



2020-21 Annual Financial Statement



CITY OF SUBIACO
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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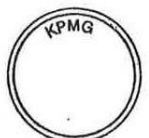
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COMMUNITY VISION

(extract from the City of Subiaco Strategic Community Plan 2017-27)

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 is at the core of the community and underpins the City's operations.

Principal place of business:
241 Rokeby Road
Subiaco WA 6008



**CITY OF SUBIACO
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Subiaco for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the City of Subiaco at 30 June 2021 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the

16

day of

November

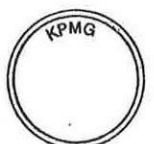
2021



Chief Executive Officer

Colin Cameron

Name of Chief Executive Officer



CITY OF SUBIACO
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

| | NOTE | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|---|--------------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Rates | 2(a) & 26(a) | 24,953,170 | 24,717,332 | 24,359,944 |
| Operating grants, subsidies and contributions | 2(a) | 782,078 | 542,680 | 717,302 |
| Operating Reimbursements and donations | | 846,017 | 736,000 | 978,134 |
| Fees and charges | 2(a) | 12,265,952 | 9,887,280 | 10,834,203 |
| Sanitation charges | | 4,542,036 | 4,693,910 | 4,547,519 |
| Interest earnings | 2(a) | 218,007 | 711,850 | 755,401 |
| Other revenue | 2(a) | 474,241 | 447,250 | 1,618,811 |
| | | 44,081,501 | 41,736,302 | 43,811,314 |
| Expenses | | | | |
| Employee costs | | (20,933,726) | (21,067,400) | (21,303,970) |
| Materials and contracts | | (9,533,744) | (13,511,147) | (7,990,310) |
| Utility charges | | (924,202) | (891,800) | (864,004) |
| Depreciation on non-current assets | 10(c) | (6,474,971) | (5,950,330) | (6,312,279) |
| Interest expenses | 2(b) | (382,102) | (362,120) | (407,485) |
| Insurance expenses | | (353,936) | (517,450) | (454,069) |
| Other expenditure | | (3,617,651) | (3,516,300) | (1,558,323) |
| | | (42,220,332) | (45,816,547) | (38,890,440) |
| | | 1,861,169 | (4,080,245) | 4,920,874 |
| Non-operating grants, subsidies and contributions | 2(a) | 1,487,224 | 1,416,360 | 807,848 |
| Profit on asset disposals | 10(a) | 130,466 | 33,630 | 149,196 |
| (Loss) on asset disposals | 10(a) | (7,462) | (82,670) | (510,000) |
| Fair value adjustments to investment property | 13 | 29,121,020 | 0 | 27,595,033 |
| Share of net loss of associates accounted for using the equity method | 24(a) | (149,996) | 0 | (210,679) |
| | | 30,581,252 | 1,367,320 | 27,831,398 |
| Net result for the period | | 32,442,421 | (2,712,925) | 32,752,272 |
| Gain on net assets transferred following expiration of lease | 13 | 2,877,190 | 0 | 0 |
| Net result (after net asset adjustment) | | 35,319,611 | (2,712,925) | 32,752,272 |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes in asset revaluation surplus | 12 | 35,819,939 | 0 | (1,272,905) |
| Total other comprehensive income for the period | | 35,819,939 | 0 | (1,272,905) |
| Total comprehensive income for the period | | 71,139,550 | (2,712,925) | 31,479,367 |

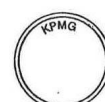
This statement is to be read in conjunction with the accompanying notes.



CITY OF SUBIACO
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

| | NOTE | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| General purpose funding | | 25,799,305 | 25,996,862 | 27,089,648 |
| Law, order, public safety | | 42,662 | 34,300 | 39,451 |
| Health | | 27,578 | 49,350 | 69,447 |
| Education and welfare | | 39,723 | 15,000 | 41,676 |
| Community amenities | | 4,866,596 | 4,892,910 | 4,749,180 |
| Recreation and culture | | 3,305,317 | 2,769,810 | 2,702,346 |
| Transport | | 3,770,173 | 2,558,380 | 2,983,807 |
| Economic services | | 410,230 | 134,060 | 141,864 |
| Other property and services | | 5,819,917 | 5,285,630 | 5,993,895 |
| | | 44,081,501 | 41,736,302 | 43,811,314 |
| Expenses | | | | |
| Governance | | (2,184,247) | (2,412,532) | (2,405,226) |
| General purpose funding | | (2,610,990) | (2,660,130) | (608,534) |
| Law, order, public safety | | (640,233) | (686,970) | (595,779) |
| Health | | (834,197) | (935,380) | (819,569) |
| Education and welfare | | (741,941) | (626,030) | (547,201) |
| Community amenities | | (5,986,257) | (6,809,895) | (5,653,596) |
| Recreation and culture | | (13,336,916) | (14,068,120) | (13,155,980) |
| Transport | | (10,404,590) | (12,024,710) | (10,615,148) |
| Economic services | | (2,914,107) | (3,087,990) | (2,232,054) |
| Other property and services | | (2,184,752) | (2,142,670) | (1,849,868) |
| | | (41,838,230) | (45,454,427) | (38,482,955) |
| Finance Costs | | | | |
| | 2(b) | | | |
| Recreation and culture | | (124,491) | (119,580) | (135,196) |
| Transport | | (10,183) | 0 | (13,240) |
| Economic services | | (238,572) | (242,540) | (250,758) |
| Other property and services | | (8,856) | 0 | (8,291) |
| | | (382,102) | (362,120) | (407,485) |
| | | 1,861,169 | (4,080,245) | 4,920,874 |
| Non-operating grants, subsidies and contributions | 2(a) | 1,487,224 | 1,416,360 | 807,848 |
| Profit on disposal of assets | 10(a) | 130,466 | 33,630 | 149,196 |
| (Loss) on disposal of assets | 10(a) | (7,462) | (82,670) | (510,000) |
| Fair value adjustments to investment property | 13 | 29,121,020 | 0 | 27,595,033 |
| Share of net profit of associates accounted for using the equity method | 24(a) | (149,996) | 0 | (210,679) |
| | | 30,581,252 | 1,367,320 | 27,831,398 |
| Net result for the period (before net asset adjustment) | | 32,442,421 | (2,712,925) | 32,752,272 |
| Gain on net assets transferred following expiration of lease | 13 | 2,877,190 | 0 | 0 |
| Net result (after net asset adjustment) | | 35,319,611 | (2,712,925) | 32,752,272 |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes in asset revaluation surplus | 12 | 35,819,939 | 0 | (1,272,905) |
| Total other comprehensive income for the period | | 35,819,939 | 0 | (1,272,905) |
| Total comprehensive income for the period | | 71,139,550 | (2,712,925) | 31,479,367 |

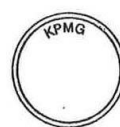
This statement is to be read in conjunction with the accompanying notes.



CITY OF SUBIACO
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

| | NOTE | 2021 \$ | 2020 \$ |
|--------------------------------------|-------|--------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 70,183,770 | 53,126,518 |
| Trade and other receivables | 5 | 2,052,477 | 2,133,171 |
| Inventories | 6 | 13,262 | 10,391 |
| Other assets | 7 | 99,535 | 57,344 |
| TOTAL CURRENT ASSETS | | 72,349,044 | 55,327,424 |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | 5 | 105,420 | 93,886 |
| Investment in associate | 24(a) | 1,246,976 | 1,396,882 |
| Property, plant and equipment | 8 | 124,655,730 | 84,560,604 |
| Infrastructure | 9 | 129,806,448 | 128,591,029 |
| Investment property | 13 | 125,133,500 | 112,825,001 |
| Right-of-use assets | 11(a) | 563,656 | 721,632 |
| TOTAL NON-CURRENT ASSETS | | 381,511,730 | 328,189,034 |
| TOTAL ASSETS | | 453,860,774 | 383,516,458 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 14 | 4,448,562 | 5,038,409 |
| Other liabilities | 15 | 136,347 | 15,859 |
| Lease liabilities | 16(a) | 208,463 | 219,869 |
| Borrowings | 17(a) | 481,189 | 422,160 |
| Employee related provisions | 18 | 3,580,138 | 3,317,023 |
| TOTAL CURRENT LIABILITIES | | 8,854,699 | 9,013,320 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 16(a) | 372,582 | 512,943 |
| Borrowings | 17(a) | 5,884,149 | 6,365,340 |
| Employee related provisions | 18 | 375,264 | 390,325 |
| TOTAL NON-CURRENT LIABILITIES | | 6,631,995 | 7,268,608 |
| TOTAL LIABILITIES | | 15,486,694 | 16,281,928 |
| NET ASSETS | | 438,374,080 | 367,234,530 |
| EQUITY | | | |
| Retained surplus | | 215,672,088 | 195,376,179 |
| Reserves - cash backed | 4 | 56,936,155 | 41,912,453 |
| Revaluation surplus | 12 | 165,765,837 | 129,945,898 |
| TOTAL EQUITY | | 438,374,080 | 367,234,530 |

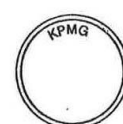
This statement is to be read in conjunction with the accompanying notes.



