



2015 – 16
Annual
Report



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About the City of Subiaco

Our history

The City of Subiaco is established on the traditional homelands of the Nyungah people, who were the custodians of the land long before the first European settlers arrived.

In 1851, a group of Benedictine monks came to the area and named their monastery New Subiaco after the birthplace of the Benedictine Order – Subiaco, Italy.

When the Perth to Fremantle railway opened in 1881, the name Subiaco was adopted for a railway station near the monastery and later for the cluster of houses and businesses that became the present Subiaco.

Subiaco was proclaimed a municipality in 1897 and officially gazetted as the City of Subiaco in 1952.



A celebration of the last tram through Subiaco, 1958.

Subiaco today

As at 30 June 2016, the City of Subiaco local government area included the suburbs of Subiaco, Daglish and parts of Crawley, Jolimont, Shenton Park and Nedlands.

The City of Subiaco experienced a boundary change on 1 July 2016 as a result of the *City of Perth Act*. The area south of Aberdare Road (parts of the suburbs of Nedlands and Crawley, including The University of Western Australia) was transferred from the City of Subiaco to the City of Perth – this equated to around 3000 residents, or 1000 properties. The new residential population of the City of Subiaco is approximately 17 000 people.

More than 20 000 people visit the City of Subiaco for work each day. The city's town centre incorporates a mix of land uses, including commercial, residential, retail, hospitality and entertainment, and has very good access to public transport.

The city enhances its long-standing heritage buildings with modern architecture, and the city's parks, reserves and open spaces provide a backdrop for all the city has to offer.

The city is on track to meet state government targets for new dwellings and accommodate an increasing population. New residential and commercial developments will bring more residents, workers and visitors to the area, and the city is working to address key challenges and areas of priority for the community, including town centre vibrancy and parking.

A great place to live, work and visit, the City of Subiaco is consistently ranked as one of the most liveable local government areas in Western Australia.

Mayor's message

It has been a big year for the City of Subiaco and I am pleased to report that we have made considerable progress as a city over the past twelve months. We have faced many challenges head on and we are working hard to ensure a bright future for our city.

A number of major infrastructure projects are complete or underway, and we are taking a strong stance to address issues including town centre vibrancy and the future of Subiaco Oval.

Perhaps the biggest change in our 119-year history was the *City of Perth Act*, which saw more than 3000 residents become part of the City of Perth on 1 July 2016. This area has a long history as an integral part of the City of Subiaco community and while we pursued every avenue to keep these residents in our community, the change was eventually legislated. It is the community impact and loss of identity that has been so significant, as well as the financial implications on the city.

Our main street is gaining momentum. When the Rokeby Road streetscape upgrade is complete at the end of the year, we will see a more pedestrian-friendly environment with opportunities for alfresco dining, improved lighting and street banners, and more greenery. A number of new businesses have opened, or will do so in the coming months, and Subiaco's ability to entice new commercial, retail and hospitality businesses and developments shows that there is confidence in the future of our city.

We continue to collaborate with the local business community, in both the town centre and our neighbourhood centres, through regular networking and economic development opportunities, as well as initiatives to reduce 'red tape'. I encourage all businesses to work together with the city in order to promote a positive perception of the City of Subiaco and help increase foot traffic and place activation. Business involvement is crucial to Subiaco's success.

The Subiaco Street Party in April was a celebration of what Subiaco has to offer, and the community can look forward to a year-round calendar of events showcasing arts and culture, food and wine, and family fun.

Council has shown a strong commitment to developing a long-term vision for the future of Subiaco Oval by connecting with key stakeholders and pushing for recognition of its heritage value and the importance of retaining as much green space as possible. Work will continue in 2016–17.

In October 2015 we welcomed new CEO, Don Burnett, who has seen the organisation through some tough challenges. I would like to acknowledge Don and his team of directors, managers and staff for all that they do for our community.

We have a dedicated team of volunteers, who provide an important service and are a vital link with our community. Their work is greatly appreciated. Finally, thank you to my fellow Councillors for their continued dedication to the City of Subiaco.

It is a great privilege to serve as Mayor of the City of Subiaco and I look forward to all that we will achieve in the coming year.

Heather Henderson
Mayor



CEO's message

The City of Subiaco has certainly experienced a significant change during 2015–16. I commenced in October 2015, with Ian Hill as interim CEO handing over just as the *City of Perth Act* was becoming a reality.

The city lost a substantial number of residents, with approximately 3000 transferring to the City of Perth on 1 July 2016. There was a flow on effect of a cut in the city's revenue of approximately \$4.5 million, mainly from rates. In order for the city to address this revenue shortfall, significant changes to the organisation's structure and its approach to day-to-day operations had to be implemented.

By 30 June 2016, 23 staff positions had been made redundant and an organisational review of other service areas was underway, with the main areas being the Meals on Wheels program, the Home and Community Care (HACC) services program and waste services. Changes will be implemented in the 2016–17 year, and I will report on them in next year's annual report.

The *City of Perth Act* has had a major impact on the finances of the city, so I congratulate the staff for working through this challenge to ensure that residents are well served by their city.

It is always a challenge to balance community needs and expectations, and the city's capacity to find the funds to meet these expectations. We are doing this by identifying areas where we can be more efficient or where we can change our work practices. Another area to improve is our return on investments. The city has a substantial property investment portfolio with the lease revenue used to fund the city's asset

maintenance and replacement program. There is a gap between this revenue stream, which is what we spend, and what is actually needed to maintain our assets, such as roads, parks, drainage, footpaths, playgrounds and buildings. The aim in the coming years is to close this gap by improving our return on investment property lease income.

I would like to thank Mayor Henderson and the elected members for their support since I commenced at the city, and also the very professional City of Subiaco staff for working so well through a difficult twelve months.

I look forward to the next twelve months at the city and will continue to work to have the City of Subiaco recognised as an efficient and effective local government serving its community well.

Don Burnett
Chief Executive Officer





Our council

The City of Subiaco comprises four wards, with three councillors representing each ward, and the Mayor who represents the entire electorate. The City of Subiaco Council as at 30 June 2016:



MAYOR

Heather Henderson

CENTRAL WARD



Cr Scott Arbuckle

EAST WARD



Cr Paul Clements

NORTH WARD



Cr Mark Burns

SOUTH WARD



Cr Lee Hemsley



Cr Judith Gedero



Cr Julie Matheson



Cr Stephanie Stroud



Cr Lynley Hewett*

*Retired 30 June 2016



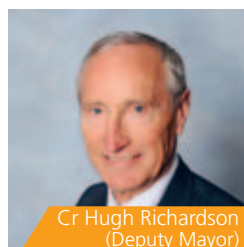
Cr Malcolm Mummery



Cr Murray Rowe



Cr Peter McAllister

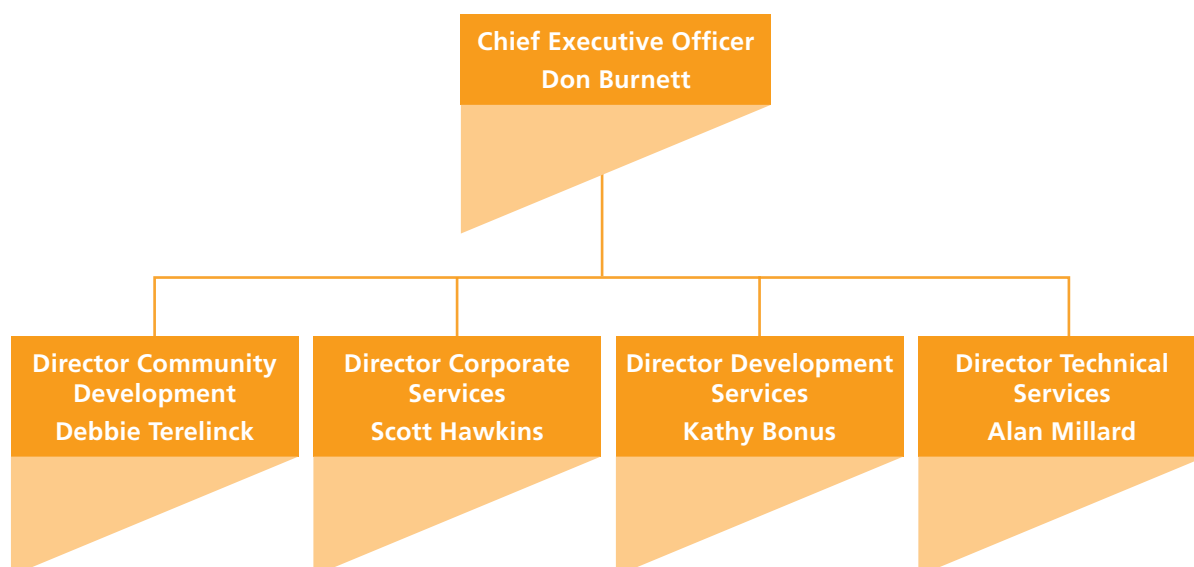


Cr Hugh Richardson
(Deputy Mayor)

Thank you to Councillor Lynley Hewett for her services as a member of council from May 1995 to July 1997, and May 2001 to June 2016. The city acknowledges Cr Hewett for the contribution she made to the progress of the city and wellbeing of the community during her time as an elected member.

Our services

Our workforce is made up of people with diverse skills across different roles, all working together to make the City of Subiaco a great place to live, work and visit. Each day we do our part to make our community a better place. Every team member is supported and we ensure a safe workplace for all.



The Chief Executive Officer and four directors provide leadership for the city's organisational branches, which deliver services to the community and the organisation:

- Building and Health Services
- Communications and Engagement
- Community Services
- Corporate Services
- Cultural Services
- Economic Development
- Field Services
- Finance and Governance
- Information Services
- Operations and Environment Services
- People and Organisational Development
- Planning Services
- Project Delivery
- Recreation Services
- Transport and Infrastructure Development

We work by our values

Respect: We acknowledge and value the opinions and contributions of others.

Integrity: We are committed to being ethical, honest and transparent in everything we do.

Customer service: We aim to deliver a high quality service that is both efficient and professional.

Teamwork: We work cooperatively and support one another to achieve our goals.



Plan for the future

Community vision

In 2030, the City of Subiaco is a unique, popular and welcoming place. The city celebrates its rich history, while embracing the diversity and vitality of the present. The parks, public spaces, events and recreational opportunities are easily accessible and promote a healthy and happy lifestyle for all. There is a diverse range of local businesses and entertainment that contribute to a lively atmosphere. The city faces the challenges of the future with strong leadership, an innovative approach, and an emphasis on community values and voices. Sustainability, in all its forms, is at the core of the community and underpins the city's operations.

Corporate vision

An innovative, community-focused organisation providing strong leadership to build a unique and welcoming place.

Community plan

The Strategic Community Plan guides the future direction of the City of Subiaco and our community. The plan was developed through extensive engagement with the community in 2011 as part of the Think2030 visioning project, and outlines six focus areas. It is our commitment to the community that the city's operations, services and projects are driven by the desires and needs of the community.

Corporate plan

The *Corporate Business Plan 2015–2019* outlines the city's key priorities and actions until 2019. The plan is informed by the Strategic Community Plan and aims to integrate the community's aspirations into the city's operations. It is our contract with the community to deliver projects and services for the benefit of our residents, businesses and visitors, as well as for the generations to come.

The Strategic Community Plan and the Corporate Business Plan form part of the Western Australian Government's Integrated Planning and Reporting Framework.

How to read this report

The city has been working to implement the actions within the six focus areas of its Strategic Community Plan and Corporate Business Plan. The annual report outlines the progress made in 2015–16 to deliver on the objectives and strategies in these plans.

The report is divided into six chapters, reflecting the six focus areas that support our community's vision for the City of Subiaco:

- Our sense of community
- Parks, open spaces and places
- A unique destination
- The built environment
- An effective and integrated transport system
- Council leadership

Information in this annual report is for the period 1 July 2015 to 30 June 2016.



On the horizon

Projects

- Think2030 Strategic Community Plan review
- Ward and representation review
- North Subiaco Structure Plan and options for Subiaco Oval
- Town Planning Scheme review
- Heritage Strategic Plan
- Rokeby Road streetscape upgrade
- See Subiaco website
- Parking wayfinding signage
- Transport, Access and Parking Strategy
- Property Investment Strategy
- Home and Community Care (HACC) review
- Waste services changes

Budget highlights

Key capital projects in 2016–17 will help secure the City of Subiaco's future as a vibrant inner-city community.

