      |                      |                      |
| 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>       |
| <b>o) Local Government Elections</b>        |                      |                      |                      |
| 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>       |
| <b>p) Local Open Space Strategy</b>         |                      |                      |                      |
| 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>       |
| <b>q) Maddington/Kenwick Revitalisation</b> |                      |                      |                      |
| 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**  
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**19. RESERVES – CASH BACKED (continued)**

**(a) Summary of movements (continued)**

|   | 2020<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|---|----------------------|----------------------|----------------------|
| <b>Ordinary Reserves (continued)</b>            |                      |                      |                      |
| <b>Total ordinary reserves brought forward</b>  | 30,524,050           | 26,233,983           | 14,579,774           |
| <b>r) Mills Park</b>                            |                      |                      |                      |
| 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>       |
| <b>s) Operations Centre</b>                     |                      |                      |                      |
| 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>     |
| <b>t) Plant and Equipment</b>                   |                      |                      |                      |
| 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>     |
| <b>u) Rate Revaluation</b>                      |                      |                      |                      |
| 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>       |
| <b>v) Recreation and Culture Infrastructure</b> |                      |                      |                      |
| 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>     |
| <b>w) Refuse Disposal Site Rehabilitation</b>   |                      |                      |                      |
| 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>       |
| <b>Total ordinary reserves carried forward</b>  | 52,852,258           | 45,071,171           | 33,839,637           |

**CITY OF GOSNELLS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**19. RESERVES – CASH BACKED (continued)**

**(a) Summary of movements (continued)**

|  | 2020<br>Actual<br>\$     | 2020<br>Budget<br>\$     | 2019<br>Actual<br>\$     |
|--|--------------------------|--------------------------|--------------------------|
| <b>Ordinary Reserves (continued)</b>                                     |                          |                          |                          |
| Total ordinary reserves brought forward                                  | 52,852,258               | 45,071,171               | 33,839,637               |
| <b>x) Strategic Capital Acquisition</b>                                  |                          |                          |                          |
| 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>         |
| <b>y) Sutherlands Park</b>   |                          |                          |                          |
| 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>         |
| <b>z) Synthetic Surfaces Renewal</b>                                     |                          |                          |                          |
| Opening Balance  | 234,096                  | 227,102                  | 163,570                  |
| Amount set aside / transfer to reserve                                   | 190,067                  | 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>           |
| <b>aa) Walter Padbury Park</b>   |                          |                          |                          |
| 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>           |
| <b>ab) Waste Reserve<br/>(Formerly known as MGB Plant and Equipment)</b> |                          |                          |                          |
| 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>         |
| <b>Total Ordinary Reserves</b>   | <u><u>62,382,632</u></u> | <u><u>53,266,989</u></u> | <u><u>46,192,565</u></u> |
| <b>Planning Reserves</b>   |                          |                          |                          |
| <b>ac) ODP - Canning Vale</b>  |                          |                          |                          |
| 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>         |
| <b>Total planning reserves carried forward</b>                           | <u>3,744,492</u>         | <u>1,048,741</u>         | <u>1,047,707</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)**