CITY OF SUBIACO
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

| | NOTE | RETAINED SURPLUS \$ | RESERVES CASH BACKED \$ | REVALUATION SURPLUS \$ | TOTAL EQUITY \$ |
|--|------|---------------------------|----------------------------------|------------------------------|-----------------------|
| Restated balance at 1 July 2019 | | 158,100,266 | 46,436,094 | 131,218,803 | 335,755,163 |
| Comprehensive income | | | | | |
| Net result for the period | | 32,752,272 | 0 | 0 | 32,752,272 |
| Other comprehensive income | 12 | 0 | 0 | (1,272,905) | (1,272,905) |
| Total comprehensive income | | 32,752,272 | 0 | (1,272,905) | 31,479,367 |
| Transfers from reserves | 4 | 15,624,677 | (15,624,677) | 0 | 0 |
| Transfers to reserves | 4 | (11,101,036) | 11,101,036 | 0 | 0 |
| Balance as at 30 June 2020 | | 195,376,179 | 41,912,453 | 129,945,898 | 367,234,530 |
| Comprehensive income | | | | | |
| Net result for the period | | 35,319,611 | 0 | 0 | 35,319,611 |
| Other comprehensive income | 12 | | 0 | 35,819,939 | 35,819,939 |
| Total comprehensive income | | 35,319,611 | 0 | 35,819,939 | 71,139,550 |
| Transfers from reserves | 4 | 8,719,168 | (8,719,168) | 0 | 0 |
| Transfers to reserves | 4 | (23,742,870) | 23,742,870 | 0 | 0 |
| Balance as at 30 June 2021 | | 215,672,088 | 56,936,155 | 165,765,837 | 438,374,080 |

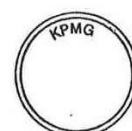
This statement is to be read in conjunction with the accompanying notes.



CITY OF SUBIACO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

| | NOTE | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Rates | | 24,711,353 | 24,717,332 | 24,102,125 |
| Operating grants, subsidies and contributions | | 1,055,042 | 542,680 | 1,378,942 |
| Operating reimbursements and donations | | 846,017 | 736,000 | 978,134 |
| Fees and charges | | 12,285,548 | 10,337,551 | 10,834,203 |
| Sanitation charges | | 4,542,036 | 4,693,910 | 4,547,519 |
| Interest received | | 218,007 | 711,850 | 755,401 |
| Goods and services tax received | | 264,374 | 1,102,344 | 0 |
| Other revenue | | 474,241 | 447,250 | 1,618,811 |
| | | 44,396,618 | 43,288,917 | 44,215,135 |
| Payments | | | | |
| Employee costs | | (20,813,409) | (20,707,063) | (20,439,638) |
| Materials and contracts | | (10,166,385) | (13,253,556) | (7,288,972) |
| Utility charges | | (924,202) | (891,800) | (864,004) |
| Interest expenses | | (382,102) | (362,120) | (407,485) |
| Insurance paid | | (353,936) | (517,450) | (454,069) |
| Goods and services tax paid | | 0 | (1,102,344) | (259,020) |
| Donations, contributions and grants made | | (256,844) | (202,000) | (223,429) |
| Other expenditure | | (3,360,807) | (3,314,300) | (1,334,894) |
| | | (36,257,685) | (40,350,633) | (31,271,511) |
| Net cash provided by (used in) operating activities | 19 | 8,138,933 | 2,938,284 | 12,943,624 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for purchase of land & buildings | 8(a) | (1,242,321) | (2,949,000) | (1,403,995) |
| Payments for investment properties | 13 | (91,809) | (5,040,000) | (8,517,702) |
| Payments for purchase of furniture | 8(a) | (647,072) | (1,815,185) | (230,247) |
| Payments for purchase of plant & equipment | 8(a) | (599,476) | (1,136,000) | (1,348,862) |
| Payments for construction of infrastructure | 9(a) | (4,772,036) | (10,001,045) | (4,307,800) |
| Non-operating grants, subsidies and contributions | 2(a) | 1,487,224 | 1,416,360 | 807,848 |
| Proceeds from sale of property, plant & equipment | 10(a) | 398,545 | 355,000 | 331,000 |
| Proceeds from sale of investment property | 10(a) | 15,050,000 | 15,050,000 | 0 |
| Net cash provided by (used in) investment activities | | 9,583,055 | (4,119,870) | (14,669,758) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 17(b) | (422,162) | (422,160) | (523,738) |
| Payments for principal portion of lease liabilities | 16(b) | (242,574) | 0 | (210,627) |
| Net cash provided by (used in) financing activities | | (664,736) | (422,160) | (734,365) |
| Net increase (decrease) in cash held | | 17,057,252 | (1,603,746) | (2,460,499) |
| Cash at beginning of year | | 53,126,518 | 47,971,921 | 55,587,017 |
| Cash and cash equivalents at the end of the year | 19 | 70,183,770 | 46,368,175 | 53,126,518 |

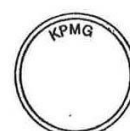
This statement is to be read in conjunction with the accompanying notes.



CITY OF SUBIACO
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

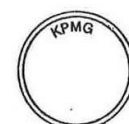
| | NOTE | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|--|--------|----------------------|----------------------|----------------------|
| OPERATING ACTIVITIES | | | | |
| Net current assets at start of financial year - surplus/(deficit) | 27 (b) | 5,043,680 | 2,406,315 | 4,558,208 |
| | | 5,043,680 | 2,406,315 | 4,558,208 |
| Revenue from operating activities (excluding rates) | | | | |
| General purpose funding | | 846,135 | 1,279,530 | 2,729,704 |
| Law, order, public safety | | 53,729 | 34,300 | 52,883 |
| Health | | 36,364 | 49,350 | 69,447 |
| Education and welfare | | 39,723 | 15,000 | 41,676 |
| Community amenities | | 4,716,600 | 4,892,910 | 4,842,232 |
| Recreation and culture | | 3,368,892 | 2,802,390 | 2,727,200 |
| Transport | | 3,806,586 | 2,558,380 | 2,991,573 |
| Economic services | | 29,531,250 | 134,060 | 27,736,897 |
| Other property and services | | 5,830,542 | 5,286,680 | 6,003,987 |
| | | 48,229,821 | 17,052,600 | 47,195,599 |
| Expenditure from operating activities | | | | |
| Governance | | (2,184,247) | (2,412,532) | (2,405,226) |
| General purpose funding | | (2,610,990) | (2,660,130) | (608,534) |
| Law, order, public safety | | (640,233) | (686,970) | (595,779) |
| Health | | (834,197) | (951,980) | (819,569) |
| Education and welfare | | (741,941) | (626,030) | (547,201) |
| Community amenities | | (5,986,257) | (6,809,895) | (5,864,275) |
| Recreation and culture | | (13,468,869) | (14,195,140) | (13,291,176) |
| Transport | | (10,414,773) | (12,051,620) | (10,628,388) |
| Economic services | | (3,152,679) | (3,338,670) | (2,482,812) |
| Other property and services | | (2,193,608) | (2,166,250) | (2,368,159) |
| | | (42,227,794) | (45,899,217) | (39,611,119) |
| Non-cash amounts excluded from operating activities | 27(a) | (22,795,648) | 5,999,370 | (20,789,149) |
| Amount attributable to operating activities | | (11,749,941) | (20,440,932) | (8,646,461) |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | 2(a) | 1,487,224 | 1,416,360 | 807,848 |
| Write back adjustment to share of associate | | 149,996 | 0 | 210,679 |
| Proceeds from disposal of assets | 10(a) | 398,545 | 355,000 | 331,000 |
| Proceeds from disposal of investment properties | | 15,050,000 | 15,050,000 | 0 |
| Purchase of property, plant and equipment | 8(a) | (2,488,869) | (5,900,185) | (2,983,104) |
| Purchase and construction of infrastructure | 9(a) | (4,772,036) | (10,001,045) | (4,307,800) |
| Purchase and development of investment land and buildings | 13 | (91,809) | (5,040,000) | (8,517,702) |
| | | 9,733,051 | (4,119,870) | (14,459,079) |
| Amount attributable to investing activities | | 9,733,051 | (4,119,870) | (14,459,079) |
| FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 17(b) | (422,162) | (422,160) | (523,738) |
| Payments for principal portion of lease liabilities | 16(b) | (242,574) | 0 | (210,627) |
| Transfers to reserves (restricted assets) | 4 | (23,742,870) | (21,749,010) | (11,101,036) |
| Transfers from reserves (restricted assets) | 4 | 8,719,168 | 22,014,640 | 15,624,677 |
| Amount attributable to financing activities | | (15,688,438) | (156,530) | 3,789,276 |
| Surplus/(deficit) before imposition of general rates | | (17,705,328) | (24,717,332) | (19,316,264) |
| Total amount raised from general rates | 26(a) | 24,953,170 | 24,717,332 | 24,359,944 |
| Surplus/(deficit) after imposition of general rates | 27(b) | 7,247,842 | 0 | 5,043,680 |

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



CITY OF SUBIACO
INDEX OF NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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1. BASIS OF PREPARATION

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

The Local Government Act 1995 and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

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

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

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 30 to these financial statements.