As well as core services the city delivers to the community, we're investing in the Rokeby Road upgrade and other projects to revitalise the Subiaco Town Centre, extensive drainage improvements, upgrades to street lighting and a number of road renewal projects.

2016–17 Budget highlights



\$1.1 million
Road renewal



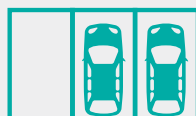
\$3.4 million
Parks and reserves



\$4.5 million
Town centre projects



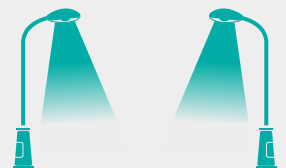
\$2.1 million
Community facilities



\$285k
Car parks



\$833k
Drainage upgrades



\$272k
Lighting upgrades

FAST FACTS

4388 group fitness classes at Lords

7888 fixtured sporting games at Lords

143 828 visitors to Subiaco Library

Subi Voice of Youth turned 18

74 grants and partnerships supported local young people, groups and organisations

50 community members helped artist Mel McVee paint the *Subiaco was built on a Sunday* mural

Focus area one

Our sense of community

The City of Subiaco is a welcoming, safe and diverse community. There is a strong sense of identity, and the city's rich, local history is celebrated and reflected through events, programs and public art. Community facilities and meeting places allow residents and visitors to come together in a sociable and inclusive atmosphere.

Highlights

- Delivered more than forty cultural events, including the inaugural Kaya Subiaco ('Hello, Subiaco' in Nyungah) program, with more than 600 people attending events and activities that celebrated Aboriginal culture.
- Continued to implement actions in the *Disability Access and Inclusion Plan 2012–2017* (see page 22).
- Continued to run Lords Recreation Centre as a leading community recreation facility. New programs include TRIBE Team Training, and a privately operated swimming school now runs from the centre.
- Provided professional development opportunities and recognition for more than 100 volunteers at the city.
- Provided support for Subi Farmers Market and Markets on Rokeby while it was operating.
- Subiaco Museum delivered two major exhibitions including *Subi from the sky*, which examined Subiaco's development 'from above' using maps and aerial imagery.
- Received a high commendation at the 2016 Museums and Galleries National Awards in the small museum category for Subiaco Museum's *When the Great War came to Subiaco* exhibition.
- Subi Voice of Youth (SVY) ran several events including AmpFest and the SVY Quiz Night, and the Spotlight on Subi event during 2016 National Youth Week recognised the contribution young people make to our community.
- Coordinated the annual Shaun Tan Award for Young Artists, Tim Winton Award for Young Writers and Photographic Awards.
- Skateboarding WA clinics attracted more than 400 kids, and the city continued to deliver a range of programs and activities for children, young people and parents.
- Continued to implement community safety measures, including the graffiti removal program, street lighting improvement program, emergency management preparedness and a close working relationship with WA Police.



FAST FACTS

71.5 hectares of parks and reserves in the city*

19 verges converted from turf to waterwise native gardens through the verge development assistance program

70 community members planted 2500 plants in one hour on National Tree Day

20.6% urban forest canopy cover

32 Olympic-sized swimming pools of water saved

15 000 street and park trees

*65.5 hectares and 13 865 trees as of 1 July 2016

Focus area two

Parks, open spaces and places

Subiaco is renowned for its green, leafy streets and well maintained parks and reserves, and is a leader in environmental management. It is important that current and future community members have access to a diverse and sustainable range of parks, open spaces and public places. The city's parks and open spaces are significant to the community because of their aesthetic, functional and environmental value, and should be maintained and preserved.

Highlights

- Successfully strengthened the city's tree canopy cover thanks to innovative and effective policies that protect the urban forest.
- Conducted quarterly tree audits and tree maintenance in accordance with maintenance programs.
- Completed irrigation upgrades at four parks including the installation of hydrozones to accurately irrigate areas of differing requirements.
- Installed a new playspace at Richard Diggins Park in consultation with the local community.
- Completed the development of a management plan for Lake Jualbup with council expected to determine a works program in 2016–17 subject to appropriate approvals.
- Together with other WESROC (Western Suburbs Regional Organisation of Councils) councils, celebrated 100 000 native plants sold in the area as part of the native plant subsidy scheme.
- Trained Rosalie Primary School students to run their own lake excursions for other classes and schools, and conducted other environmental education programs with local schools.
- Helped students at all local schools in the area build and install nesting boxes for local wildlife. The city received a \$10 000 donation from a community member to undertake this program.
- Started an environmental volunteers program with ten volunteers working on a range of projects, including extending the Rosalie Park greenway, and weed control and environmental planting at Mabel Talbot Reserve.
- Introduced Gold Fitness to the city's suite of age-friendly recreation programs as part of the city's commitment to providing recreation opportunities for all.
- Delivered industry presentations on a range of topics, including urban forests, water-sensitive cities, and wildlife enhancement and conservation.
- Was a finalist in the PLA 2015 National Awards for the Theatre Gardens playspace and winner at the 2016 PLA State Awards in the Nature Play, and Child Health and Development categories.



FAST FACTS

30 000 people attended the inaugural Subiaco Street Party in April 2016

9582 people attended the 2015–16 sunday@subi and sunset@subi concert series

Supported 30 AFL games and major events at Subiaco Oval

More than 250 food businesses*

50 licensed premises*

6325 registered businesses*

*Within the city's boundary as at 30 June 2016



Focus area three

A unique destination

There is a collective desire for high-quality shopping and hospitality opportunities to make Subiaco a unique and lively destination for residents, workers and visitors. Community events and activities should be integrated with a diverse range of recreation, leisure and entertainment opportunities to create a social and distinctive atmosphere. The city is investing in a number of major projects and initiatives to revitalise the area, and providing more flexibility in council policies.

Highlights

- Waived fees for alfresco dining and outdoor trading to encourage businesses to get out on the footpath and promote a sense of vibrancy.
- Commenced work on the \$4 million upgrade of Rokeby Road which is scheduled for completion in November 2016. The project includes streetscape enhancements and alfresco dining opportunities.
- Partnered with Perth International Arts Festival to bring *blackmarket* to the town centre.
- Developed the See Subiaco brand to promote the Subiaco Town Centre as a retail, hospitality and entertainment destination. A new destination marketing website will be developed in 2016–17.
- Commenced work on a new draft Economic Development Strategy with actions to address economic challenges in the area.
- Continued to connect with the local business community through the city's monthly business e-newsletter, business foundations workshops and membership of the Western Suburbs Business Association.
- Worked with the Subiaco Town Centre Network with a view to it becoming an independent, incorporated entity that will promote a positive image of Subiaco and develop initiatives to attract visitors and customers.
- Developed a twelve-month calendar of major events to increase visitation in the town centre, including the UnWined Festival, a new Christmas event, the Subiaco Street Party and the Perth Comedy Festival.
- Maintained and developed the city's Facebook pages – City of Subiaco, See Subiaco, Subiaco Library, Lords Recreation Centre and Subi Voice of Youth – to keep people informed about what is available and what there is to do in the city.



FAST FACTS

201 development applications processed

357 building permits issued valued at \$252.6 million

State government targets of 3000 new dwellings by 2031 and 6200 new dwellings by 2050*

16 Heritage Grants awarded and 10 property owners accessed the Heritage Advisory Service

2028 tonnes of residential recycling collected

\$650,000 drainage improvements in line with water sensitive principles

*Targets outlined in *Directions 2031* and the draft *Perth and Peel@3.5 million* refer to the city's boundary area as at 30 June 2016

Focus area four

The built environment

The city is planning effectively for an increased population with a range of housing options to suit all sectors of the community. There is a strong appreciation of heritage homes and buildings, which are maintained and protected, and new developments are integrated with respect for this heritage. The city's infrastructure, and waste and recycling services support the needs of the community.

Highlights

- Developed the Subiaco Activity Centre Plan to provide a vision and long-term planning framework for the revitalisation of the Subiaco Town Centre.
- Commenced work on the North Subiaco Structure Plan to guide future planning and development in the precinct that includes Subiaco Oval and Princess Margaret Hospital.
- Continued the review of planning policies in preparation for a new Town Planning Scheme.
- Added twelve places to the city's Heritage List and expanded the Union and Redfern Street Heritage Area.
- Continued to recognise and value the city's built heritage through policies, incentives and the Heritage Conservation and Sustainable Buildings Awards.
- Maintained city-owned heritage buildings including works at Subiaco Museum.
- Carried out capital improvements to the city's drainage and stormwater systems.



FAST FACTS

114km of roads in the city*

137km of footpaths in the city*

Up to 210 cyclists per hour at the Rokeby and Roberts roads intersection

511 bays in the city's seven shopper car parks in the town centre

\$61 million total value road assets

Over \$1 million in Black Spot, Roads to Recovery and other road grant funding

*107km of roads and 121km of footpaths as of 1 July 2016



An effective and integrated transport system

The City of Subiaco has access to convenient and accessible public transport options, and a comprehensive network of cycle and pedestrian routes. The city looks after its road and footpath assets, takes measures to increase road safety and reduce traffic congestion, and aims to provide a balance of parking options to meet the needs of all users, including residents, workers and visitors.

Highlights

- Upgraded the Forrest Square shopper car park – a multi-use space that can also be used for events.
- Introduced the EasyPark mobile app to all city car parks, providing users with the convenience of topping up their parking remotely and paying only for time used.
- Reviewed the parking local law, residential permit policy and infringement review system to ensure the city provides a practical service to meet the needs of the community now and in the future.
- Council supported a twelve-month, three hour-free parking trial in the Rowland Street car park, starting in December 2016.
- Won the Department of Transport's Major Bikely Award for the 2016 Bike to Work Breakfast, which attracted 410 cyclists at a new location at Subiaco Train Station.
- Developed a traffic model for the Hay Street two-way project, currently scheduled for 2018–19.
- Completed four Black Spot projects including the installation of a new roundabout at Station and Hood streets, and improvements at Roberts Road and Alvin Street, Roberts Road and Hamilton Street, and Winthrop Avenue and Hardy Road.
- Carried out traffic management treatments in high-risk locations, including the intersection of Railway and Hamersley roads.
- The Integrated Transport Strategy was endorsed by council in November 2015 and completed the city's *Parking Strategy 2012–2016*. These plans will inform a new Transport, Access and Parking Strategy.



FAST FACTS

\$46 million 2015–16 budget

187 full-time equivalent employees

17 300 visitors to the Have your say Subiaco online engagement hub

More than 40 per cent of users access the city's website on a mobile device

46 tonnes of CO² abated annually from solar panels at Subiaco Library, Subiaco Community Centre and Tom Dadour Community Centre

268 council decisions

Curl by Geoffrey Drake-Brockman at the new Carter Lane precinct.

Focus area six

Council leadership

Effective and collaborative council leadership is a key foundation to delivering the community's vision for the future of Subiaco. The city provides regular, open and honest information to the community, and facilitates opportunities to be involved with decisions that affect the city's future. The city is committed to achieving financial and environmental sustainability goals for the long-term health and resilience of the organisation and the community.

Highlights

- Conducted 18 workshops and concept forums for elected members on various topics, including strategic planning and best practice governance.
- Developed an information booklet for potential candidates for the October 2015 election, and welcomed four returning and two new councillors.
- Mayor Heather Henderson was awarded a WALGA Life Membership Award in recognition of her service to Subiaco and the local government sector.
- Consulted with the community on major projects, including the Subiaco Activity Centre Plan and Positive Ageing Plan.
- Upgraded the City of Subiaco and Lords websites to be mobile-friendly.
- Continued to improve communication with the community by refreshing key communication channels including the city's Facebook page, *Subiaco scene* and *Talk about Subi*, and introducing the *Subiaco snapshot* e-newsletter.
- Continued to promote sustainable practices and commenced development of a Sustainability and Resilience Strategy, which will outline actions for the city to implement in order to become a leader in sustainability.
- Established a Property and Investment Assets Committee to provide recommendations to council about the city's property and investment portfolio.
- Met obligations in relation to the Integrated Planning and Reporting Framework.
- Received Gold recognition from Healthier Workplaces WA for employee health and wellbeing programs.
- Achieved a total score of 75 per cent (Silver Award) in the city's biennial Safety Audit and implemented new safety measures including a Contractor Management Toolkit.





Statutory compliance

Record keeping

The city is committed to best practice record keeping and compliance in accordance with the *State Records Act 2000*. The city's Record Keeping Plan has been approved by the State Records Office and the city conducts regular record keeping training for all staff.