**(a) Summary of movements (continued)**

|  | 2020<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|--|----------------------|----------------------|----------------------|
| <b>Planning Reserves (continued)</b>           |                      |                      |                      |
| <b>Total planning reserves brought forward</b> | 3,744,492            | 1,048,741            | 1,047,707            |
| <b>ad) ODP - Central Maddington Precinct 1</b> |                      |                      |                      |
| 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>       |
| <b>ae) ODP - Central Maddington Precinct 2</b> |                      |                      |                      |
| 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>       |
| <b>af) ODP - Homestead Road</b>                |                      |                      |                      |
| 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>       |
| <b>ag) ODP - Maddington Road A and B</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>       |
| <b>ah) ODP - Southern River Precinct 1</b>     |                      |                      |                      |
| 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>     |
| <b>ai) ODP - Southern River Precinct 2</b>     |                      |                      |                      |
| 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>     |
| <b>Total planning reserves carried forward</b> | 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<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|--|----------------------|----------------------|----------------------|
| <b>Planning Reserves (continued)</b>           |                      |                      |                      |
| <b>Total planning reserves brought forward</b> | 23,412,562           | 19,337,289           | 14,544,952           |
| <b>aj) ODP - Southern River Precinct 3</b>     |                      |                      |                      |
| 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>     |
| <b>ak) ODP - Southern River Precinct 3A</b>    |                      |                      |                      |
| 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>       |
| <b>al) ODP - Southern River Precinct 3E</b>    |                      |                      |                      |
| 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>        |
| <b>am) ODP - Southern River Precinct 3F</b>    |                      |                      |                      |
| 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>         |
| <b>an) ODP - Southern River Precinct 5</b>     |                      |                      |                      |
| 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>        |
| <b>ao) ODP - West Canning Vale</b>             |                      |                      |                      |
| 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>     |
| <b>Total planning reserves carried forward</b> | 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<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|--|----------------------|----------------------|----------------------|
| <b>Planning Reserves (continued)</b>           |                      |                      |                      |
| <b>Total planning reserves brought forward</b> | 43,111,432           | 31,873,698           | 28,452,240           |
| <b>ap) Public Open Space - Cash in Lieu *</b>  |                      |                      |                      |
| 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>             |
| <b>aq) TPS - 9A</b>                            |                      |                      |                      |
| 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>     |
| <b>ar) TPS - 10</b>                            |                      |                      |                      |
| Transfers between reserves - Equity            | 66,285               | 0                    | 0                    |
|  | <u>66,285</u>        | <u>0</u>             | <u>0</u>             |
| <b>as) TPS - 15</b>                            |                      |                      |                      |
| 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>       |
| <b>at) TPS - 17</b>                            |                      |                      |                      |
| 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>       |
| <b>au) TPS - 20</b>                            |                      |                      |                      |
| 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>       |
| <b>Total Planning Reserves</b>                 | <u>51,222,852</u>    | <u>74,156,549</u>    | <u>32,183,400</u>    |
| <b>Total Reserves</b>                          | <u>113,605,484</u>   | <u>127,423,538</u>   | <u>78,375,965</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.

|  | <b>2020<br/>Actual<br/>\$</b> | <b>2020<br/>Budget<br/>\$</b> | <b>2019<br/>Actual<br/>\$</b> |
|--|-------------------------------|-------------------------------|-------------------------------|
| <b>Summary of Reserves</b>               |                               |                               |                               |
| 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                        |
| <b>Total Reserves</b>                    | <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:

| <b>Reserve Name</b>  | <b>Anticipated date of use</b> | <b>Purpose of the Reserve</b>  |
|--|--------------------------------|--|
| <b>Ordinary Reserves</b>                                   |                                |  |
| 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   |
|---|-------------------------|--|
| <b>Ordinary Reserves (continued)</b>                      |                         |  |
| 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.   |
| <b>Planning Reserves</b>                                  |                         |  |
| 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<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|---------------------------|----------------------|----------------------|----------------------|
| 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<br>1 July 2019<br>\$ | Amounts<br>Received<br>\$ | Amounts<br>Paid<br>\$ | Balance<br>30 June 2020<br>\$ |
|----------------------------------|------------------------------|---------------------------|-----------------------|-------------------------------|
| 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**  
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**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 | Total Revenue |  |
|   |                |                      | \$             | \$           | \$            | \$            | \$           | \$            | \$            | \$            | \$            |  |
| <b>Differential General Rate</b>              |                |                      |                |              |               |               |              |               |               |               |               |  |
| <b>Gross Rental Value (GRV)</b>               |                |                      |                |              |               |               |              |               |               |               |               |  |
| 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       |  |
| <b>Unimproved Value (UV)</b>                  |                |                      |                |              |               |               |              |               |               |               |               |  |
| 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       |  |
|   | <b>Minimum</b> | 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    |  |
|   | <b>\$</b>      |                      |                |              |               |               |              |               |               |               |               |  |
| <b>Minimum payment</b>                        |                |                      |                |              |               |               |              |               |               |               |               |  |
| <b>Gross Rental Value (GRV)</b>               |                |                      |                |              |               |               |              |               |               |               |               |  |
| 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         |  |
| <b>Unimproved Value (UV)</b>                  |                |                      |                |              |               |               |              |               |               |               |               |  |
| 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     |  |
|   |                | 47,536               | 1,119,447,059  | 68,418,274   | 1,051,908     | 69,470,182    | 68,418,277   | 806,000       | 69,224,277    |               | 67,537,936    |  |
| <b>Total amount raised from general rates</b> |                |                      |                |              |               | 69,470,182    |              |               | 69,224,277    |               | 67,537,936    |  |
| <b>Specified Area Rate (refer to 27 (b))</b>  |                |                      |                |              |               | 523,592       |              |               | 519,123       |               | 472,859       |  |
| <b>Ex-gratia Rates</b>                        |                |                      |                |              |               | 55,858        |              |               | 0             |               | 57,715        |  |
| <b>Total Rates</b>                            |                |                      |                |              |               | 70,049,632    |              |               | 69,743,400    |               | 68,068,510    |  |