INITIAL APPLICATION OF 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 were:

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

The adoption of these standards had no material impact on the financial report.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

It is not expected these standards will have an impact on the financial report.

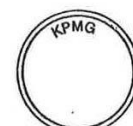
CRITICAL ACCOUNTING ESTIMATES

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

- Employee expenses
- Land held for resale
- Other financial assets
- Property, Plant and Equipment
- Infrastructure
- Right-of-use assets
- Lease liabilities
- Borrowing liabilities
- Provisions



CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

(a) Grant revenue

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

| | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|--|----------------------|----------------------|----------------------|
| Operating grants, subsidies and contributions | | | |
| General purpose funding | 560,898 | 512,680 | 560,082 |
| Law, order, public safety | 623 | 0 | 0 |
| Education and welfare | 0 | 0 | 1,900 |
| Community amenities | 5,470 | 0 | 5,492 |
| Recreation and culture | 1,000 | 5,000 | 5,495 |
| Transport | 66,172 | 25,000 | 124,333 |
| Economic services | 122,750 | 0 | 0 |
| Other property and services | 25,165 | 0 | 20,000 |
| | 782,078 | 542,680 | 717,302 |
| Non-operating grants, subsidies and contributions | | | |
| Community amenities | 0 | 0 | 6,592 |
| Recreation and culture | 67,182 | 166,600 | 6,305 |
| Transport | 1,420,042 | 1,249,760 | 794,951 |
| | 1,487,224 | 1,416,360 | 807,848 |
| Total grants, subsidies and contributions | 2,269,302 | 1,959,040 | 1,525,150 |
| Fees and charges | | | |
| General purpose funding | 67,230 | 55,000 | 199,796 |
| Law, order, public safety | 42,038 | 34,300 | 39,451 |
| Health | 27,578 | 49,350 | 69,447 |
| Education and welfare | 32,964 | 30,830 | 35,151 |
| Community amenities | 305,764 | 198,500 | 162,537 |
| Recreation and culture | 2,855,885 | 2,315,270 | 2,158,604 |
| Transport | 3,662,917 | 2,497,640 | 2,823,283 |
| Economic services | 272,808 | 126,060 | 135,392 |
| Other property and services | 4,998,768 | 4,580,330 | 5,210,542 |
| | 12,265,952 | 9,887,280 | 10,834,203 |

SIGNIFICANT ACCOUNTING POLICIES

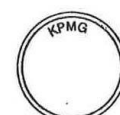
Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.



CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

**Contracts with customers and transfers
for recognisable non-financial assets**

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City was recognised during the year for the following nature or types of goods or services:

| | | | |
|---|-----------|-----------|---------|
| Non-operating grants, subsidies and contributions | 1,487,224 | 1,416,360 | 807,848 |
| | 1,487,224 | 1,416,360 | 807,848 |

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City is comprised of:

| | | | |
|--|-----------|-----------|---------|
| Other revenue from performance obligations satisfied during the year | 1,487,224 | 1,416,360 | 807,848 |
| | 1,487,224 | 1,416,360 | 807,848 |

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

| | | | |
|---|-----------|---|-----------|
| Trade and other receivables from contracts with customers | 1,386,039 | 0 | 1,522,026 |
| Contract liabilities from contracts with customers | (136,347) | 0 | (15,859) |

Contract assets primarily relate to the City's right to consideration for work completed but not billed at 30 June 2020.

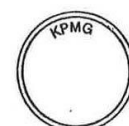
Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'.

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

Consideration from contracts with customers is included in the transaction price.

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.



CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

General rates
 Fines

Other revenue

Other

Interest earnings

Interest on reserve funds
 Rates instalment, deferred and penalty interest (refer Note 26(b))
 Other interest earnings

| | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|--|----------------------|----------------------|----------------------|
| General rates | 24,953,170 | 24,717,332 | 24,359,944 |
| Fines | 950,866 | 864,800 | 764,469 |
| | 25,904,036 | 25,582,132 | 25,124,413 |
| Other revenue | | | |
| Other | 474,241 | 447,250 | 1,618,811 |
| | 474,241 | 447,250 | 1,618,811 |
| Interest earnings | | | |
| Interest on reserve funds | 196,049 | 406,850 | 499,354 |
| Rates instalment, deferred and penalty interest (refer Note 26(b)) | 995 | 5,000 | 92,961 |
| Other interest earnings | 20,963 | 300,000 | 163,086 |
| | 218,007 | 711,850 | 755,401 |

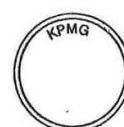
SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest earnings (continued)

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.



CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services

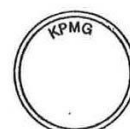
Interest expenses (finance costs)

- Borrowings
- Lease liabilities

Other expenditure

- Impairment loss on trade and other receivables
- Sundry expenses

| Note | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|-------|----------------------|----------------------|----------------------|
| | | | |
| | 65,000 | 45,000 | 91,440 |
| | 2,062 | 5,000 | 2,550 |
| | 67,062 | 50,000 | 93,990 |
| | | | |
| 17(b) | 357,440 | 362,120 | 380,139 |
| 16(b) | 24,662 | 0 | 27,346 |
| | 382,102 | 362,120 | 407,485 |
| | | | |
| | 16,489 | 0 | 24,792 |
| | 3,601,162 | 3,516,300 | 1,533,531 |
| | 3,617,651 | 3,516,300 | 1,558,323 |



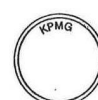
CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

| Revenue Category | Nature of goods and services | When obligations typically satisfied | Payment terms | Returns/Refunds/Warranties | Determination of transaction price | Allocating transaction price | Measuring obligations for returns | Timing of revenue recognition |
|---|--|--------------------------------------|--|---|--|---|--|---|
| Rates - General Rates | General Rates | Over time | Payment dates adopted by council during the year | None | Adopted by Council annually | When taxable event occurs | Not applicable | When rates notice is issued |
| Grant contracts with customers | Community events, minor facilities, research design, planning evaluation and services | Over time | Fixed terms transfer of funds based on agreed milestones and reporting | Contract obligation if project not complete | Set by mutual agreement with the customer | Based on the progress of works to match performance obligations | Returns limited to repayment of transaction price of terms | Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared. |
| Grants, subsidies or contributions for the construction of non-financial assets | Construction or acquisition of recognisable non-financial assets to be controlled by the local government | Over time | Fixed terms transfer of funds based on agreed milestones and reporting | Contract obligation if project not complete | Set by mutual agreement with the customer | Based on the progress of works to match performance obligations | Returns limited to repayment of transaction price of terms | Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared. |
| Grants, subsidies or contributions with no contractual commitments | General appropriations and contributions with no reciprocal commitment | No obligations | Not applicable | Not applicable | Cash received | On receipt of funds | Not applicable | When assets are controlled |
| Fees and charges - licences, registrations, approvals | Building, planning, development and animal management, having the same nature as a licence regardless of naming. | Single point in time | Full payment prior to issue | None | Set by State legislation or limited by legislation to the cost of provision | Based on timing of the associated rights | No refunds | On payment of the licence, registration or approval |
| Fees and charges - pool inspections | Compliance safety check | Single point in time | Equal proportion based on an equal annual fee | None | Set by State legislation | Apportioned equally across the inspection cycle | No refunds | When rates notice is issued |
| Fees and charges - other inspections | Regulatory food, health and safety | Single point in time | Full payment prior to inspection | None | Set by State legislation or limited by legislation to the cost of provision | Applied fully on timing of inspection | Not applicable | Revenue recognised after inspection event occurs |
| Fees and charges - waste management collections | Kerbside collection service | Over time | Payment on an annual basis in advance | None | Adopted by Council annually | Apportioned equally across the collection period | Not applicable | When rates notice is issued |
| Fees and charges - property hire and entry | Use of halls and facilities | Single point in time | In full in advance | Refund if event cancelled within 7 days | Adopted by Council annually | Based on timing of entry to facility | Returns limited to repayment of transaction | On entry or on conclusion of hire |
| Fees and charges - memberships | Gym and pool membership | Over time | Payment in full in advance | Refund for unused portion on application | Adopted by Council annually | Apportioned equally across the access period | Returns limited to repayment of transaction | Output method over 12 months matched to access right |
| Fees and charges - Leases | Commercial leases | Over time | Fixed terms transfer of funds based on lease agreements | Not applicable | Set by lease agreement | Based on timing of the associated rights | Not applicable | In accordance with AASB |
| Other revenue - reimbursements | Outgoings related to Commercial and Social leases | Single point in time | Payment in arrears for outgoings incurred | None | Set by lease agreement | Based on timing of the associated rights | Not applicable | Output method based on provision of service or completion of works |
| Fees and charges - parking fees | Parking fees | Single point in time | Payment in full in advance | None | Adopted by Council annually or additionally in accordance with occupancy rates | Applied fully based on timing of provision | Not applicable | Output method based on provision of service or completion of works |
| Fees and charges for other goods and services | Library fees, reinstatements and private works | Single point in time | Payment in full in advance | None | Adopted by Council annually | Applied fully based on timing of provision | Not applicable | Output method based on provision of service or completion of works |
| Fees and charges - fines | Fines issued for breaches of local laws | Single point in time | Payment in full within defined time | None | Adopted by council through local law | When taxable event occurs | Not applicable | When fine notice is issued |
| Other revenue - reimbursements | Insurance claims | Single point in time | Payment in arrears for claimable event | None | Set by mutual agreement with the customer | When claim is agreed | Not applicable | When claim is agreed |