Freedom of information

The *Freedom of Information Act 1992* gives the public the right to apply for access to documents held by the City of Subiaco. The city aims to make information available outside of the freedom of information process wherever possible. The city received seven valid freedom of information applications in 2015–16.

Disability access and inclusion

The city's *Disability Access and Inclusion Plan 2012–17* was progressively implemented and the city met the Disability Services Commission's reporting requirements. The plan aims to improve accessibility and inclusiveness throughout the city. Ninety-five per cent of planned strategies and initiatives were implemented in 2015–16.

Initiatives included: Auslan interpreters at six community concerts; incorporating access and inclusion considerations in event planning; building compliance audit of the city's workplaces and community facilities; engagement of access consultants on major infrastructure projects, including upgrades of two city car parks; implementation of portable hearing loops and customer service communication boards; employment opportunities advertised through the Disability Employment Network.

Internal training programs included disability awareness training for new staff, equal employment opportunity training for new staff and biennial refreshers for all staff, and National Relay Services (NRS) and Translation Interpreting Service (TIS) training.

Register of complaints – Council members

Section 5.121 of the *Local Government Act 1995* requires a local government to maintain a register of complaints that result in action under Section 5.110 (6) (b) or (c) of the Act. There were three complaints made under Section 5.121 of the *Local Government Act 1995* during the reporting period. The complaints had not been determined by the Local Government Standards Panel as at 30 June 2016.

Competition policy

The city met its obligations with regard to its competition policy. The city has no local laws or policies that contain anti-competitive provisions. No complaints were received by the city in 2015–16 in relation to anti-competitive practices.

Employee remuneration

There were 24 employees entitled to an annual cash salary of \$100 000 or more:

\$100 000 to \$109 999	1
\$110 000 to \$119 999	4
\$120 000 to \$129 999	7
\$130 000 to \$139 999	6
\$140 000 to \$149 999	1
\$150 000 to \$159 999	1
\$160 000 to \$169 999	2
\$170 000 to \$179 999	1
\$200 000+	1

2015–16 income and expenditure summary

	2014–2015 \$'000s	2015–2016 \$'000s
Operating revenue		
Governance	3	500
General purpose funding	24,348	25,021
Law, order and public safety	52	56
Health	186	207
Education and welfare	1,509	1,444
Community amenities	5,270	5,865
Recreation and culture	1,630	3,282
Transport	5,266	5,095
Economic services	320	265
Other property and services	3,822	3,959
Total operating revenue	42,406	45,694
Operating expenditure		
Governance	(3,621)	(1,830)
General purpose funding	(1,060)	(1,068)
Law, order and public safety	(1,133)	(1,163)
Health	(683)	(731)
Education and welfare	(3,147)	(3,173)
Community amenities	(6,463)	(6,392)
Recreation and culture	(12,935)	(14,787)
Transport	(10,109)	(10,486)
Economic services	(4,295)	(1,944)
Other property and services	(2,098)	(2,241)
Total operating expenditure	(45,543)	(43,815)
Borrowing costs expense		
Recreation and culture	(100)	(156)
Transport	(0)	(6)
Economic services	(363)	(532)
Other property and services	(20)	(22)
Total borrowing costs expense	(483)	(716)
Investments accounted for using the equity method		
Community amenities	(28)	50
Total share of profit of associates	(28)	50
Contributions to the development of assets		
Education and welfare	-	-
Community amenities	-	-
Recreation and culture	136	54
Transport	630	1,080
Total contribution to the development of assets	766	1,134
Profit/(loss) on disposal of assets		
Total profit/(loss) on disposal of assets	(742)	7
Net result	(3,625)	2,354
Other comprehensive income		
Changes on revaluation of non-current assets	53,905	764
Total other comprehensive income	53,905	764
Total comprehensive income	50,279	3,118

This document, in conjunction with the Annual Financial Statements, forms the city's Annual Report for 2015–16. This page is an extract from the Annual Financial Statements, available in full at www.subiaco.wa.gov.au or upon request. The independent auditor's report confirming compliance with the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996* can be found on page 65 of the Annual Financial Statements.



2015 – 16
Annual
Financial
Statement

CITY OF SUBIACO



ANNUAL FINANCIAL REPORT

2015 – 2016

CITY OF SUBIACO
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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Principal place of business:
241 Rokeby Road
Subiaco WA 6008

**CITY OF SUBIACO
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**


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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the City at 30th June 2016 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the

41st day of *NOVEMBER* 2016



Don Burnett
Chief Executive Officer

CITY OF SUBIACO
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	24	22,829,410	22,397,410	21,647,098
Operating grants, subsidies and contributions	31	1,613,596	1,767,030	2,319,833
Operating reimbursements and donations		463,954	166,310	426,144
Fees and charges	30	12,456,053	14,362,067	11,257,431
Sanitation charges		5,428,305	5,422,490	4,943,775
Interest earnings	2(a)	1,389,203	1,301,260	1,517,046
Other revenue	2(a)	1,513,671	751,960	294,751
		<u>45,694,192</u>	<u>46,168,527</u>	<u>42,406,078</u>
Expenses				
Employee costs		(24,031,141)	(23,649,526)	(22,622,344)
Materials and contracts		(10,950,487)	(14,823,946)	(10,729,116)
Utility charges		(1,093,768)	(998,870)	(984,476)
Depreciation on non-current assets	2(a)	(5,536,718)	(4,458,990)	(5,483,496)
Interest expenses	2(a)	(715,758)	(548,300)	(483,441)
Insurance expenses		(567,275)	(626,000)	(635,808)
Other expenditure		(1,635,519)	(1,209,327)	(3,397,558)
		<u>(44,530,666)</u>	<u>(46,314,959)</u>	<u>(44,336,239)</u>
		1,163,526	(146,432)	(1,930,161)
Non-operating grants, subsidies and contributions	31	1,134,000	193,293	766,033
Investment accounted for using the equity method	4	49,642	0	(28,147)
Profit on asset disposals	22	31,663	321,100	52,903
(Loss) on asset disposals	22	(24,688)	(14,190)	(795,289)
(Loss) on revaluation of furniture and equipment	7(b)	0	0	(301,688)
(Loss) on revaluation of Infrastructure - street furniture	9(b)	0	0	(1,388,968)
Net result		<u>2,354,143</u>	<u>353,771</u>	<u>(3,625,317)</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	14	764,227	0	53,904,572
Total other comprehensive income		<u>764,227</u>	<u>0</u>	<u>53,904,572</u>
Total comprehensive income		<u><u>3,118,370</u></u>	<u><u>353,771</u></u>	<u><u>50,279,255</u></u>

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

CITY OF SUBIACO
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue	2(a)			
Governance		500,078	2,000	2,985
General purpose funding		25,020,993	24,216,670	24,347,898
Law, order, public safety		56,032	43,700	52,303
Health		206,797	146,600	186,362
Education and welfare		1,443,860	1,344,130	1,508,600
Community amenities		5,865,098	5,762,790	5,269,870
Recreation and culture		3,282,026	4,547,197	1,630,003
Transport		5,094,976	5,365,810	5,266,125
Economic services		264,917	461,400	319,949
Other property and services		3,959,415	4,278,230	3,821,983
		<u>45,694,192</u>	<u>46,168,527</u>	<u>42,406,078</u>
Expenses	2(a)			
Governance		(1,830,068)	(2,052,240)	(1,930,216)
General purpose funding		(1,068,165)	(1,156,830)	(1,060,376)
Law, order, public safety		(1,163,076)	(1,131,723)	(1,132,507)
Health		(730,746)	(856,501)	(682,675)
Education and welfare		(3,172,503)	(3,408,651)	(3,147,036)
Community amenities		(6,392,083)	(7,535,921)	(6,463,347)
Recreation and culture		(14,787,062)	(14,480,781)	(12,934,770)
Transport		(10,486,020)	(10,666,261)	(10,108,654)
Economic services		(1,943,905)	(2,243,210)	(4,295,088)
Other property and services		(2,241,280)	(2,234,541)	(2,098,129)
		<u>(43,814,908)</u>	<u>(45,766,659)</u>	<u>(43,852,798)</u>
Finance costs	2(a)			
Recreation and culture		(155,909)	(156,000)	(100,151)
Transport		(5,584)	(45,800)	(24)
Economic services		(532,444)	(326,300)	(363,071)
Other property and services		(21,821)	(20,200)	(20,195)
		<u>(715,758)</u>	<u>(548,300)</u>	<u>(483,441)</u>
		<u>1,163,526</u>	<u>(146,432)</u>	<u>(1,930,161)</u>
Non-operating grants, subsidies and contributions	31	1,134,000	193,293	766,033
Profit on disposal of assets	22	31,663	321,100	52,903
(Loss) on disposal of assets	22	(24,688)	(14,190)	(795,289)
Investment accounted for using equity method	4	49,642	0	(28,147)
(Loss) on revaluation of furniture and equipment	7(b)	0	0	(301,688)
(Loss) on revaluation of Infrastructure - street furniture	9(b)	0	0	(1,388,968)
		<u>0</u>	<u>0</u>	<u>(1,690,656)</u>
Net result		<u>2,354,143</u>	<u>353,771</u>	<u>(3,625,317)</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	14	764,227	0	53,904,572
Total other comprehensive income		<u>764,227</u>	<u>0</u>	<u>53,904,572</u>
Total comprehensive income		<u><u>3,118,370</u></u>	<u><u>353,771</u></u>	<u><u>50,279,255</u></u>

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

CITY OF SUBIACO
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	50,842,852	42,663,682
Trade and other receivables	5	2,509,386	1,877,151
Inventories	6	28,795	19,407
TOTAL CURRENT ASSETS		<u>53,381,033</u>	<u>44,560,240</u>
NON-CURRENT ASSETS			
Other receivables	5	158,252	155,129
Investments accounted for using the equity method	4	2,297,585	2,182,523
Investment Properties	8	110,455,983	121,066,529
Property, plant and equipment	7	128,203,020	128,550,249
Infrastructure	9	108,621,541	106,523,905
TOTAL NON-CURRENT ASSETS		<u>349,736,381</u>	<u>358,478,335</u>
TOTAL ASSETS		<u>403,117,414</u>	<u>403,038,575</u>
CURRENT LIABILITIES			
Trade and other payables	10	4,849,636	6,571,383
Current portion of long term borrowings	11	1,242,550	1,937,453
Provisions	12	2,888,606	3,085,111
TOTAL CURRENT LIABILITIES		<u>8,980,792</u>	<u>11,593,947</u>
NON-CURRENT LIABILITIES			
Long term borrowings	11	7,356,276	7,768,595
Provisions	12	513,972	528,029
TOTAL NON-CURRENT LIABILITIES		<u>7,870,248</u>	<u>8,296,624</u>
TOTAL LIABILITIES		<u>16,851,040</u>	<u>19,890,571</u>
NET ASSETS		<u>386,266,374</u>	<u>383,148,004</u>
EQUITY			
Retained surplus		181,931,497	190,699,374
Reserves - cash backed	13	42,380,941	31,258,921
Revaluation surplus	14	161,953,936	161,189,709
TOTAL EQUITY		<u>386,266,374</u>	<u>383,148,004</u>

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

**CITY OF SUBIACO
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		201,953,905	23,629,707	107,285,136	332,868,749
Comprehensive income					
Net result		(3,625,317)	0	0	(3,625,317)
Changes on revaluation of assets	14	0	0	53,904,572	53,904,572
Total comprehensive income		(3,625,317)	0	53,904,572	50,279,255
Transfers from/(to) reserves		(7,629,214)	7,629,214	0	0
Balance as at 30 June 2015		190,699,374	31,258,921	161,189,709	383,148,004
Comprehensive income					
Net result		2,354,143	0	0	2,354,143
Changes on revaluation of assets	14	0	0	764,227	764,227
Total comprehensive income		2,354,143	0	764,227	3,118,370
Transfers from/(to) reserves		(11,122,020)	11,122,020	0	0
Balance as at 30 June 2016		181,931,497	42,380,941	161,953,936	386,266,374