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**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<br>(GRV) | Rate in<br>cents | Number<br>of<br>Properties | 2020 Actual             |                       |                        | 2020 Budget            |                       |                       | 2019 Actual            |                        |
|-----------------------------|------------------|----------------------------|-------------------------|-----------------------|------------------------|------------------------|-----------------------|-----------------------|------------------------|------------------------|
|                             |                  |                            | Rateable<br>Value<br>\$ | Rate<br>Revenue<br>\$ | Interim<br>Rates<br>\$ | Total<br>Revenue<br>\$ | Rate<br>Revenue<br>\$ | Interim<br>Rate<br>\$ | Total<br>Revenue<br>\$ | Total<br>Revenue<br>\$ |
| Bletchley Park              | 0.6468           | 1,500                      | 33,789,850              | 218,545               | 4,085                  | 222,630                | 218,553               | 0                     | 218,553                | 187,372                |
| 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                 | 57,302                 |
| 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                | 472,359                |

**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.



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

|                                    | Type      | Discount % | Total<br>Cost/<br>Value<br>\$ | Budget<br>Cost/<br>Value<br>\$ |
|------------------------------------|-----------|------------|-------------------------------|--------------------------------|
| <b>General Rates</b>               |           |            |                               |                                |
| Rates Incentive A                  | Incentive | N/A        | 5,000                         | 5,000                          |
| Rates Waivers                      | Waiver    | N/A        | 114,361                       | 75,700                         |
| <b>Fees and Charges</b>            |           |            |                               |                                |
| 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<br>\$     | 2019<br>\$    |
|---|----------------|---------------|
| Foothills Estate Syndicate Pty Ltd.                                 | 1,980          | 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> |

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**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.



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

**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.



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**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<br>(1 July 2020<br>Carried<br>Forward)<br>\$ | 2020<br>(1 July 2019<br>Brought<br>Forward)<br>\$ | 2019<br>(30 June 2019<br>Carried Forward)<br>\$ |
|--|-------|---|---|---|
| <b>Surplus<br/>Rate Setting Statement</b>    |       | <b>8,231,385</b>                                  | <b>10,956,973</b>                                 | <b>16,439,346</b>                               |
| <b>Comprises:</b>                            |       |   |   |   |
| <b>Current Assets</b>                        |       |   |   |   |
| 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   |
| <b>Total Current Assets</b>                  |       | <b>149,611,303</b>                                | <b>116,099,895</b>                                | <b>116,099,895</b>                              |
| <b>Current Liabilities</b>                   |       |   |   |   |
| 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)                                     |
| <b>Total Current Liabilities</b>             |       | <b>(35,880,555)</b>                               | <b>(25,932,517)</b>                               | <b>(25,932,517)</b>                             |
| <b>Net Current Assets</b>                    |       | <b>122,971,174</b>                                | <b>90,167,378</b>                                 | <b>90,167,378</b>                               |
| <b>Less:</b>                                 |       |   |   |   |
| 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   |
| <b>Add:</b>                                  |       |   |   |   |
| 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                                       |
| <b>Surplus</b>                               |       | <b>8,231,385</b>                                  | <b>10,956,973</b>                                 | <b>16,439,346</b>                               |

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**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<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|------------------------------|----------------------|----------------------|----------------------|
| 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<br>\$       | 2019<br>\$       |
|------------------------------|------------------|------------------|
| 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.

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**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.