3. CASH AND CASH EQUIVALENTS

| | NOTE | 2021 \$ | 2020 \$ |
|--|------|-------------------|-------------------|
| Cash at bank and on hand | | 9,247,616 | 1,714,066 |
| Term deposits | | 60,936,154 | 51,412,452 |
| Total cash and cash equivalents | | 70,183,770 | 53,126,518 |
| Restrictions | | | |
| The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used: | | | |
| - Cash and cash equivalents | | 56,936,155 | 41,912,453 |
| | | 56,936,155 | 41,912,453 |
| The restricted assets are a result of the following specific purposes to which the assets may be used: | | | |
| Reserves - cash backed | 4 | 56,936,155 | 41,912,453 |
| Total restricted assets | | 56,936,155 | 41,912,453 |

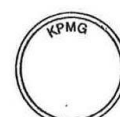
SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less 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.

Restricted assets

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



CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

4. RESERVES - CASH BACKED

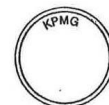
| | 2021 Actual Opening Balance | 2021 Actual Transfer to | 2021 Actual Transfer (from) | 2021 Actual Closing Balance | 2021 Budget Opening Balance | 2021 Budget Transfer to | 2021 Budget Transfer (from) | 2021 Budget Closing Balance | 2020 Actual Opening Balance | 2020 Actual Transfer to | 2020 Actual Transfer (from) | 2020 Actual Closing Balance |
|---|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| (a) Plant and Equipment Replacement | 1,680,395 | 140,148 | (91,151) | 1,729,392 | 1,876,389 | 115,070 | (605,000) | 1,386,459 | 1,896,564 | 623,145 | (839,314) | 1,680,395 |
| (b) Building and Facilities | 1,952,725 | 737,358 | (360,270) | 2,329,813 | 1,923,460 | 592,960 | (2,036,700) | 479,720 | 1,383,360 | 1,122,214 | (552,849) | 1,952,725 |
| (c) Parking and Public Transport Improvements | 1,732,039 | 885,642 | (149,111) | 2,468,570 | 1,662,294 | 17,650 | (160,000) | 1,519,944 | 1,708,564 | 171,261 | (147,786) | 1,732,039 |
| (d) Waste Management | 2,921,759 | 145,272 | (22,500) | 3,044,531 | 2,863,633 | 156,910 | (51,000) | 2,969,543 | 2,267,848 | 676,411 | (22,500) | 2,921,759 |
| (e) Undergrounding of Power Lines | 89,221 | 450,273 | (458,920) | 80,574 | 84,985 | 450,820 | (462,890) | 72,915 | 345,595 | 204,300 | (460,674) | 89,221 |
| (f) Capital Investment | 16,033,055 | 15,050,000 | (2,809,569) (*) | 28,273,486 | 16,032,851 | 15,050,000 | (7,320,800) | 23,762,051 | 23,414,326 | 1,214,425 | (8,595,696) | 16,033,055 |
| (g) Student Bursaries | 58,468 | 179 | 0 | 58,647 | 58,379 | 690 | 0 | 59,069 | 57,749 | 719 | 0 | 58,468 |
| (h) Infrastructure Replacement | 5,842,953 | 2,222,623 | (1,384,905) | 6,680,671 | 5,658,268 | 1,681,680 | (4,000,587) | 3,339,361 | 4,551,904 | 2,217,592 | (926,543) | 5,842,953 |
| (i) Investment Income Reserve | 10,633,913 | 3,791,530 | (3,289,442) | 11,136,001 | 11,018,890 | 3,441,920 | (7,010,773) | 7,450,037 | 10,047,692 | 4,528,221 | (3,942,000) | 10,633,913 |
| (j) Public Art | 553,987 | 187,077 | (50,385) | 690,679 | 549,820 | 188,750 | (285,380) | 453,190 | 285,430 | 286,812 | (18,255) | 553,987 |
| (k) Heritage Grants Reserve | 99,549 | 50,305 | (52,915) | 96,939 | 99,364 | 51,200 | (51,510) | 99,054 | 101,454 | 51,262 | (53,167) | 99,549 |
| (l) Information Technology Reserve | 314,389 | 82,463 | (50,000) | 346,852 | 341,028 | 1,360 | (30,000) | 312,388 | 375,608 | 4,674 | (65,893) | 314,389 |
| | 41,912,453 | 23,742,870 | (8,719,168) | 56,936,155 | 42,169,361 | 21,749,010 | (22,014,640) | 41,903,731 | 46,436,094 | 11,101,036 | (15,624,677) | 41,912,453 |

(*) In response to the Covid-19 pandemic, Council resolved through its annual budget 2020-21 (adopted by Council on 18 August 2020) to provide a one off contribution of \$2,000,000 against its total rates levied .
This contribution was funded through a transfer from the Capital Investment Reserve in accordance with Council's resolution.

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

In accordance with Council resolutions or adopted budget 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 |
|---|-------------------------|---|
| (a) Plant and Equipment Replacement | Ongoing | To fund future replacement of plant. |
| (b) Building and Facilities | Ongoing | To provide funds for the future maintenance of council buildings and facilities. |
| (c) Parking and Public Transport Improvements | Ongoing | To maintain and improve the parking facilities within the City. |
| (d) 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. |
| (e) 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. |
| (f) 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. 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. |
| (g) Student Bursaries | Ongoing | To provide for the development of students within the City of Subiaco. |
| (h) Infrastructure Replacement | Ongoing | To ensure the continued funding of infrastructure replacement. |
| (i) 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 Investment Assets. 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 to 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. |
| (j) Public Art | Ongoing | To enable the City to support the development and procurement of significant works. |
| (k) Heritage Grants Reserve | Ongoing | 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. |
| (l) Information Technology Reserve | Ongoing | To fund replacement of IT infrastructure and systems. |



5. TRADE AND OTHER RECEIVABLES

Current

| | |
|---|--|
| Rates receivable | |
| Trade and other receivables | |
| GST receivable | |
| Allowance for impairment of receivables | |
| Accrued Income | |

Non-current

| | |
|------------------------------------|--|
| Pensioner's rates and ESL deferred | |
|------------------------------------|--|

| 2021 | 2020 |
|-----------|-----------|
| \$ | \$ |
| 1,325,243 | 969,491 |
| 1,386,039 | 1,522,026 |
| 204,932 | 469,306 |
| (878,754) | (862,265) |
| 15,017 | 34,613 |
| 2,052,477 | 2,133,171 |
| 105,420 | 93,886 |
| 105,420 | 93,886 |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 28.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