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

**CITY OF SUBIACO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		22,643,931	22,355,480	21,556,998
Operating grants, subsidies and contributions		1,613,596	1,767,030	2,319,833
Operating reimbursements & donations		463,954	166,310	426,144
Fees and charges		11,518,258	13,643,287	12,036,300
Interest earnings		1,389,203	1,301,260	1,517,046
Goods and services tax		2,862,647	1,369,098	2,611,264
Sanitation Charges		5,428,305	5,422,490	4,943,775
Other revenue		1,513,671	751,960	294,751
		<u>47,433,565</u>	<u>46,776,915</u>	<u>45,706,111</u>
Payments				
Employee costs		(24,801,822)	(23,324,526)	(22,780,362)
Materials and contracts		(11,835,394)	(14,530,099)	(9,772,378)
Utility charges		(1,093,768)	(998,870)	(984,476)
Interest expenses		(772,207)	(548,300)	(441,839)
Donations, Contributions and Grants Made		0	(338,380)	0
Insurance expenses		(567,275)	(626,000)	(635,808)
Goods and services tax		(2,604,391)	(1,369,098)	(2,791,946)
Other expenditure		(1,635,519)	(870,947)	(3,397,558)
		<u>(43,310,376)</u>	<u>(42,606,220)</u>	<u>(40,804,367)</u>
Net cash provided by (used in) operating activities	15(b)	<u>4,123,189</u>	<u>4,170,694</u>	<u>4,901,744</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of Land and Buildings		(423,220)	(8,148,867)	(3,120,027)
Payments for development of Investment Properties		(2,456,761)	(130,000)	(3,755,963)
Payments for Purchase of Furniture		(249,118)	(1,575,787)	(697,302)
Payments for Purchase of Plant & Equipment		(735,069)	(2,485,000)	(603,859)
Payments for construction of Infrastructure		(5,418,436)	(9,654,310)	(6,235,429)
Non-operating grants, subsidies and contributions		1,134,000	193,293	766,033
Proceeds from sale of land		13,063,637	14,000,000	0
Proceeds from sale of fixed assets		248,170	651,000	357,405
Proceeds from Repayment of Deferred Debtor		0	0	15,500,000
Net cash provided by (used in) investment activities		<u>5,163,203</u>	<u>(7,149,671)</u>	<u>2,210,858</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(1,507,222)	(1,979,860)	(689,345)
Proceeds from new debentures		400,000	1,000,000	3,265,500
Net cash provided by (used in) financing activities		<u>(1,107,222)</u>	<u>(979,860)</u>	<u>2,576,155</u>
Net increase (decrease) in cash held		8,179,170	(3,958,837)	9,688,757
Cash at beginning of year		42,663,682	36,499,353	32,974,925
Cash and cash equivalents at the end of the year	15(a)	<u><u>50,842,852</u></u>	<u><u>32,540,516</u></u>	<u><u>42,663,682</u></u>

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

**CITY OF SUBIACO
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net current assets at start of financial year - surplus/(deficit)		<u>3,577,469</u>	<u>1,606,212</u>	<u>3,020,388</u>
		3,577,469	1,606,212	3,020,388
Revenue from operating activities (excluding rates)				
Governance		500,078	2,000	2,985
General purpose funding		2,433,427	2,061,260	3,061,874
Law, order, public safety		56,032	59,400	52,303
Health		206,797	146,600	186,362
Education and welfare		1,443,860	1,344,130	1,510,012
Community amenities		5,922,089	5,818,640	5,269,870
Recreation and culture		3,290,480	4,600,877	1,643,198
Transport		5,094,976	5,452,480	5,275,902
Economic services		264,917	467,430	319,949
Other property and services		<u>3,975,717</u>	<u>4,381,400</u>	<u>3,850,503</u>
		23,188,373	24,334,217	21,172,958
Expenditure from operating activities				
Governance		(1,830,068)	(2,052,240)	(3,622,532)
General purpose funding		(1,068,165)	(1,156,830)	(1,088,523)
Law, order, public safety		(1,163,076)	(1,133,103)	(1,132,507)
Health		(731,655)	(856,501)	(682,675)
Education and welfare		(3,172,503)	(3,408,651)	(3,147,036)
Community amenities		(6,398,871)	(7,535,921)	(6,481,698)
Recreation and culture		(14,942,971)	(14,638,461)	(13,070,210)
Transport		(10,491,604)	(10,712,531)	(10,117,587)
Economic services		(2,476,804)	(2,572,630)	(4,658,159)
Other property and services		<u>(2,280,079)</u>	<u>(2,262,281)</u>	<u>(2,849,405)</u>
		(44,555,796)	(46,329,149)	(46,850,332)
Operating activities excluded from budget				
(Profit) on disposal of assets	22	(31,663)	(321,100)	(52,903)
Loss on disposal of assets	22	24,688	14,190	795,289
Loss on revaluation of fixed assets		0	0	301,688
Fair value adjustment on infrastructure		0	0	1,388,968
Movement in deferred pensioner rates (non-current)		(3,123)	0	(15,960)
Movement in employee benefit provisions (non-current)		(14,057)	0	(210,175)
Movement in deferred debtor		0	0	15,500,000
Depreciation and amortisation on assets	2(a)	<u>5,536,718</u>	<u>4,458,990</u>	<u>5,483,496</u>
Amount attributable to operating activities		<u>(12,277,391)</u>	<u>(16,236,640)</u>	<u>533,417</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,134,000	193,293	766,033
Write back adjustment to share of associate		(49,642)	0	28,147
Movement in unspent grants		(336,261)	0	72,082
Proceeds from disposal of assets	22	<u>13,311,807</u>	<u>14,651,000</u>	<u>357,405</u>
Purchase of investment land and buildings		(2,456,761)	(130,000)	(3,755,963)
Purchase of property, plant and equipment	7(b)	<u>(1,407,407)</u>	<u>(12,209,654)</u>	<u>(4,421,188)</u>
Purchase and construction of infrastructure	9(b)	<u>(5,418,436)</u>	<u>(9,654,310)</u>	<u>(6,235,429)</u>
Amount attributable to investing activities		<u>4,777,300</u>	<u>(7,149,671)</u>	<u>(13,188,913)</u>
FINANCING ACTIVITIES				
Repayment of debentures	23(a)	(1,507,222)	(1,979,860)	(689,345)
Proceeds from new debentures	23(a)	400,000	1,000,000	3,265,500
Transfers to reserves (restricted assets)	13	(21,391,022)	(20,292,576)	(21,255,729)
Transfers from reserves (restricted assets)	13	<u>10,269,002</u>	<u>22,503,227</u>	<u>13,626,515</u>
Amount attributable to financing activities		<u>(12,229,242)</u>	<u>1,230,791</u>	<u>(5,053,059)</u>
Surplus(deficiency) before general rates		<u>(19,729,333)</u>	<u>(22,155,520)</u>	<u>(17,708,555)</u>
Total amount raised from general rates	24	<u>22,587,566</u>	<u>22,155,410</u>	<u>21,286,024</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	25	<u><u>2,858,233</u></u>	<u><u>(110)</u></u>	<u><u>3,577,469</u></u>

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

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical accounting estimates

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

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

The local government reporting entity

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 21 to these financial statements.

(b) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

(c) Cash and Cash Equivalents

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

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

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

(e) Inventories

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land held for sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the City commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the City revalues its asset classes in accordance with this mandatory timetable.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Land under roads

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

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

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

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

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

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

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

Capitalisation threshold

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

When performing a revaluation, the City uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that the City would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities (Continued)

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 an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the City gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

(h) Intangible Assets

Easements

Due to legislative changes, Easements are required to be recognised as assets. If significant, they are initially recognised at cost and have an indefinite useful life.

(i) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the City becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the City commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

(i) Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the City has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

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

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the City no longer has any significant continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(j) Impairment of Assets

In accordance with Australian Accounting Standards the City's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(k) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Employee Benefits

Short-term employee benefits

Provision is made for the City's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

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

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

(m) 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.

(n) 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.

(o) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the City, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Investment in Associates

An associate is an entity over which the City has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the City's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the City and the associate are eliminated to the extent of the City's interest in the associate.

When the City's share of losses in an associate equals or exceeds its interest in the associate, the City discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the City will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(q) Investment Properties

Investment property, comprising freehold office complexes is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is initially measured at cost and subsequently measured at fair value and any changes to fair value are recorded in the statement of comprehensive income as other income.

The fair value of an investment property is the amount for which the asset could be exchanged between knowledgeable, willing parties in an arm's length transaction of investment property being valued. Fair values are determined by the valuer using market information, including prices for similar properties in comparable locations.

(r) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The City's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 18.

(s) Rates, Grants, Donations and Other Contributions

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

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) 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.

(u) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the City's operational cycle. In the case of liabilities where the City does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the City's intentions to release for sale.

(v) Rounding Off Figures

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

(w) Comparative Figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the City applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(x) 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.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the City.

Management's assessment of the new and amended pronouncements that are relevant to the City, applicable to future reporting periods and which have not yet been adopted are set out as follows:

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the City, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2018	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend upon the nature of future transactions the City has with those third parties it has dealings with. It may or may not be significant.</p>
(iii)	AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the City, the impact is not expected to be significant.</p>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	<p>This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the City's financial statements.</p>
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	<p>This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p> <p>Given the City currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.</p>
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.
(viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the City as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES	2016	2015
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Significant expense and revenue		
Other Property and Services	0	1,690,656
Economic Services	0	2,235,732
	<u>0</u>	<u>2,235,732</u>
The significant expenses relate to:		
<u>Other Property and Services (2015)</u>		
- Fair value adjustment of Infrastructure (\$1,388,968) and Furniture and equipment (\$301,688) which has been classified as Other Expenditure by Nature or Type.		
<u>Economic Services (2015)</u>		
- Installation of Underground Power. It has been classified as Other Expenditure by Nature or Type		
Investment Property Expense		
Direct Operating Expenses	629,018	702,628
Depreciation	113	113
Auditors remuneration		
- Audit of the Annual Financial Report	29,618	48,703
- Other Services	9,504	5,400
Depreciation		
Buildings - non-specialised	13,889	13,889
Buildings - specialised	1,504,565	1,531,777
Furniture and equipment	157,565	341,726
Plant and equipment	539,899	850,949
Infrastructure - roads	1,223,972	1,006,146
Infrastructure - footpaths	315,570	263,804
Infrastructure - drainage	285,796	342,664
Other Infrastructure	207,410	0
Streetscape	307,195	496,230
Parks, gardens, reserves and equipment	980,857	636,311
	<u>5,536,718</u>	<u>5,483,496</u>
Interest expenses (finance costs)		
Debentures (refer Note 23 (a))	715,758	483,441
	<u>715,758</u>	<u>483,441</u>
Rental charges		
- Operating leases	115,627	123,867
	<u>115,627</u>	<u>123,867</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(a) Net Result (Continued)	2016	2015	
	\$	\$	
(ii) Crediting as revenue:			
Investment Property Revenue			
Rent and outgoings	3,590,404	3,487,400	
Significant revenue			
Governance	500,000	0	
The significant revenue relates to:			
<u>Governance</u>			
A one-off payment from the City of Perth towards redundancy payments following introduction of the City of Perth Act			
Other Revenue			
Other (including Lords Recreational Facility)	1,513,671	294,751	
	1,513,671	294,751	
	2016	2016	2015
	Actual	Budget	Actual
	\$	\$	\$
Interest earnings			
- Reserve funds	978,462	749,260	1,190,353
- Other funds	349,599	500,000	280,843
Other interest revenue (refer note 29)	61,142	52,000	45,850
	1,389,203	1,301,260	1,517,046

(b) Statement of Objective

The City of Subiaco is dedicated to providing high quality services to the community through the various service-orientated programs which it has established.

City operations as disclosed in these financial statements encompass the following service orientated activities/programs.

COMMUNITY VISION

In 2030 the City of Subiaco is a unique, popular and welcoming place. The city celebrates its rich history while embracing the diversity and vitality of the present. The parks, public spaces, events and recreational opportunities are easily accessible and promote a healthy and happy lifestyle for all. There is a diverse range of local businesses and entertainment that contributes to a lively atmosphere. The city faces the challenges of the future with strong leadership, an innovative approach and an emphasis on community values and voices. Sustainability, in all its forms, is at the core of the community and underpins the city's operation.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

City operations as disclosed in these financial statements encompass the following service orientated activities/programs.

GOVERNANCE

Objective:

To ensure high quality democratic processes and informed local decision making.

Activities:

Includes administration and operation of facilities and services to members of council and other costs that relate to the tasks of assisting members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

Objective:

To fairly and efficiently levy and collect rates and other monies required to fund the city's operations

Activities:

Rates revenue from rates levied under Division 6 of Part 6 of the Local Government Act 1995 and amounts receivable from the Western Australian Grants Commission and any government grants of a general purpose nature.