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**32. MAJOR LAND TRANSACTIONS (continued)**

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

ii. Revenue and Expenditure

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

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**32. MAJOR LAND TRANSACTIONS (continued)**

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

iii. Expected Future Projections

|                               | 2021<br>\$         | 2022<br>\$         | 2023<br>\$         | Total<br>\$         |
|-------------------------------|--------------------|--------------------|--------------------|---------------------|
| <b>Revenue</b>                |                    |                    |                    |                     |
| 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>   |
| <b>Expenditure</b>            |                    |                    |                    |                     |
| 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> |
| <b>Net Future Projections</b> | <u>0</u>           | <u>0</u>           | <u>0</u>           | <u>0</u>            |

iv. Assets and Liabilities

Assets associated with this land transaction have a written down value of \$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.

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**32. MAJOR LAND TRANSACTIONS (continued)**

**(b) Southern River Business Park (continued)**

ii. Revenue and Expenditure

|                                    | Project<br>Budget<br>\$ | Project<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2020<br>Actual<br>\$ |
|------------------------------------|-------------------------|-------------------------|----------------------|----------------------|
| <b>Funding Sources</b>             |                         |                         |                      |                      |
| <b>Capital Revenue</b>             |                         |                         |                      |                      |
| Asset Disposal Proceeds            | 29,585,586              | 0                       | 0                    | 0                    |
| <b>Other Funding Sources</b>       |                         |                         |                      |                      |
| Loan Proceeds                      | 21,450,000              | 0                       | 0                    | 0                    |
| <b>Total Funding Sources</b>       | <u>51,035,586</u>       | <u>0</u>                | <u>0</u>             | <u>0</u>             |
| <b>Disbursement of Funds</b>       |                         |                         |                      |                      |
| <b>Operating Expense</b>           |                         |                         |                      |                      |
| Materials & Contracts              | (1,770,000)             | (484,593)               | (300,000)            | (8,287)              |
|                                    | <u>(1,770,000)</u>      | <u>(484,593)</u>        | <u>(300,000)</u>     | <u>(8,287)</u>       |
| <b>Capital Expenditure</b>         |                         |                         |                      |                      |
| Materials & Contracts              | (19,980,000)            | (48,872)                | 0                    | 0                    |
| Interest Expense                   | (3,385,218)             | 0                       | 0                    | 0                    |
|                                    | <u>(23,365,218)</u>     | <u>(48,872)</u>         | <u>0</u>             | <u>0</u>             |
| <b>Other Expenses</b>              |                         |                         |                      |                      |
| Loan Repayment                     | (21,450,000)            | 0                       | 0                    | 0                    |
| Transfer to Reserve                |                         |                         |                      |                      |
| Operations Centre                  | (4,450,368)             | 0                       | 0                    | 0                    |
|                                    | <u>(25,900,368)</u>     | <u>0</u>                | <u>0</u>             | <u>0</u>             |
| <b>Total Disbursement of funds</b> | <u>(51,035,586)</u>     | <u>(533,465)</u>        | <u>(300,000)</u>     | <u>(8,287)</u>       |
| <b>Net Expenditure</b>             | <u>0</u>                | <u>(533,465)</u>        | <u>(300,000)</u>     | <u>(8,287)</u>       |



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**32. MAJOR LAND TRANSACTIONS (continued)**

**(b) Southern River Business Park (continued)**

iii. Expected Future Projections

|                               | 2021             | 2022        | 2023        | 2024         | 2025        | Total            |
|-------------------------------|------------------|-------------|-------------|--------------|-------------|------------------|
|                               | \$               | \$          | \$          | \$           |             | \$               |
| <b>Revenue</b>                |                  |             |             |              |             |                  |
| 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       |
|                               | 0                | 8,717,635   | 8,092,724   | 10,216,667   | 4,780,313   | 31,807,339       |
| <b>Expenditure</b>            |                  |             |             |              |             |                  |
| 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)      |
|                               | (294,023)        | (8,717,635) | (8,092,724) | (10,216,667) | (4,780,313) | (32,101,362)     |
| <b>Net Future Projections</b> | <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.

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**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               |
|   | \$                 | \$                 | \$                 | \$                 |
| <b>Financial assets</b>                               |                    |                    |                    |                    |
| 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> |
| <b>Financial liabilities at amortised cost</b>        |                    |                    |                    |                    |
| 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.