6. INVENTORIES

Current

Consumables

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Changes to inventory

Carrying amount at end of period

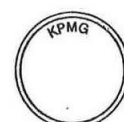
| 2021 | 2020 |
|--------|----------|
| \$ | \$ |
| 13,262 | 10,391 |
| 13,262 | 10,391 |
| 10,391 | 26,616 |
| 2,871 | (16,225) |
| 13,262 | 10,391 |

SIGNIFICANT ACCOUNTING POLICIES

General

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

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



7. OTHER ASSETS

Other assets - current

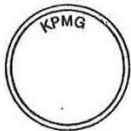
Prepayments

| 2021 | 2020 |
|--------|--------|
| \$ | \$ |
| 99,535 | 57,344 |
| 99,535 | 57,344 |

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond



8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

| | Land | Buildings - non- specialised | Buildings - specialised | Total land and buildings | Furniture and equipment | Plant and equipment | Total property, plant and equipment |
|---|-------------|------------------------------------|----------------------------|--------------------------------|-------------------------------|------------------------|--|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2019 | 54,993,333 | 116,748 | 26,167,960 | 81,278,041 | 1,364,624 | 2,736,489 | 85,379,154 |
| Additions | 278,707 | 0 | 1,125,288 | 1,403,995 | 230,247 | 1,348,862 | 2,983,104 |
| (Disposals) | 0 | 0 | 0 | 0 | 0 | (181,804) | (181,804) |
| Revaluation increments / (decrements) transferred to revaluation surplus | (1,333,333) | 0 | 0 | (1,333,333) | 0 | 0 | (1,333,333) |
| Depreciation (expense) | 0 | (7,296) | (1,070,890) | (1,078,186) | (368,378) | (839,953) | (2,286,517) |
| Balance at 30 June 2020 | 53,938,707 | 109,452 | 26,222,358 | 80,270,517 | 1,226,493 | 3,063,594 | 84,560,604 |
| Comprises: | | | | | | | |
| Gross balance amount at 30 June 2020 | 53,938,707 | 131,342 | 29,327,636 | 83,397,685 | 1,870,885 | 5,856,243 | 91,124,813 |
| Accumulated depreciation at 30 June 2020 | 0 | (21,890) | (3,105,278) | (3,127,168) | (644,392) | (2,792,649) | (6,564,209) |
| Balance at 30 June 2020 | 53,938,707 | 109,452 | 26,222,358 | 80,270,517 | 1,226,493 | 3,063,594 | 84,560,604 |
| Additions | 0 | 0 | 1,242,321 | 1,242,321 | 647,072 | 599,476 | 2,488,869 |
| (Disposals) | 0 | 0 | 0 | 0 | 0 | (275,541) | (275,541) |
| Revaluation increments / (decrements) transferred to revaluation surplus | 28,189,211 | 462,845 | 7,167,793 | 35,819,849 | 0 | 0 | 35,819,849 |
| Depreciation (expense) | 0 | (7,297) | (1,214,303) | (1,221,600) | (383,887) | (785,377) | (2,390,864) |
| Transfers between asset classes | 2,664,082 | 0 | 1,788,731 | 4,452,813 | 0 | 0 | 4,452,813 |
| Balance at 30 June 2021 | 84,792,000 | 565,000 | 35,206,900 | 120,563,900 | 1,489,678 | 2,602,152 | 124,655,730 |
| Comprises: | | | | | | | |
| Gross balance amount at 30 June 2021 | 84,792,000 | 565,000 | 35,206,900 | 120,563,900 | 2,517,958 | 5,939,082 | 129,020,940 |
| Accumulated depreciation at 30 June 2021 | 0 | 0 | 0 | 0 | (1,028,280) | (3,336,930) | (4,365,210) |
| Balance at 30 June 2021 | 84,792,000 | 565,000 | 35,206,900 | 120,563,900 | 1,489,678 | 2,602,152 | 124,655,730 |

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

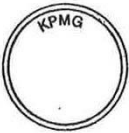
| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|-----------------------------|----------------------|---|--------------------------------|------------------------|---|
| (i) Fair Value | | | | | |
| Land and buildings | | | | | |
| Land | 2 | Sales comparison approach | Independent registered valuers | June 2021 | Price per square metre |
| Buildings - non-specialised | 2 | Sales comparison approach | Independent registered valuers | June 2021 | Price per square metre |
| Buildings - specialised | 2 and 3 | Sales comparison approach (level 2) and cost approach (level 3) | Independent registered valuers | June 2021 | Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount. |

(ii) Cost

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change was effective from 1 July 2019 and represented a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.

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.



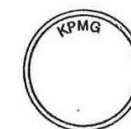
CITY OF SUBIACO
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9. INFRASTRUCTURE

(a) Movements in Balances

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

| | Infrastructure - roads | Infrastructure - footpaths | Infrastructure - drainage | Infrastructure - other infrastructure | Infrastructure - streetscape | Infrastructure - parks, gardens, reserves and equipment | Total Infrastructure |
|--|---------------------------|-------------------------------|------------------------------|---|---------------------------------|--|-------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2019 | 72,961,297 | 18,071,374 | 23,215,464 | 1,856,867 | 4,944,069 | 7,038,113 | 128,087,184 |
| Additions | 2,534,419 | 142,996 | 77,850 | 0 | 698,744 | 853,791 | 4,307,800 |
| Depreciation (expense) | (1,695,053) | (339,304) | (261,844) | (116,893) | (338,778) | (1,052,083) | (3,803,955) |
| Balance at 30 June 2020 | 73,800,663 | 17,875,066 | 23,031,470 | 1,739,974 | 5,304,035 | 6,839,821 | 128,591,029 |
| Comprises: | | | | | | | |
| Gross balance at 30 June 2020 | 77,131,209 | 18,551,057 | 23,554,295 | 1,973,760 | 5,941,763 | 8,842,387 | 135,994,471 |
| Accumulated depreciation at 30 June 2020 | (3,330,546) | (675,991) | (522,825) | (233,786) | (637,728) | (2,002,566) | (7,403,442) |
| Balance at 30 June 2020 | 73,800,663 | 17,875,066 | 23,031,470 | 1,739,974 | 5,304,035 | 6,839,821 | 128,591,029 |
| Additions | 2,668,561 | 282,892 | 244,775 | 0 | 615,724 | 960,084 | 4,772,036 |
| Depreciation (expense) | (1,698,204) | (341,863) | (263,698) | (116,893) | (349,933) | (1,064,733) | (3,835,324) |
| Transfers between asset classes | 0 | 0 | 0 | 0 | 278,707 | 0 | 278,707 |
| Balance at 30 June 2021 | 74,771,020 | 17,816,095 | 23,012,547 | 1,623,081 | 5,848,533 | 6,735,172 | 129,806,448 |
| Comprises: | | | | | | | |
| Gross balance at 30 June 2021 | 79,799,770 | 18,833,950 | 23,799,070 | 1,973,760 | 6,836,194 | 9,802,471 | 141,045,215 |
| Accumulated depreciation at 30 June 2021 | (5,028,750) | (1,017,855) | (786,523) | (350,679) | (987,661) | (3,067,299) | (11,238,767) |
| Balance at 30 June 2021 | 74,771,020 | 17,816,095 | 23,012,547 | 1,623,081 | 5,848,533 | 6,735,172 | 129,806,448 |



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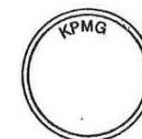
9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|--|----------------------|--|--------------------------------|------------------------|---|
| (i) Fair Value | | | | | |
| Infrastructure - roads | 3 | Cost Approach using depreciated replacement cost | Independent registered valuers | June 2018 | 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 2018 | 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 2018 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - other infrastructure | 2 or 3 | Market approach using recent observable market data for similar items / Cost approach using depreciated replacement cost | Independent registered valuers | June 2018 | Price per item / Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - streetscape | 3 | Cost Approach using depreciated replacement cost | Independent registered valuers | June 2018 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - parks, gardens, reserves and equipment | 3 | Approach using depreciated replacement cost | Independent registered valuers | June 2018 | 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 to determine the fair value of infrastructure using level 3 inputs.



10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

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 zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the City.

Revaluation (Continued)

At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

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

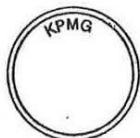
Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

Refer to Note 11 that details the significant accounting policies applying to leases (including right-of-use assets).