LAW, ORDER, PUBLIC SAFETY

Objective:

To ensure safety and amenity of the community in public areas.

Activities:

Control of parking facilities, implementation and control of parking, and other local laws. Also includes fire prevention outlays.

HEALTH

Objective:

To protect the health of all persons and promote environmental quality.

Activities:

Administration, inspection and operations of programs concerned with the general health of the community.

EDUCATION AND WELFARE

Objective:

To contribute towards the wellbeing of people with special needs.

Activities:

Maintenance of pre-school buildings, aged care services including home and community care, meals-on-wheels, and seniors activities.

COMMUNITY AMENITIES

Objective:

To provide waste management services, which minimise adverse environmental impacts, orderly and controlled development of land and the built environment, and well maintained public conveniences.

Activities:

This includes the collection and disposal of community and domestic rubbish and recycling, and the administration and operation of town planning and sustainable development within the local government.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

RECREATION AND CULTURE

Objective:

To provide and support community recreational and cultural pursuits.

Activities:

Maintenance of community, recreation and function centre, various reserves, and operation of the library.

TRANSPORT

Objective:

To facilitate safe and convenient transport access.

Activities:

Construction and maintenance of roads, drainage works, footpaths, traffic facilities.

ECONOMIC SERVICES

Objective:

To facilitate economic development, promote compliance with building standards, regulations and local laws and enhance public amenity by placing powerlines underground.

Activities:

Area promotion and building control services.

OTHER PROPERTY AND SERVICES

Objective:

To maximise long-term return on investment assets for the benefit of the community.

Activities:

Includes management of the city's investment assets.

STRATEGIC PLAN

In order to discharge its responsibilities to the community, the City has developed a strategic plan. The strategic plan sets the direction of the council so that the community's needs and expectations are met in a planned, co-ordinated and cost effective manner. The strategic plan states a vision of the city, being "a unique place where people want to be".

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance ⁽¹⁾ 1/07/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance ⁽¹⁾ 30/06/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance 30/06/16 \$
Grant/Contribution	Function/ Activity							
Selby/Nash Road	Transport	41,600	0	(21,150)	20,450	0	0	20,450
Barker Road	Transport	10,400	15,600	(23,053)	2,947	82,500	0	85,447
Station Street	Transport	52,000	0	(27,704)	24,296	0	(5,157)	19,139
Restoration of Jolimont	Recreation & Culture	1,800	1,700	0	3,500	0	0	3,500
Perth Bicycle Network	Transport	20,668	0	(20,668)	0	0	0	0
Broadway Road	Transport	12,970	0	(12,970)	0	0	0	0
Railway Road	Transport	0	73,334	(57,772)	15,562	0	0	15,562
Kidsport	Recreation & Culture	0	12,500	(11,899)	601	0	0	601
Jersey Street	Transport	0	0	0	0	85,500	(75,900)	9,600
Roberts Road	Transport	0	0	0	0	37,014	0	37,014
Nicholson Road	Transport	0	0	0	0	99,713	0	99,713
Selby (Lonnie-Hay St)	Transport	0	0	0	0	63,377	(4,162)	59,215
Winthorpe Ave	Transport	0	0	0	0	16,837	(16,692)	145
Onslow Tennis Club	Recreation & Culture	0	0	0	0	53,231	0	53,231
Total		<u>139,438</u>	<u>103,134</u>	<u>(175,216)</u>	<u>67,356</u>	<u>438,172</u>	<u>(101,911)</u>	<u>403,617</u>

Notes:

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

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		8,058,293	11,337,405
Restricted		<u>42,784,559</u>	<u>31,326,277</u>
		<u><u>50,842,852</u></u>	<u><u>42,663,682</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Plant and Equipment Replacement	13	1,859,864	1,425,297
Building and Facilities	13	1,907,333	2,195,362
Parking and Public Transport Improvements	13	257,478	1,410,829
Waste Management	13	1,997,068	1,000,533
HACC Capital Grants	13	30,905	91,438
Undergrounding of Power Lines	13	225,137	807,503
Capital Investment	13	26,933,982	16,016,064
Student Bursaries	13	53,784	52,324
Infrastructure Replacement	13	862,474	585,928
Investment Income Reserve	13	7,468,678	7,629,554
Public Art	13	80,618	0
Heritage Grants Reserve	13	48,621	44,089
Information Technology Reserve	13	655,000	0
Unspent grants	2(c)	<u>403,617</u>	<u>67,356</u>
		<u><u>42,784,559</u></u>	<u><u>31,326,277</u></u>

4. INVESTMENTS IN ASSOCIATE

Western Metropolitan Regional Council

The City of Subiaco, together with the Town of Cottesloe, the Town of Claremont, the Town of Mosman Park and the Shire of Peppermint Grove have a joint venture arrangement with regard to the provision of a waste transfer station.

The Western Metropolitan Regional Council was formed to provide for the efficient treatment and/or disposal of waste. A waste transfer station was constructed from funds provided by constituent Councils. The share held by the City of Subiaco is 38.33%.

	2016 \$	2015 \$
(a) Retained surplus attributed to Investment in Associate:		
Balance at the beginning of the financial year	585,438	613,585
-Share of associate's profit/(loss) from ordinary activities	50,084	(28,147)
-Share of associate's corrections to prior period entry	(442)	0
-Share of associate's reserve increment arising during the year	<u>65,421</u>	<u>0</u>
Balance at the end of the financial year	<u><u>700,501</u></u>	<u><u>585,438</u></u>
(b) Carrying Amount of Investment in Associate		
Balance at the beginning of the financial year	2,182,523	2,210,670
-Share of associate's profit/(loss) from ordinary activities	50,084	(28,147)
-Share of associate's corrections to prior period entry	(442)	0
-Share of associate's reserve increment arising during the year	<u>65,421</u>	<u>0</u>
Balance at the end of the financial year	<u><u>2,297,586</u></u>	<u><u>2,182,523</u></u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	Note	2016 \$	2015 \$
4. INVESTMENTS IN ASSOCIATE (Continued)			
(c) Share of associate entity's results and financial position			
Current Assets		1,518,778	1,438,764
Non Current Assets		1,080,292	1,041,772
Total Assets		<u>2,599,070</u>	<u>2,480,536</u>
Current Liabilities		255,958	288,475
Non Current Liabilities		12,526	9,538
Total Liabilities		<u>268,484</u>	<u>298,013</u>
Revenues		2,309,272	2,306,653
Expenses		(2,259,188)	(2,334,800)
Total Profit/(Loss) from ordinary activities		<u>50,084</u>	<u>(28,147)</u>
Other Comprehensive Income			
Corrections to prior period entry		(442)	0
Changes in revaluation of non current assets		65,421	0
Total Other Comprehensive Income		64,979	0
Total Comprehensive Income.		<u>115,063</u>	<u>(28,147)</u>
5. TRADE AND OTHER RECEIVABLES			
Current			
Rates outstanding		376,319	193,963
Sundry debtors		2,450,887	1,622,389
GST receivable		137,187	395,443
Accrued Income		145,757	93,245
Prepayments		32,514	86,627
Less Allowance for Doubtful Debts		(633,278)	(514,516)
		<u>2,509,386</u>	<u>1,877,151</u>
Non-current			
Rates outstanding - pensioners		158,252	155,129
		<u>158,252</u>	<u>155,129</u>
6. INVENTORIES			
Current			
Consumables		28,795	19,407
		<u>28,795</u>	<u>19,407</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016 \$	2015 \$
7 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land - freehold at:		
- Independent valuation 2014 - level 2	95,390,000	95,390,000
	<u>95,390,000</u>	<u>95,390,000</u>
	<u>95,390,000</u>	<u>95,390,000</u>
Buildings - non-specialised at:		
- Independent valuation 2014 - level 2	375,000	375,000
Less: accumulated depreciation	<u>(27,778)</u>	<u>(13,889)</u>
	347,222	361,111
Buildings - specialised at:		
- Independent valuation 2014 - level 3	28,261,155	28,261,155
- Additions after valuation - cost	3,543,247	3,120,027
Less: accumulated depreciation	<u>(3,036,342)</u>	<u>(1,531,777)</u>
	28,768,060	29,849,405
	<u>29,115,282</u>	<u>30,210,516</u>
Total land and buildings	<u>124,505,282</u>	<u>125,600,516</u>
Furniture and equipment at:		
- Management valuation 2015- level 2	659,379	659,379
- Additions after valuation - cost	249,118	0
Less accumulated depreciation	<u>(157,565)</u>	<u>0</u>
	750,932	659,379
Plant and equipment at:		
- Management valuation 2013 - level 2	0	2,319,379
- Management valuation 2016 - level 2	1,698,579	0
- Management valuation 2016 - level 3	1,248,227	0
- Additions after valuation - cost	0	1,622,098
Less accumulated depreciation	<u>0</u>	<u>(1,651,123)</u>
	2,946,806	2,290,354
	<u>128,203,020</u>	<u>128,550,249</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold	95,390,000	0	0	0	0	0	0	0	95,390,000
Total land	95,390,000	0	0	0	0	0	0	0	95,390,000
Buildings - non-specialised	361,111	0	0	0	0	0	(13,889)	0	347,222
Buildings - specialised	29,849,405	423,220	0	0	0	0	(1,504,565)	0	28,768,060
Total buildings	30,210,516	423,220	0	0	0	0	(1,518,454)	0	29,115,282
Total land and buildings	125,600,516	423,220	0	0	0	0	(1,518,454)	0	124,505,282
Furniture and equipment	659,379	249,118	0	0	0	0	(157,565)	0	750,932
Plant and equipment	2,290,354	735,069	(237,524)	698,806	0	0	(539,899)	0	2,946,806
Total property, plant and equipment	128,550,249	1,407,407	(237,524)	698,806	0	0	(2,215,918)	0	128,203,020

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Land - freehold	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2014	Price per hectare
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2014	Price per square metre
Buildings - specialised	3	Cost Approach using depreciated replacement cost	Independent registered valuers	June 2014	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment	3	Cost Approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment					
- Management valuation 2016	2	Market approach using recent observable market data for similar properties	Management Valuation	June 2016	Price per item
- Management valuation 2016	3	Cost Approach using depreciated replacement cost	Management Valuation	Jun 2016	Price per item

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

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2016 \$	2015 \$
8. INVESTMENT PROPERTIES		
(a) <u>Investment Land</u>		
- Independent Valuation 2014 - Level 2	96,312,762	107,701,409
- Additions after valuation - cost	<u>2,291,868</u>	<u>1,678,660</u>
	<u>98,604,630</u>	<u>109,380,069</u>
 <u>Investment Buildings</u>		
- Independent Valuation 2014 - Level 3	11,686,460	9,085,318
- Cost	<u>164,893</u>	<u>2,601,142</u>
	<u>11,851,353</u>	<u>11,686,460</u>
	<u><u>110,455,983</u></u>	<u><u>121,066,529</u></u>

(b) Movements in Carrying Amounts

	Investment Land (Level 2) \$	Investment Buildings (Level 3) \$	Work In Progress \$	Total \$
Balance as at the beginning of the year	109,380,069	11,686,460	0	121,066,529
Additions	2,291,868	164,893	0	2,456,761
(Disposals)	(13,067,307)	0	0	(13,067,307)
Revaluation - Increments	0	0	0	0
- (Decrements)	0	0	0	0
Impairment - (Losses)	0	0	0	0
- Reversals	0	0	0	0
Depreciation (Expense)	0	0	0	0
Carrying amount at the end of year	<u><u>98,604,630</u></u>	<u><u>11,851,353</u></u>	<u><u>0</u></u>	<u><u>110,455,983</u></u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