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**35. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Interest rate risk (continued)**

|  | Weighted<br>Average<br>Interest<br>Rate | Carrying<br>Amount<br>\$ | Fixed<br>Interest<br>Rate<br>\$ | Variable<br>Interest<br>Rate<br>\$ | Non<br>Interest<br>Bearing<br>\$ |
|--|---|--------------------------|---------------------------------|------------------------------------|----------------------------------|
| <b>Year ended 30 June 2020</b>                     |   |                          |                                 |                                    |                                  |
| 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>                     |
| <b>Year ended 30 June 2019</b>                     |   |                          |                                 |                                    |                                  |
| 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<br>\$ | 2019<br>\$ |
|--|------------|------------|
| 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.



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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<br>\$ | More than<br>1 year<br>past due<br>\$ | More than<br>2 years<br>past due<br>\$ | More than<br>3 years<br>past due<br>\$ | Total<br>\$ |
|--------------------------|---------------|---------------------------------------|--|--|-------------|
| <b>Rates Receivable*</b> |               |                                       |  |  |             |
| <b>30 June 2020</b>      |               |                                       |  |  |             |
| 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           |
| <b>30 June 2019</b>      |               |                                       |  |  |             |
| 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<br>\$ | More than<br>30 days<br>past due<br>\$ | More than<br>60 days<br>past due<br>\$ | More than<br>90 days<br>past due<br>\$ | Total<br>\$ |
|-----------------------------|---------------|--|--|--|-------------|
| <b>Sundry Receivables**</b> |               |  |  |  |             |
| <b>30 June 2020</b>         |               |  |  |  |             |
| 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       |
| <b>30 June 2019</b>         |               |  |  |  |             |
| Expected credit loss        | 0.00%         | 2.18%                                  | 1.39%                                  | 6.89%                                  |             |
| Gross carrying amount       | 872,974       | 142,613                                | 25,269                                 | 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).

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**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<br>within<br>1 year<br>\$ | Due<br>between<br>1 & 5 years<br>\$ | Due<br>after<br>5 years<br>\$ | Total<br>contractual<br>cash flows<br>\$ | Carrying<br>values<br>\$ |
|-------------|-------------------------------|-------------------------------------|-------------------------------|--|--------------------------|
| <b>2020</b> |                               |                                     |                               |  |                          |
| Payables    | 13,059,592                    | 0                                   | 0                             | 13,059,592                               | 13,059,592               |
| Borrowings  | 2,695,440                     | 9,566,250                           | 5,408,563                     | 17,670,253                               | 16,565,655               |
|             | <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>        |
| <b>2019</b> |                               |                                     |                               |  |                          |
| Payables    | 10,332,551                    | 0                                   | 0                             | 10,332,551                               | 10,332,551               |
| Borrowings  | 6,480,252                     | 4,798,872                           | 0                             | 11,279,124                               | 10,758,778               |
|             | <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.

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**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<br>carrying amount<br>30 June 2019 | Reclassification | AASB 15<br>carrying amount<br>1 July 2019 |
|--|--|------------------|---|
|  | \$   | \$               | \$  |
| <b>Contract liabilities</b>                        |  |                  |   |
| Contract liabilities from contracts with customers | 0  | (183,209)        | (183,209)                                 |
| <b>Total adjustment to retained surplus</b>        |  | <b>(183,209)</b> | <b>(183,209)</b>                          |

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



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**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                                | 2020                          |
|---|------------------------------|---|-------------------------------|
| Note  | AASB 15 /<br>AASB 1058<br>\$ | to application<br>of AASB 15 and<br>AASB 1058 | AASB 118 /<br>AASB 1004<br>\$ |
| <b>Statement of Comprehensive Income</b>          |                              |   |                               |
| <b>Revenue</b>                                    |                              |   |                               |
| 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                    |
| <b>Statement of Financial Position</b>            |                              |   |                               |
| 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)                   |
| <b>Statement of Changes in Equity</b>             |                              |   |                               |
| 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  
INDEPENDENT AUDIT 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  
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**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**  
**INDEPENDENT AUDIT 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  
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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  
INDEPENDENT AUDIT REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

**39. STATEMENT OF OBJECTIVE (continued)**

**KEY TERMS AND DEFINITIONS – REPORTING PROGRAMS (CONTINUED)**

**OBJECTIVE**

**Transport**

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

**ACTIVITIES**

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](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