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10. FIXED ASSETS

(a) Disposals of Assets

| | 2021 Actual Net Book Value | 2021 Actual Sale Proceeds | 2021 Actual Profit | 2021 Actual Loss | 2021 Budget Net Book Value | 2021 Budget Sale Proceeds | 2021 Budget Profit | 2021 Budget Loss | 2020 Actual Net Book Value | 2020 Actual Sale Proceeds | 2020 Actual Profit | 2020 Actual Loss |
|-----------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Plant and equipment | 275,541 | 398,545 | 130,466 | (7,462) | 404,040 | 355,000 | 33,630 | (82,670) | 181,804 | 331,000 | 149,196 | 0 |
| Investment Properties | 15,050,000 | 15,050,000 | 0 | 0 | 15,050,000 | 15,050,000 | 0 | 0 | 510,000 | 0 | 0 | (510,000) |
| | 15,325,541 | 15,448,545 | 130,466 | (7,462) | 15,454,040 | 15,405,000 | 33,630 | (82,670) | 691,804 | 331,000 | 149,196 | (510,000) |

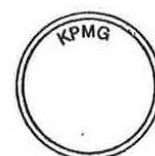
The following assets were disposed of during the year.

| | 2021 Actual Net Book Value | 2021 Actual Sale Proceeds | 2021 Actual Profit | 2021 Actual Loss |
|------------------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| Plant and Equipment | | | | |
| Law, order, public safety | | | | |
| Light Vehicles | 13,933 | 25,000 | 11,067 | 0 |
| Health | | | | |
| Light Vehicles | 45,078 | 53,864 | 8,786 | 0 |
| Recreation and culture | | | | |
| Major Plant | 7,917 | 455 | 0 | (7,462) |
| Light Vehicles | 85,271 | 128,440 | 43,169 | 0 |
| Heavy Vehicles | 1,096 | 12,727 | 11,631 | 0 |
| Major Plant | 3,966 | 12,741 | 8,775 | 0 |
| Transport | | | | |
| Light Vehicles | 96,178 | 132,591 | 36,413 | 0 |
| Other property and services | | | | |
| Light Vehicles | 22,102 | 32,727 | 10,625 | 0 |
| | 275,541 | 398,545 | 130,466 | (7,462) |
| Investment Properties | | | | |
| Other property and services | | | | |
| Investment land and buildings | 15,050,000 | 15,050,000 | 0 | 0 |
| | 15,325,541 | 15,448,545 | 130,466 | (7,462) |

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the City which are currently in use yet fully depreciated are shown in the table below.

| | 2021 | 2020 |
|-------------------------|-----------|-----------|
| | \$ | \$ |
| Furniture and equipment | 1,235,661 | 1,040,281 |
| Plant and equipment | 40,608 | 28,167 |
| | 1,276,269 | 1,068,448 |



10. FIXED ASSETS

(c) Depreciation

| | 2021 Actual | 2021 Budget | 2020 Actual |
|---|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Buildings - non-specialised | 7,297 | 7,300 | 7,296 |
| Buildings - specialised | 1,214,303 | 1,013,160 | 1,070,890 |
| Furniture and equipment | 383,887 | 291,180 | 368,378 |
| Plant and equipment | 785,377 | 1,039,200 | 839,953 |
| Infrastructure - roads | 1,698,204 | 1,620,395 | 1,695,053 |
| Infrastructure - footpaths | 341,863 | 326,199 | 339,304 |
| Infrastructure - drainage | 263,698 | 251,616 | 261,844 |
| Infrastructure - other infrastructure | 116,893 | 105,591 | 116,893 |
| Infrastructure - streetscape | 349,933 | 333,900 | 338,778 |
| Infrastructure - parks, gardens, reserves and equipment | 1,064,733 | 961,789 | 1,052,083 |
| Right-of-use assets - land and buildings | 137,297 | 0 | 133,948 |
| Right-of-use assets - plant and equipment | 111,486 | 0 | 87,859 |
| | 6,474,971 | 5,950,330 | 6,312,279 |

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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.

Depreciation rates

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

| Asset Class | Useful life |
|--|-----------------------------------|
| Buildings | 20 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 to 60 years |
| seal | |
| - bituminous seals | 20 years |
| - asphalt surfaces | 15 to 30 years |
| Gravel roads | |
| formation | not depreciated |
| pavement | 50 to 60 years |
| Footpaths - slab | 30 to 60 years |
| Sewerage piping | 100 years |
| Water supply piping and drainage systems | 60 to 120 years |
| Right of use (buildings) | Based on the remaining lease term |
| Right of use (plant and equipment) | Based on the remaining lease term |

Depreciation on revaluation

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:

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

11. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

| | Right-of-use assets - land and buildings | Right-of-use assets - plant and equipment | Right-of-use assets Total |
|-------------------------|---|--|------------------------------|
| | \$ | \$ | |
| Balance at 1 July 2019 | 218,581 | 234,211 | 452,792 |
| Additions | 490,647 | 0 | 490,647 |
| Depreciation (expense) | (133,948) | (87,859) | (221,807) |
| Balance at 30 June 2020 | 575,280 | 146,352 | 721,632 |
| Additions | 0 | 90,807 | 90,807 |
| Depreciation (expense) | (137,297) | (111,486) | (248,783) |
| Balance at 30 June 2021 | 437,983 | 125,673 | 563,656 |

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

| | 2021 Actual | 2020 Actual |
|---------------------------------------|----------------|----------------|
| | \$ | \$ |
| Interest expense on lease liabilities | (24,662) | (27,346) |
| Lease principal expense | (242,574) | (210,627) |
| Total cash outflow from lease | (267,236) | (237,973) |

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the City uses its incremental borrowing rate.

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

Leases for right-of-use assets are secured over the asset being leased.

Right-of-use assets - valuation

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Right-of-use assets - depreciation

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

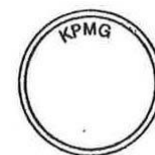


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12. REVALUATION SURPLUS

| | 2021 Opening Balance | 2021 Revaluation Increment | 2021 Revaluation (Decrement) | Total Movement on Revaluation | 2021 Closing Balance | 2020 Opening Balance | 2020 Change in Accounting Policy | 2020 Revaluation Increment | 2020 Revaluation (Decrement) | Total Movement on Revaluation | 2020 Closing Balance |
|---|----------------------------|----------------------------------|------------------------------------|-------------------------------------|----------------------------|----------------------------|--|----------------------------------|------------------------------------|-------------------------------------|----------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revaluation surplus - Land and Buildings | 53,119,469 | 35,819,849 | 0 | 35,819,849 | 88,939,318 | 54,452,802 | 0 | 0 | (1,333,333) | (1,333,333) | 53,119,469 |
| Revaluation surplus - Plant and equipment | 0 | 0 | 0 | 0 | 0 | 675,972 | (675,972) | 0 | 0 | 0 | 0 |
| Revaluation surplus - Infrastructure - roads | 48,408,545 | 0 | 0 | 0 | 48,408,545 | 48,408,545 | 0 | 0 | 0 | 0 | 48,408,545 |
| Revaluation surplus - Infrastructure - footpaths | 14,556,241 | 0 | 0 | 0 | 14,556,241 | 14,556,241 | 0 | 0 | 0 | 0 | 14,556,241 |
| Revaluation surplus - Infrastructure - drainage | 11,601,712 | 0 | 0 | 0 | 11,601,712 | 11,601,712 | 0 | 0 | 0 | 0 | 11,601,712 |
| Revaluation surplus - Infrastructure - other infrastructure | 2,149,056 | 0 | 0 | 0 | 2,149,056 | 2,149,056 | 0 | 0 | 0 | 0 | 2,149,056 |
| Revaluation surplus - Investment in Associate | 110,875 | 90 | 0 | 90 | 110,965 | 202,646 | (152,199) | 86,417 | (25,989) | 60,428 | 110,875 |
| | 129,945,898 | 35,819,939 | 0 | 35,819,939 | 165,765,837 | 132,046,974 | (828,171) | 86,417 | (1,359,322) | (1,272,905) | 129,945,898 |

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



13. INVESTMENT PROPERTY

Investment Land - at fair value

| | 2021 Actual \$ | 2020 Actual \$ |
|--|----------------------|----------------------|
| Carrying balance at 1 July | 93,588,367 | 62,900,000 |
| Transfers between asset classes | (2,942,789) | 0 |
| Acquisitions | 0 | 3,017,387 |
| Capitalised subsequent expenditure | 0 | 75,947 |
| Sales | (9,958,047) | 0 |
| Net gain/(loss) from fair value adjustment | 26,492,469 | 27,595,033 |
| Closing balance at 30 June | 107,180,000 | 93,588,367 |

Investment Buildings - at fair value

| | | |
|---|-------------|------------|
| Carrying balance at 1 July | 19,236,634 | 14,322,266 |
| Transfers between asset classes | (1,788,731) | 0 |
| Acquisitions | 0 | 3,419,705 |
| Acquisition following expiration of lease (*) | 2,877,190 | 0 |
| Capitalised subsequent expenditure | 91,809 | 2,004,663 |
| Classified as held for sale or disposal | 0 | (510,000) |
| Sales | (5,091,953) | 0 |
| Net gain/(loss) from fair value adjustment | 2,628,551 | 0 |
| Closing balance at 30 June | 17,953,500 | 19,236,634 |

Non-current assets - at fair value

| | | |
|---|--------------|-------------|
| Carrying balance at 1 July | 112,825,001 | 77,222,266 |
| Transfers between asset classes | (4,731,520) | 0 |
| Acquisitions | 0 | 6,437,092 |
| Acquisition following expiration of lease (*) | 2,877,190 | 0 |
| Capitalised subsequent expenditure | 91,809 | 2,080,610 |
| Classified as held for sale or disposal | (15,050,000) | (510,000) |
| Net gain/(loss) from fair value adjustment | 29,121,020 | 27,595,033 |
| Closing balance at 30 June | 125,133,500 | 112,825,001 |

(*) In 2020-21 the City acquired buildings situated on City owned land following expiration of ground leases with tenants. The lease agreements provided for any improvements on the land to be retained by the City upon lease expiry.