8. INVESTMENT PROPERTIES (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Investment Land	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2014	Price per hectare
Investment Buildings	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2014	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016 \$	2015 \$
9 (a). INFRASTRUCTURE		
Infrastructure - roads		
- Independent valuation 2015 - level 3	60,252,700	60,252,700
- Additions after valuation - cost	2,103,335	0
Less accumulated depreciation	<u>(1,223,972)</u>	<u>0</u>
	61,132,063	60,252,700
Infrastructure - footpaths		
- Independent valuation 2015 - level 3	12,604,065	12,604,065
- Additions after valuation - cost	105,901	0
Less accumulated depreciation	<u>(315,570)</u>	<u>0</u>
	12,394,396	12,604,065
Infrastructure - drainage		
- Independent valuation 2015- level 3	19,279,940	19,279,940
- Additions after valuation - cost	648,371	0
Less accumulated depreciation	<u>(285,796)</u>	<u>0</u>
	19,642,515	19,279,940
Other Infrastructure		
- Management valuation 2015 - level 2	769,300	769,300
- Management valuation 2015 - level 3	39,250	39,250
- Additions after valuation - cost	22,764	0
Less accumulated depreciation	<u>(207,410)</u>	<u>0</u>
	623,904	808,550
Streetscape		
- Management valuation 2015- level 3	2,620,500	2,620,500
- Additions after valuation - cost	1,807,760	0
Less accumulated depreciation	<u>(307,195)</u>	<u>0</u>
	4,121,065	2,620,500
Parks, gardens, reserves and equipment		
- Management valuation 2015 - level 3	10,958,150	10,958,150
- Additions after valuation - cost	730,305	0
Less accumulated depreciation	<u>(980,857)</u>	<u>0</u>
	10,707,598	10,958,150
	<u>108,621,541</u>	<u>106,523,905</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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 infrastructure to be shown at fair value.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

9. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - roads	60,252,700	2,103,335	0	0	0	0	(1,223,972)	0	61,132,063
Infrastructure - footpaths	12,604,065	105,901	0	0	0	0	(315,570)	0	12,394,396
Infrastructure - drainage	19,279,940	648,371	0	0	0	0	(285,796)	0	19,642,515
Other Infrastructure	808,550	22,764	0	0	0	0	(207,410)	0	623,904
Streetscape	2,620,500	1,807,760	0	0	0	0	(307,195)	0	4,121,065
Parks, gardens, reserves and equipment	10,958,150	730,305	0	0	0	0	(980,857)	0	10,707,598
Total infrastructure	106,523,905	5,418,436	0	0	0	0	(3,320,800)	0	108,621,541

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

9. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - roads	3	Cost Approach using depreciated replacement cost	Independent registered valuers	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	3	Cost Approach using depreciated replacement cost	Independent registered valuers	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - drainage	3	Cost Approach using depreciated replacement cost	Independent registered valuers	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Streetscape	3	Cost Approach using depreciated replacement cost	Independent registered valuers	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Parks, gardens, reserves and equipment	3	Cost Approach using depreciated replacement cost	Independent registered valuers	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Other Infrastructure	2	Market approach using recent observable market data for similar items	Independent registered valuers	June 2015	Price per item

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 to determine the fair value of infrastructure using level 3 inputs.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016 \$	2015 \$
10. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	2,301,453	3,360,163
Accrued interest on debentures	60,323	116,772
Accrued salaries and wages	172,540	732,659
Bond Creditors	1,604,273	1,533,873
Income in Advance	513,064	688,611
Accrued Expenses	197,983	139,305
	<u>4,849,636</u>	<u>6,571,383</u>

11. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	1,242,550	1,937,453
	<u>1,242,550</u>	<u>1,937,453</u>
Non-current		
Secured by floating charge		
Debentures	7,356,276	7,768,595
	<u>7,356,276</u>	<u>7,768,595</u>

Additional detail on borrowings is provided in Note 23.

12. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Provision for Sick Leave \$	Total \$
Opening balance at 1 July 2015				
Current provisions	1,810,662	1,029,716	244,733	3,085,111
Non-current provisions	0	528,029	0	528,029
	<u>1,810,662</u>	<u>1,557,745</u>	<u>244,733</u>	<u>3,613,140</u>
Additional provision	1,550,160	292,115	96,702	1,938,977
Amounts used	(1,875,486)	(188,555)	(85,498)	(2,149,539)
Balance at 30 June 2016	<u>1,485,336</u>	<u>1,661,305</u>	<u>255,937</u>	<u>3,402,578</u>
Comprises				
Current	1,485,336	1,147,333	255,937	2,888,606
Non-current	0	513,972	0	513,972
	<u>1,485,336</u>	<u>1,661,305</u>	<u>255,937</u>	<u>3,402,578</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

13. RESERVES - CASH BACKED

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Plant and Equipment Replacement	1,425,297	629,318	(194,751)	1,859,864	1,430,500	591,852	(1,165,000)	857,352	1,226,351	399,551	(200,605)	1,425,297
Building and Facilities	2,195,362	61,235	(349,265)	1,907,332	2,189,453	48,900	(484,555)	1,753,798	2,389,930	67,332	(261,900)	2,195,362
Parking and Public Transport Imp	1,410,829	439,352	(1,592,703)	257,478	1,231,296	402,330	(1,622,665)	10,961	1,818,170	51,225	(458,566)	1,410,829
Waste Management	1,000,533	996,535	0	1,997,068	716,148	322,275	(624,000)	414,423	580,418	421,261	(1,146)	1,000,533
HACC Capital Grants	91,438	2,550	(63,083)	30,905	10,259	900	0	11,159	28,958	62,480	0	91,438
Undergrounding of Power Lines	807,503	1,331,514	(1,913,880)	225,137	934,765	1,311,980	(2,138,000)	108,745	652,536	1,207,384	(1,052,417)	807,503
Capital Investment	16,016,064	13,364,424	(2,446,506)	26,933,982	16,215,818	14,000,000	(7,422,571)	22,793,247	5,936,818	15,500,000	(5,420,754)	16,016,064
Student Bursaries	52,324	1,460	0	53,784	52,616	1,590	0	54,206	50,890	1,434	0	52,324
Infrastructure Replacement	585,928	643,326	(366,780)	862,474	543,047	589,150	(1,011,989)	120,208	525,767	443,773	(383,612)	585,928
Investment Income Reserve	7,629,554	3,098,078	(3,258,954)	7,468,678	5,235,457	2,855,429	(7,867,447)	223,439	10,188,157	2,931,723	(5,490,326)	7,629,554
CBD Promotion Reserve	0	0	0	0	0	1,060	0	1,060	184,619	7,150	(191,769)	0
Public Art	0	117,000	(36,382)	80,618	3,690	117,110	(117,000)	3,800	47,093	118,326	(165,419)	0
Heritage Grants Reserve	44,089	51,230	(46,697)	48,622	0	50,000	(50,000)	0	0	44,089	0	44,089
Information Technology Reserve	0	655,000	0	655,000	0	0	0	0	0	0	0	0
	<u>31,258,921</u>	<u>21,391,022</u>	<u>(10,269,002)</u>	<u>42,380,941</u>	<u>28,563,049</u>	<u>20,292,576</u>	<u>(22,503,227)</u>	<u>26,352,398</u>	<u>23,629,707</u>	<u>21,255,729</u>	<u>(13,626,515)</u>	<u>31,258,921</u>

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

13. RESERVES - CASH BACKED (Continued)

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
Plant and Equipment Replacement	Ongoing	To fund future replacement of plant.
Building and Facilities	Ongoing	To provide funds for the future maintenance of council buildings and facilities.
Parking and Public Transport Improvements	Ongoing	To maintain and improve the parking facilities within the City.
Waste Management	Ongoing	To fund the improvement, replacement and expansion of waste management facilities. Surplus operating funds for Waste Services are transferred to the reserve each year to provide for future plant replacement.
HACC Capital Grants	Ongoing	To hold capital grants not yet spent on grant purpose.
Undergrounding of Power Lines	2034/35	To contribute towards the future undergrounding of powerlines. The City of Subiaco has completed the undergrounding of low voltage power lines, together with associated street lighting improvements as part of the State Underground Power Program. Undergrounding of power and associated lighting is to be paid from general revenue using loan funds if required.
Capital Investment	Ongoing	A Capital Investment reserve is to be maintained to hold the following investment funds: - The existing Capital Investment reserve proceeds of any sale of land or other long-term investment - The City's share of the net surplus from the Subi Centro project; and - Any other funds as determined by Council from time-to-time.
Student Bursaries	Ongoing	The Capital Investment Reserve will be maintained as a holding reserve for investment capital, where available funds will be consolidated until being used only for the purchase of other investment assets (whether property or other assets) in accordance with specific resolutions of Council.
Infrastructure Replacement	Ongoing	To provide for the development of students within the City of Subiaco. To ensure the continued funding of infrastructure replacement.
Investment Income Reserve	Ongoing	An investment Income Reserve will be maintained to hold all rents and other income received from long-term investment assets. Effective as of 1 July 2004, all investment income is to be transferred to the Investment Income Reserve from general revenue at six-monthly intervals in accordance with Section 8 of Policy 10.9 <i>Investment Assets</i> . Funds held in the Investment Income Reserve may be disbursed from time-to-time and in accordance with resolutions of Council as follows: - To meet direct costs incurred in managing the investment portfolio; - To compensate general revenue for internal costs incurred in managing the investment portfolio; - To supplement general revenue as determined by resolution of Council to finance specific community development projects approved by an absolute majority of Council; and - Reinvestment in the Capital Investment Reserve determined by resolution of Council.
CBD Promotion Reserve	2015/16	All unspent funds from the "Specified Area Rate" for business promotion, are to be transferred to the CBD Promotion Reserve for future utilisation for business promotion.
Public Art	Ongoing	To enable the City to support the development and procurement of significant works. To provide grants toward works which contribute to the retention of the heritage, values and character of privately owned properties listed on the Town Planning Scheme No. 4 Register of Places of Cultural Heritage Significance or are situated within a declared Conservation Area, in accordance with the City of Subiaco Heritage Incentives Policy.
Heritage Grants Reserve	Ongoing	To fund replacement of IT infrastructure and systems.
Information Technology Reserve	Ongoing	

CITY OF SUBIACO
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FOR THE YEAR ENDED 30TH JUNE 2016

14. REVALUATION SURPLUS

	2016 Opening Balance \$	2016 Revaluation Increment \$	2016 Revaluation Decrement \$	2016 Total Movement on Revaluation \$	2016 Closing Balance \$	2015 Opening Balance \$	2015 Revaluation Increment \$	2015 Revaluation Decrement \$	2015 Total Movement on Revaluation \$	2015 Closing Balance \$
Land and buildings	107,198,450	0	0	0	107,198,450	107,198,450	0	0	0	107,198,450
Furniture and Equipment	0	3,122	0	3,122	3,122	0	0	0	0	0
Plant and Equipment	86,687	761,105	0	761,105	847,792	86,687	0	0	0	86,687
Roads	38,442,220	0	0	0	38,442,220	0	38,442,220	0	38,442,220	38,442,220
Footpaths	7,976,482	0	0	0	7,976,482	0	7,976,482	0	7,976,482	7,976,482
Drainage	6,948,901	0	0	0	6,948,901	0	6,948,901	0	6,948,901	6,948,901
Parks & Ovals	21,554	0	0	0	21,554	0	21,554	0	21,554	21,554
Other Infrastructure	515,415	0	0	0	515,415	0	515,415	0	515,415	515,415
	<u>161,189,709</u>	<u>764,227</u>	<u>0</u>	<u>764,227</u>	<u>161,953,936</u>	<u>107,285,137</u>	<u>53,904,572</u>	<u>0</u>	<u>53,904,572</u>	<u>161,189,709</u>

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2016	2016	2015
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>50,842,852</u>	<u>32,540,516</u>	<u>42,663,682</u>

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

Net result	2,354,143	353,771	(3,625,317)
Non-cash flows in Net result:			
Depreciation	5,536,718	4,458,990	5,483,496
(Profit)/Loss on sale of asset	(6,975)	(306,910)	742,386
Adjustment to share in associate	(49,642)		28,147
Loss on revaluation of fixed assets	0		1,690,656
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(635,358)	(960,711)	508,088
(Increase)/Decrease in inventories	(9,388)	(2,632)	(19,407)
Increase/(Decrease) in payables	(1,721,747)	496,479	1,017,747
Increase/(Decrease) in provisions	(210,562)	325,000	(158,019)
Grants contributions for the development of assets	<u>(1,134,000)</u>	<u>(193,293)</u>	<u>(766,033)</u>
Net cash from operating activities	<u>4,123,189</u>	<u>4,170,694</u>	<u>4,901,744</u>

	2016	2015
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	30,000	30,000
Credit card balance at balance date	0	0
Total amount of credit unused	<u>30,000</u>	<u>30,000</u>
Loan facilities		
Loan facilities - current	1,242,550	1,937,453
Loan facilities - non-current	7,356,276	7,768,595
Total facilities in use at balance date	<u>8,598,826</u>	<u>9,706,048</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

16. CONTINGENT ASSETS

By way of an agreement signed in April 1996 between the City and the Minister for Planning, the City is entitled to a 20% share on any net surplus arising from the "Subi Centro" development project. A non-refundable amount of \$6.1 million was paid to the City in 2006/07 as an interim payment. As the project is not yet complete, no provision has been raised to bring to account the City's share, if any, of any net surplus arising. If the project does not return a surplus the City is not required to contribute to any shortfall.

17. CAPITAL AND LEASING COMMITMENTS	2016	2015
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	149,347	81,440
- later than one year but not later than five years	199,217	75,595
- later than five years	0	0
	<u>348,564</u>	<u>157,035</u>

(b) Capital Expenditure Commitments

Contracted for:		
- capital expenditure projects	538,640	1,444,338
- plant & equipment purchases	62,691	0
Payable:		
- not later than one year	601,331	1,444,338

The capital expenditure projects outstanding at the end of the current reporting period relates to the Rokeby Road Improvement project.

CITY OF SUBIACO
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FOR THE YEAR ENDED 30TH JUNE 2016

18. JOINT VENTURE ARRANGEMENTS

The City is not involved in any joint venture arrangements.

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016	2015
	\$	\$
Governance	6,471	8,720
General purpose funding	2,667,638	2,032,280
Law, order, public safety	154,560	121,148
Health	62,862	41,774
Education and welfare	3,959,094	3,891,444
Community amenities	2,426,884	2,225,120
Recreation and culture	69,631,356	68,382,391
Transport	140,582,038	140,334,048
Economic services	35,479	18,893
Other property and services	183,591,032	185,982,757
	<u>403,117,414</u>	<u>403,038,575</u>

CITY OF SUBIACO
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	2016	2015	2014
20. FINANCIAL RATIOS			
Current ratio	1.18	1.14	3.08
Asset sustainability ratio	0.95	2.16	1.80
Debt service cover ratio	3.36	1.34	90.05
Operating surplus ratio	0.03	(0.11)	1.85
Own source revenue coverage ratio	0.99	0.86	0.96

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 59 of this document.

The Debt Service Cover Ratio in 2016 has been adjusted by \$1,169,769 which relates to a lump sum payment made in addition to the standard loan repayments in relation to Loan 123A for Underground Power.

The Debt Service Cover Ratio in 2015 has also been adjusted by \$455,690 which relates to a lump sum payment made in addition to the standard loan repayments to finalise Loan 122 for Underground Power.

Three of the 2015 ratios disclosed above are distorted by items of significant expenditure of \$1,690,656 relating to fair value adjustment of fixed assets and \$2,235,732 relating to installation of underground power. These items form part of operating expenditure and have been included in the calculations above. The significant expenses are considered to be "one off" and, if they were ignored, the calculations disclosed in the 2015 column above would be as below.

	2016	2015
Debt service cover ratio	7.10	7.67
Operating surplus ratio	N.A.	(0.01)
Own Source Revenue Coverage Ratio	N.A.	0.94

CITY OF SUBIACO
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21. 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:

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Building Industry Training Fund	0	(403,304)	403,304	0
Building Commission	0	(287,302)	287,302	0
	<u>0</u>			<u>0</u>

22. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Investment Properties								
Other property and services								
Land	13,067,307	13,063,637	0	(3,670)	14,000,000	14,000,000	0	0
Plant and Equipment								
Law, order, public safety								
Light Vehicles	0	0			27,300	43,000	15,700	0
Light Vehicles	0	0			16,380	15,000	0	(1,380)
Health								
Light Vehicle	15,000	14,091	0	(909)				
Community amenities								
Heavy Vehicle	255	0	0	(255)	50,340	106,000	55,660	0
Light Vehicle	17,000	10,909	0	(6,091)				
Light Vehicle	15,172	22,079	6,907	0	14,810	15,000	190	0
Recreation and culture								
Lawn Mower	3,423	7,650	4,227	0	50,320	104,000	53,680	0
Lawn Mower	3,423	7,650	4,227	0	1,680	0	0	(1,680)
Transport								
Minor Plant (Infrastructure)	0	0			470	0	0	(470)
Light Vehicle	0	0			25,700	45,000	19,300	0
Heavy Vehicles	0	0			17,630	85,000	67,370	0
Economic services								
Light Vehicle	0	0			18,120	15,000	0	(3,120)
Light Vehicle	15,000	14,545	0	(455)	8,970	15,000	6,030	0
Other property and services								
Light Vehicle	17,000	16,364	0	(636)	74,830	178,000	103,170	0
Light Vehicle	24,281	23,409	0	(872)	37,540	30,000	0	(7,540)
Light Vehicle	30,000	18,200	0	(11,800)	0	0		
Light Vehicle	24,000	26,364	2,364	0	0	0		
Light Vehicle	20,692	29,091	8,399	0	0	0		
Light Vehicle	22,656	26,818	4,162	0	0	0		
Light Vehicle	29,623	31,000	1,377	0	0	0		
	<u>13,304,832</u>	<u>13,311,807</u>	<u>31,663</u>	<u>(24,688)</u>	<u>14,344,090</u>	<u>14,651,000</u>	<u>321,100</u>	<u>(14,190)</u>

CITY OF SUBIACO
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FOR THE YEAR ENDED 30TH JUNE 2016

23. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2015 \$	New Loans \$	Principal Repayments		Principal 30 June 2016		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance								
Loan 126 - Regal Theatre Contribution	0	400,000	0	0	400,000	0	8,110	0
Recreation and culture								
Loan 121A - Rosalie Park Improvements	646,628	0	27,139	27,100	619,489	619,600	44,042	40,200
Loan 121B - Rosalie Park Improvements	145,671	0	5,599	5,600	140,072	140,000	9,724	8,900
Loan 121C - Rosalie Park Improvements	1,045,997	0	35,574	35,600	1,010,423	1,010,400	53,725	47,500
Loan 121D- Rosalie Park Improvements	204,500	0	17,506	7,100	186,994	242,900	8,169	15,100
Loan TBA - Major Open Parkland (Lake Jualbup)	0	0	0	56,100	0	943,900	0	44,300
Transport								
Loan 124 - Street Lighting	235,000	0	20,117	20,500	214,883	214,500	9,387	8,200
Loan 125 - Drainage Keightly Road	600,000	0	19,852	16,220	580,148	583,780	28,336	37,600
Economic services								
Loan 123A - Undergrounding of Powerlines	4,366,845	0	1,309,855	1,740,100	3,056,990	2,626,700	420,121	225,400
Loan 123B - Undergrounding of Powerlines	2,191,407	0	71,580	71,600	2,119,827	2,119,800	112,323	100,900
Other property and services								
Loan 118 - Chamber and Office Improvements	270,000	0	0	0	270,000	270,000	21,821	20,200
	9,706,048	400,000	1,507,222	1,979,920	8,598,826	8,771,580	715,758	548,300
	9,706,048	400,000	1,507,222	1,979,920	8,598,826	8,771,580	715,758	548,300

(*) Loan remained undrawn at 30th June 2016

All loan repayments were financed by general purpose revenue.

CITY OF SUBIACO
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23. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2015/16

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total	Interest Rate %	Amount Used		Balance Unspent
	Actual \$	Budget \$				Interest & Charges \$		Actual \$	Budget \$	
Loan 126 - Regal Theatre Contribution	400,000	400,000	WATC	Debenture	4	23,900	2.39%	(400,000)	(400,000)	0
Loan TBA - Major Open Parkland (Lake Jualbup) (*)	0	1,000,000	WATC	Debenture	10	44,300	6.00%	0	(1,000,000)	0
	<u>400,000</u>	<u>1,400,000</u>				<u>68,200</u>		<u>(400,000)</u>	<u>(1,400,000)</u>	<u>0</u>

(*) Loan remained undrawn at 30th June 2016

(c) Unspent Debentures

The City did not have any unspent debentures as at 30 June 2016.

(d) Overdraft

The City did not have an overdraft as at 30 June 2016.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

24. RATING INFORMATION - 2015/16 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
General rate											
Gross rental value valuations											
GRV - Residential	0.0525	7,786	249,510,201	13,100,409	444,269	37,475	13,582,153	13,027,440	100,000	5,000	13,132,440
GRV - Commercial	0.0525	1,293	156,749,841	8,230,072	(33,168)	(7,631)	8,189,273	8,219,330	0	0	8,219,330
GRV - Industrial	0.0525	12	1,235,365	64,862	(7,316)	0	57,546	76,680	0	0	76,680
Sub-Total		9,091	407,495,407	21,395,343	403,785	29,844	21,828,972	21,323,450	100,000	5,000	21,428,450
Minimum payment	Minimum \$										
Gross rental value valuations											
GRV - Residential	780	968	12,630,162	755,040	(780)	0	754,260	721,500	0	0	721,500
GRV - Commercial	780	6	46,315	4,680	0	0	4,680	5,460	0	0	5,460
GRV - Industrial	780	0	0	0	0	0	0	0	0	0	0
Sub-Total		974	12,676,477	759,720	(780)	0	758,940	726,960	0	0	726,960
		10,065	420,171,884	22,155,063	403,005	29,844	22,587,912	22,050,410	100,000	5,000	22,155,410
Discounts/concessions (refer note 28)							(346)				0
Total amount raised from general rate							22,587,566				22,155,410
Specified Area Rate (refer note 26)							241,844				242,000
Totals							22,829,410				22,397,410

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

25. NET CURRENT ASSETS

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Surplus/(Deficit) 1 July 15 brought forward	<u>2,858,233</u>	<u>3,577,469</u>	<u>3,577,469</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	8,058,293	11,337,405	11,337,405
Restricted	42,784,559	31,326,277	31,326,277
Receivables			
Rates outstanding	376,319	193,963	193,963
Sundry debtors	2,450,887	1,622,389	1,622,389
GST receivable	137,187	395,443	395,443
Accrued Income	145,757	93,245	93,245
Prepayments	32,514	86,627	86,627
Less Allowance for Doubtful Debts	(633,278)	(514,516)	(514,516)
Inventories			
Consumables	28,795	19,407	19,407
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(2,301,453)	(3,360,163)	(3,360,163)
Accrued interest on debentures	(60,323)	(116,772)	(116,772)
Accrued salaries and wages	(172,540)	(732,659)	(732,659)
Bond Creditors	(1,604,273)	(1,533,873)	(1,533,873)
Income in Advance	(513,064)	(688,611)	(688,611)
Accrued Expenses	(197,983)	(139,305)	(139,305)
Current portion of long term borrowings			
Secured by floating charge	(1,242,550)	(1,937,453)	(1,937,453)
Provisions			
Provision for Sick Leave	(255,937)	(244,733)	(244,733)
Provision for annual leave	(1,485,336)	(1,810,662)	(1,810,662)
Provision for long service leave	(1,147,333)	(1,029,716)	(1,029,716)
Unadjusted net current assets	<u>44,400,241</u>	<u>32,966,293</u>	<u>32,966,293</u>
Adjustments			
Less: Reserves - restricted cash	(42,784,558)	(31,326,277)	(31,326,277)
Add: Secured by floating charge	1,242,550	1,937,453	1,937,453
Adjusted net current assets - surplus/(deficit)	<u>2,858,233</u>	<u>3,577,469</u>	<u>3,577,469</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

26. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

Specified Area Rate	Basis of Valuation	Rate in \$	Rateable Value \$	Rate Revenue \$	Interim Rate Revenue \$	Back Rate Revenue \$	Total Specified Area Rate Revenue	Budget Rate Revenue \$	Budget Back Rate Revenue \$	Budget Interim Rate Revenue \$
CBD Promotion		0.0041	59,317,389	240,867	977	0	241,844	242,000	0	0
				240,867	977	0	241,844	242,000	0	0

27. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The City did not impose any service charges.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

28. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2015/16 FINANCIAL YEAR

Rates Discounts

Rate or Fee Discount Granted	Discount % or \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
		0	0	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount % or \$	Actual \$	Budget \$
Rates Written off			346	0
Fees & Charges			15,020	0
			15,366	0

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Fees & Charges (Lords)	Write Off	Membership fees	Uncollectable

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

29. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	27-Aug-15			11.00%
Option Two				
First Instalment	27-Aug-15	52	0.00%	11.00%
Second Instalment	05-Nov-15			11.00%
Third Instalment	07-Jan-16			11.00%
Fourth Instalment	10-Mar-16			11.00%
			Revenue	Budgeted Revenue
			\$	\$
Interest on unpaid rates			61,142	52,000
Charges on instalment plan			155,713	155,000
			<u>216,855</u>	<u>207,000</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