Amounts recognised in profit or loss for investment properties

| | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|--|----------------------|----------------------|----------------------|
| Rental income | 4,975,924 | 4,556,830 | 5,195,896 |
| Direct operating expenses from property that generated rental income | (931,857) | (961,180) | (815,911) |

Leasing arrangements

Investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

| | | | |
|--|------------|-----------|------------|
| Within one year | 5,416,844 | 4,556,830 | 5,401,204 |
| Later than one year but not later than 5 years | 15,801,761 | 0 | 19,279,247 |
| Later than 5 years | 3,558,949 | 0 | 13,902,118 |
| | 24,777,554 | 4,556,830 | 38,582,569 |

SIGNIFICANT ACCOUNTING POLICIES

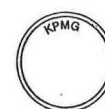
Investment properties

Investment properties are principally freehold buildings, held for long-term rental yields and not occupied by the City. They are carried at fair value. Changes in the fair values are presented in profit or loss as a part of other revenue.

Rental income and operating expenses from investment properties are reported within revenue and other expenses respectively.

Fair value of investment properties

An independent valuation was performed to determine the fair value of investment properties. The main Level 3 inputs used in the valuation were discount rates, terminal yields, expected vacancy rates and rental growth rates estimated by management based on comparable transactions and industry data.



14. TRADE AND OTHER PAYABLES

Current

| |
|--------------------------------|
| Sundry creditors |
| Prepaid rates |
| Accrued salaries and wages |
| Bonds and deposits held |
| Accrued interest on debentures |
| Income in advance |
| Accrued expenses |

| 2021 | 2020 |
|-----------|-----------|
| \$ | \$ |
| 1,999,174 | 2,571,629 |
| 241,090 | 115,621 |
| 505,806 | 633,543 |
| 1,199,488 | 1,206,667 |
| 76,166 | 80,292 |
| 91,825 | 151,010 |
| 335,013 | 279,647 |
| 4,448,562 | 5,038,409 |

SIGNIFICANT ACCOUNTING POLICIES

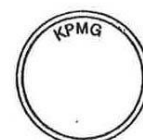
Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition

Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the City recognises revenue for the prepaid rates that have not been refunded.



15. OTHER LIABILITIES

Current

Contract liabilities

| 2021 | 2020 |
|---------|--------|
| \$ | \$ |
| 136,347 | 15,859 |
| 136,347 | 15,859 |

Performance obligations for each type of liability are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

| 2021 | 2020 |
|---------|--------|
| \$ | \$ |
| 136,347 | 15,859 |

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

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

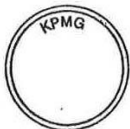
Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity

Grant liabilities represent the the City's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

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

Service concession liabilities

Service concession liabilities relate to the grant of right to an operator in respect of an asset controlled by the City. They represent the unearned revenue related to the grant of right, and is recognised as revenue according to the economic substance of the service concession arrangement.



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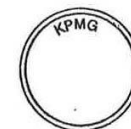
16. LEASE LIABILITIES

(a) Lease Liabilities

| | 2021 | 2020 |
|-------------|---------|---------|
| | \$ | \$ |
| Current | 208,463 | 219,869 |
| Non-current | 372,582 | 512,943 |
| | 581,045 | 732,812 |

(b) Movements in Carrying Amounts

| Purpose | Lease Interest Rate | Lease Term | Actual Lease Principal 1 July 2020 | 30 June 2021 Actual New Leases | 30 June 2021 Actual Lease Principal Repayments | 30 June 2021 Actual Lease Principal Outstanding | 30 June 2021 Actual Lease Interest Repayments | Actual Lease Principal 1 July 2019 | 30 June 2020 Actual New Leases | 30 June 2020 Actual Lease Principal Repayments | 30 June 2020 Actual Lease Principal Outstanding | 30 June 2020 Actual Lease Interest Repayments |
|------------------------------------|---------------------|------------|------------------------------------|--------------------------------|--|---|---|------------------------------------|--------------------------------|--|---|---|
| | | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Recreation and culture | | | | | | | | | | | | |
| Gym Equipment | 3.02% | 3 years | 148,549 | 0 | (88,245) | 60,304 | (3,232) | 234,211 | 0 | (85,662) | 148,549 | (5,815) |
| Gym Equipment | 3.02% | 4 years | 0 | 90,807 | (22,704) | 68,103 | (2,391) | 0 | 0 | 0 | 0 | 0 |
| Transport | | | | | | | | | | | | |
| Carpark | 3.02% | 5 years | 389,224 | 0 | (104,481) | 284,743 | (10,183) | 0 | 490,647 | (101,423) | 389,224 | (13,240) |
| Other property and services | | | | | | | | | | | | |
| Depot Site | 5.02% | 10 years | 184,215 | 0 | (16,320) | 167,895 | (8,680) | 197,250 | 0 | (13,035) | 184,215 | (7,798) |
| Depot Site | 3.02% | 3 years | 10,824 | 0 | (10,824) | 0 | (176) | 21,332 | 0 | (10,507) | 10,825 | (493) |
| | | | 732,812 | 90,807 | (242,574) | 581,045 | (24,662) | 452,793 | 490,647 | (210,627) | 732,813 | (27,346) |



CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

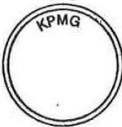
17. INFORMATION ON BORROWINGS

| (a) Borrowings | 2021 | 2020 |
|----------------|-----------|-----------|
| | \$ | \$ |
| Current | 481,189 | 422,160 |
| Non-current | 5,884,149 | 6,365,340 |
| | 6,365,338 | 6,787,500 |

(b) Repayments - Borrowings

| Particulars | Loan Number | Institution | Interest Rate | 30 June 2021 | | | | | 30 June 2021 | | | | | 30 June 2020 | | | | |
|-------------------------------|-------------|-------------|---------------|------------------|------------------|-----------------------------|----------------------------|------------------------------|------------------|------------------|-----------------------------|----------------------------|------------------------------|------------------|------------------|-----------------------------|----------------------------|------------------------------|
| | | | | Actual Principal | Actual New Loans | Actual Principal repayments | Actual Interest repayments | Actual Principal outstanding | Budget Principal | Budget New Loans | Budget Principal repayments | Budget Interest repayments | Budget Principal outstanding | Actual Principal | Actual New Loans | Actual Principal repayments | Actual Interest repayments | Actual Principal outstanding |
| | | | | 1 July 2020 | | | | | 1 July 2020 | | | | | 1 July 2019 | | | | |
| | | | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Recreation and culture | | | | | | | | | | | | | | | | | | |
| Regal Theatre Contribution | 126 | WATC | 2.39% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100,000 | 0 | (100,000) | (1,067) | 0 |
| Rosalie Park Improvements | 121A | WATC | 6.21% | 492,704 | 0 | (36,846) | (33,380) | 455,858 | 492,710 | 0 | (36,850) | (33,400) | 455,860 | 527,365 | 0 | (34,661) | (36,607) | 492,704 |
| Rosalie Park Improvements | 121B | WATC | 6.07% | 114,007 | 0 | (7,550) | (7,576) | 106,457 | 114,010 | 0 | (7,550) | (7,800) | 106,460 | 121,119 | 0 | (7,112) | (7,241) | 114,007 |
| Rosalie Park Improvements | 121C | WATC | 4.54% | 850,925 | 0 | (44,582) | (40,634) | 806,343 | 850,920 | 0 | (44,580) | (43,510) | 806,340 | 903,895 | 0 | (52,970) | (32,586) | 850,925 |
| Rosalie Park Improvements | 121D | WATC | 3.38% | 110,798 | 0 | (20,700) | (4,309) | 90,098 | 110,790 | 0 | (20,700) | (4,310) | 90,090 | 140,575 | 0 | (29,777) | (7,523) | 110,798 |
| Lake Jualbup | 127 | WATC | 3.13% | 824,135 | 0 | (92,132) | (32,969) | 732,003 | 824,140 | 0 | (92,130) | (30,560) | 732,010 | 913,438 | 0 | (89,303) | (46,745) | 824,135 |
| Economic services | | | | | | | | | | | | | | | | | | |
| Undergrounding of Powerlines | 123A | WATC | 5.14% | 2,596,157 | 0 | (130,585) | (147,331) | 2,465,572 | 2,596,160 | 0 | (130,580) | (149,450) | 2,465,580 | 2,720,278 | 0 | (124,121) | (152,459) | 2,596,157 |
| Undergrounding of Powerlines | 123B | WATC | 4.58% | 1,798,774 | 0 | (89,767) | (91,241) | 1,709,007 | 1,798,780 | 0 | (89,770) | (93,090) | 1,709,010 | 1,884,568 | 0 | (85,794) | (95,911) | 1,798,774 |
| | | | | 6,787,500 | 0 | (422,162) | (357,440) | 6,365,338 | 6,787,510 | 0 | (422,160) | (362,120) | 6,365,350 | 7,311,238 | 0 | (523,738) | (380,139) | 6,787,500 |
| | | | | 6,787,500 | 0 | (422,162) | (357,440) | 6,365,338 | 6,787,510 | 0 | (422,160) | (362,120) | 6,365,350 | 7,311,238 | 0 | (523,738) | (380,139) | 6,787,500 |