30. FEES & CHARGES	2016	2015
	\$	\$
General purpose funding	208,872	243,726
Law, order, public safety	40,246	46,413
Health	189,297	179,586
Education and welfare	334,775	342,468
Community amenities	215,092	325,786
Recreation and culture	2,744,766	1,264,841
Transport	4,864,916	5,044,005
Economic services	256,726	313,068
Other property and services	3,601,363	3,497,538
	<u>12,456,053</u>	<u>11,257,431</u>

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

31. GRANT REVENUE

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

By Nature or Type:	2016	2015
	\$	\$
Operating grants, subsidies and contributions		
General purpose funding	292,719	940,028
Law, order, public safety	15,786	0
Education and welfare	1,086,550	1,137,277
Community amenities	2,133	0
Recreation and culture	42,803	67,951
Transport	171,105	173,213
Other property and services	2,500	1,364
	<u>1,613,596</u>	<u>2,319,833</u>
Non-operating grants, subsidies and contributions		
Recreation and culture	54,231	135,774
Transport	1,079,769	630,259
	<u>1,134,000</u>	<u>766,033</u>
	<u>2,747,596</u>	<u>3,085,866</u>

32. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>187</u>	<u>193</u>
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33. ELECTED MEMBERS REMUNERATION

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

	2016	2016	2015
	\$	Budget	\$
Meeting Fees	264,000	264,000	264,000
Meeting Attendance Fees - Mayor	29,500	29,500	29,500
Mayoral Allowance	60,000	60,000	60,000
Deputy Mayoral Allowance	14,607	15,000	15,000
Telecommunications allowance	39,400	37,700	37,700
	<u>407,507</u>	<u>406,200</u>	<u>406,200</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

34. MAJOR LAND TRANSACTIONS

2015/16 Financial Year

592 to 616 Hay Street / 2 Bishop Street

The properties situated at 592 to 616 Hay Street and 2 Bishop Street form part of the city's investment portfolio. At its April 2016 meeting council resolved in principle to dispose of these properties for its highest market value. In June 2016, Council resolved that should Council proceed with the major land transaction then the CEO be authorised to undertake demolition of these properties (but excluding 592 and 594 Hay Street, remediation if required and apply to the WAPC for subdivision approval for three lots prior to disposal by public auction. In October 2016 Council resolved to dispose of the properties and at the time of preparing this report preliminary works to prepare the site for the demolition of the buildings have commenced.

133 Salvado Road

The city acquired land and buildings at 133 Salvado Road, Wembley in 2012. Since acquisition of this property, investigations on a number of potential options have been conducted and in April 2016 Council resolved to explore options for disposal of this property. At its June 2016 meeting Council resolved to proceed with the disposal of the property and authorised the CEO to call for tenders to appoint a suitably qualified real estate professional to manage the process for the sale. At the time of preparing this report an Expression of Interest has been called and are currently under consideration with the sale process expected to occur in 2017.

20 Roydhouse Street (Carter Lane)

The city acquired this property through payment for surrender of long term lease in 2011/12 to allow for redevelopment of the site from its industrial use to a contemporary residential development. Redevelopment was physically completed in 2015/16 at a cost to date of \$4,329,000 (still awaiting final invoices). The two larger mixed-use lots were sold via an expression of interest process with sales contracts in place by February 2015. One of these properties settled at the end of March 2016, the other has been the subject of delayed settlement issues. The eleven single residential lots were sold by public auction in October 2015 with settlement concluded by March 2016. The redevelopment of this precinct allows for the provision of community and public infrastructure whilst the release of land for development has provided a capital return from land sales. There have been additional positive social and economic benefits to the community through improved pedestrian safety, increased green space, proper vehicular access and community infrastructure.

2014/15 Financial Year

588 Hay Street

The two level office building forms part of the city's property investment portfolio. The total cost of refurbishment was \$2,599,919 funded from the Capital Investment Reserve. The building was leased in July 2015 following completion of the refurbishment.

20 Roydhouse Street (Carter Lane)

The city acquired this property through payment for surrender of long term lease in 2011/12 to allow for redevelopment of the site. Redevelopment was expected to be completed in 2014/15 at an estimated cost of approx. \$4,000,000. Completion of this redevelopment has been delayed and is now expected in 2015/16. The proposed new precinct will allow for the provision of community and public infrastructure and the release of land for development, and will provide a capital return from land sales as well as positive social and economic benefits to the community through improved pedestrian safety, increased green space, proper vehicular access and community infrastructure.

2013/14 Financial Year

588 Hay Street

The two level office building forms part of the city's property investment portfolio. The former tenant vacated the premises on 30 June 2013 upon expiration of its lease, upon which it was clear that the building had to be refurbished to comply with current statutory requirements and contemporary office standards. The cost of refurbishment is budgeted at \$2,500,000 in total over the 2013/14 and 2014/15 financial years funded from the Capital Investment Reserve. The building is to be offered for lease upon completion.

41 Bishop Street

Council previously resolved to retain and refurbish the existing office building, in order to further the city's program to recapitalise its property investment portfolio and increase recurrent income. The cost of refurbishment was \$4,168,170 in total over the 2011/12, 2012/13 and 2013/14 financial years funded from the Capital Investment Reserve. The building was completed in August 2013 and was subsequently leased.

20 Roydhouse Street (Carter Lane)

The city acquired this property through payment for surrender of long term lease in 2011/12 to allow for redevelopment of the site. Redevelopment is expected to be completed in 2014/15 at an estimated cost of approx. \$4,000,000. The proposed new precinct will allow for the provision of community and public infrastructure and the release of land for development, and will provide a capital return from land sales as well as positive social and economic benefits to the community through improved pedestrian safety, increased green space, proper vehicular access and community infrastructure.

**CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

34. MAJOR LAND TRANSACTIONS (Continued..)

2013/14 Financial Year (Continued..)

133 Salvado Road

The city paid \$10,090,091 (excl. GST) to acquire the land and buildings at 133 Salvado Road, Wembley in accordance with the business plan adopted by council in November 2012. The business plan detailed preliminary information on various options of potential rental income and return on investments. Since acquisition of this property additional investigation on potential options have been conducted. This information is being further considered and is pending council decision.

2011/12 Financial Year

20 Roydhouse Street

The city has paid \$3,900,000 to Boshich Holdings to surrender the long term lease in order to allow for redevelopment of the site.

35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The City did not participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

36. FINANCIAL RISK MANAGEMENT

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

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

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

The City held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	50,842,852	42,663,682	50,842,852	42,663,682
Receivables	2,667,638	2,032,280	2,667,638	2,032,280
	<u>53,510,490</u>	<u>44,695,962</u>	<u>53,510,490</u>	<u>44,695,962</u>
Financial liabilities				
Payables	4,849,636	6,571,383	4,849,636	6,571,383
Borrowings	8,598,826	9,706,048	6,884,373	7,704,787
	<u>13,448,462</u>	<u>16,277,431</u>	<u>11,734,009</u>	<u>14,276,170</u>

Fair value is determined as follows:

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

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

36. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

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

	2016	2015
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	508,429	426,637
- Statement of Comprehensive Income	508,429	426,637

Notes:

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

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

36. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

The City's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The City manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the City to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. The City is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The City makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the City's credit risk at balance date was:

	2016	2015
Percentage of rates and annual charges		
- Current	66%	53%
- Overdue	34%	47%
Percentage of other receivables		
- Current	19%	26%
- Overdue	81%	74%

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2016</u>					
Payables	4,849,636	0	0	4,849,636	4,849,636
Borrowings	1,092,883	3,087,928	8,335,817	12,516,628	8,598,826
	<u>5,942,519</u>	<u>3,087,928</u>	<u>8,335,817</u>	<u>17,366,264</u>	<u>13,448,462</u>
<u>2015</u>					
Payables	6,571,383	0	0	6,571,383	6,571,383
Borrowings	813,719	3,465,098	10,548,217	14,827,034	9,706,048
	<u>7,385,102</u>	<u>3,465,098</u>	<u>10,548,217</u>	<u>21,398,417</u>	<u>16,277,431</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (continued)

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<u>Year ended 30 June 2016</u>								
Borrowings								
Fixed rate								
Debentures	0	0	0	0	0	8,598,826	8,598,826	4.81%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	0.00%	0.00%	4.81%		
<u>Year ended 30 June 2015</u>								
Borrowings								
Fixed rate								
Debentures	0	0	0	0	0	9,706,048	9,706,048	4.95%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	0.00%	0.00%	4.95%		

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

37. CITY OF PERTH ACT

The City of Perth Act came into effect on 1st July 2016 and resulted in a change of the the City of Subiaco boundaries. Approximately 1347 rateable properties were transferred to the City of Perth along with infrastructure and other assets situated within that area.

Assets transferred to City of Perth

ASSETS	\$
Buildings	118,150
Infrastructure	13,035,094
Plant & Equipment	80,500
Total Fixed Assets	13,233,744
 Rates Debtors	 45,150
Total Debtors	45,150

Liabilities transferred to the City of Perth

LIABILITIES	\$
Bonds	25,620
Total Bonds	25,620
 Loans	 214,883
Loan 124 (Streetlighting)	214,883
Total Loans	214,883

The City of Subiaco has projected a reduction in revenue equating to approximately \$4 million in the 2016/17 financial year from a combination of rates, parking and other revenue which will now be collected by the City of Perth. Significant reductions in expenditure have been made to offset these revenue reductions. The long term financial implications from the City of Perth Act have been modelled through the City's Strategic Financial Plan.

<u>Estimated reductions in revenue</u>	\$
Rates	2,222,100
Sanitation Charges	798,260
Parking Revenue	829,500
Parking Fines	441,920
Grant Funding	87,320
Other Revenue	5,080
Total	4,384,180

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

37. CITY OF PERTH ACT (Continued...)

Based on the above information, the effect on the balance sheet would be as follows:

	30 June 2016 \$	Transferred to City of Perth \$	1st July 2016 \$
Current Assets			
Cash and Cash Equivalents	50,842,852	-	50,842,852
Trade and other Receivables	2,509,386	24,470	2,484,916
Inventories	28,795	-	28,795
Total Current Assets	53,381,033	24,470	53,356,563
Non Current Assets			
Other Receivables	158,252	20,680	137,572
Investments accounted for using the equity method	2,297,585	-	2,297,585
Investment Properties	110,455,983	-	110,455,983
Propert, plant and equipment	128,203,020	198,650	128,004,370
Infrastructure	108,621,541	13,035,094	95,586,447
Total Non-Current Assets	349,736,381	13,254,424	336,481,957
			-
Total Assets	403,117,414	13,278,894	389,838,520
Current Liabilities			
Trade and other payables	4,849,636	25,620	4,824,016
Current portion of long term borrowings	1,242,550	20,802	1,221,748
Provisions	2,888,606	-	2,888,606
Total Current Liabilities	8,980,792	46,422	8,934,370
Non Current Liabilities			
Long term borrowings	7,356,276	194,081	7,162,195
Provisions	513,972		513,972
Total Non Current Liabilities	7,870,248	194,081	7,676,167
Total Liabilities	16,851,040	240,503	16,610,537
Net Assets	386,266,374	13,038,391	373,227,983

INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE CITY OF SUBIACO

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the City of Subiaco, which comprises the statement of financial position as at 30 June 2016, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

Management's Responsibility for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

Opinion

In our opinion, the financial report of the City of Subiaco is in accordance with the *Local Government Act 1995* (as amended) and the *Local Government (Financial Management) Regulations 1996* (as amended), including:

- a) giving a true and fair view of the City's financial position as at 30 June 2016 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE CITY OF SUBIACO (CONTINUED)**

Other Matters

In accordance with the *Local Government (Audit) Regulations 1996*, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the City.
- b) No matters indicating non-compliance with Part 6 of the *Local Government Act 1995* (as amended), the *Local Government (Financial Management) Regulations 1996* (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 67 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - i. reasonably calculated; and
 - ii. based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

MOORE STEPHENS
CHARTERED ACCOUNTANTS



WEN-SHIEN CHAI
PARTNER

Date: 4 November 2016
Perth, WA

**CITY OF SUBIACO
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2016**

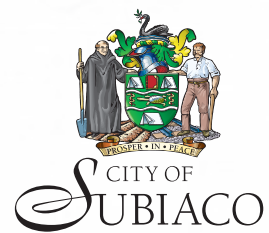
RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	2016	2015	2014
Asset consumption ratio	0.95	0.67	0.71
Asset renewal funding ratio	0.62	1.10	1.22

The above ratios are calculated as follows:

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



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