* WA Treasury Corporation



CITY OF SUBIACO
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17. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2020/21

There were no new borrowings during the year.

(d) Unspent Borrowings

There were no unspent borrowings during the year.

| | 2021 | 2020 |
|--|------------------|------------------|
| | \$ | \$ |
| (e) Undrawn Borrowing Facilities | | |
| Credit Standby Arrangements | | |
| Bank Guarantee Facility | 90,000 | 90,000 |
| Bank Guarantee at balance date | (73,776) | (73,776) |
| Credit card limit | 30,000 | 30,000 |
| Credit card balance at balance date | 0 | 0 |
| Total amount of credit unused | 46,224 | 46,224 |
| Loan facilities | | |
| Loan facilities - current | 481,189 | 422,160 |
| Loan facilities - non-current | 5,884,149 | 6,365,340 |
| Total facilities in use at balance date | 6,365,338 | 6,787,500 |
| Unused loan facilities at balance date | NIL | NIL |

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

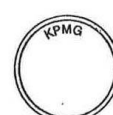
Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash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

Borrowing costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

Risk

Information regarding exposure to risk can be found at Note 28.



CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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18. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

| | Provision for Annual Leave \$ | Provision for Long Service Leave \$ | Provision for Sick Leave \$ | Provision for Time In Lieu \$ | Provision for Purchased Leave \$ | Total \$ |
|---------------------------------------|--|--|--------------------------------------|--|---|-------------|
| Opening balance at 1 July 2020 | | | | | | |
| Current provisions | 1,538,381 | 1,368,191 | 285,247 | 122,665 | 2,539 | 3,317,023 |
| Non-current provisions | 0 | 390,325 | 0 | 0 | 0 | 390,325 |
| | 1,538,381 | 1,758,516 | 285,247 | 122,665 | 2,539 | 3,707,348 |
| Additional provision | 1,561,290 | 366,936 | 93,113 | 629,175 | 0 | 2,650,514 |
| Amounts used | (1,421,704) | (244,786) | (71,887) | (662,530) | (1,553) | (2,402,460) |
| Balance at 30 June 2021 | 1,677,967 | 1,880,666 | 306,473 | 89,310 | 986 | 3,955,402 |
| Comprises | | | | | | |
| Current | 1,677,967 | 1,505,402 | 306,473 | 89,310 | 986 | 3,580,138 |
| Non-current | 0 | 375,264 | 0 | 0 | 0 | 375,264 |
| | 1,677,967 | 1,880,666 | 306,473 | 89,310 | 986 | 3,955,402 |

Amounts are expected to be settled on the following basis:

| | 2021 \$ | 2020 \$ |
|--|------------|------------|
| Less than 12 months after the reporting date | 3,580,138 | 3,317,023 |
| More than 12 months from reporting date | 375,264 | 390,325 |
| | 3,955,402 | 3,707,348 |

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The City's obligations for employees' annual leave and long service leave are recognised as a part of current trade and other payables in the statement of financial position.

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

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

Other long-term employee benefits

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.

Other long-term employee benefits (Continued)

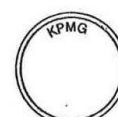
Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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.

Provisions

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

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

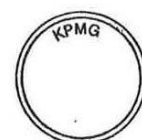


19. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

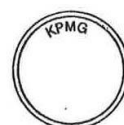
For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

| | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|--|----------------------|----------------------|----------------------|
| Cash and cash equivalents | 70,183,770 | 46,368,175 | 53,126,518 |
| Reconciliation of Net Cash Provided By Operating Activities to Net Result | | | |
| Net result | 32,442,421 | (2,712,925) | 32,752,272 |
| Non-cash flows in Net result: | | | |
| Adjustments to fair value of investment property | (29,121,020) | 0 | (27,595,033) |
| Depreciation on non-current assets | 6,474,971 | 5,950,330 | 6,312,279 |
| (Profit)/loss on sale of asset | (123,004) | 49,040 | 360,804 |
| Share of profits of associates | 149,996 | 0 | 210,679 |
| Changes in assets and liabilities: | | | |
| (Increase)/decrease in receivables | 69,160 | 640,271 | 13,321 |
| (Increase)/decrease in other assets | (42,191) | 0 | 762,659 |
| (Increase)/decrease in inventories | (2,871) | (2,632) | 16,225 |
| Increase/(decrease) in payables | (589,847) | 175,560 | 380,353 |
| Increase/(decrease) in employee provisions | 248,054 | 255,000 | 522,054 |
| Increase/(decrease) in other liabilities | 120,488 | 0 | 15,859 |
| Non-operating grants, subsidies and contributions | (1,487,224) | (1,416,360) | (807,848) |
| Net cash from operating activities | 8,138,933 | 2,938,284 | 12,943,624 |



20. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | 2021 | 2020 |
|-----------------------------|-------------|-------------|
| | \$ | \$ |
| General purpose funding | 2,257,432 | 2,284,401 |
| Law, order, public safety | 226,805 | 156,251 |
| Health | 65,240 | 64,861 |
| Education and welfare | 3,202,268 | 1,881,719 |
| Community amenities | 1,642,907 | 1,956,193 |
| Recreation and culture | 67,437,728 | 56,729,939 |
| Transport | 151,541,592 | 137,329,881 |
| Economic services | 120,684 | 142,448 |
| Other property and services | 227,366,118 | 182,970,765 |
| | 453,860,774 | 383,516,458 |



21. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

| | | |
|--------------------------------|------------------|----------------|
| - capital expenditure projects | 1,190,401 | 878,672 |
| - plant & equipment purchases | 182,613 | 88,081 |
| | <u>1,373,014</u> | <u>966,753</u> |

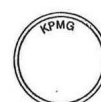
Payable:

| | | |
|---------------------------|-----------|---------|
| - not later than one year | 1,373,014 | 966,753 |
|---------------------------|-----------|---------|

The capital expenditure project outstanding at the end of the current reporting period represents works in progress related to parks, roads, street lighting and buildings. The plant & equipment purchases related to the purchase of light fleet and other plant items that were not available for delivery until the following financial year.

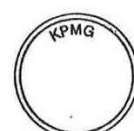
22. ELECTED MEMBERS REMUNERATION

| | 2021 Actual | 2021 Budget | 2020 Actual |
|--------------------------------------|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Mayor Penny Taylor | | | |
| Mayor's annual allowance | 61,800 | 61,800 | 61,800 |
| Meeting attendance fees | 30,385 | 30,385 | 30,385 |
| Child care expenses | 1,256 | 0 | 9,429 |
| Other expenses | 0 | 0 | 33 |
| Annual allowance for ICT expenses | 3,500 | 3,500 | 3,500 |
| | 96,941 | 95,685 | 105,147 |
| Deputy Mayor Stephanie Stroud | | | |
| Deputy Mayor's annual allowance | 15,450 | 15,450 | 10,764 |
| Meeting attendance fees | 22,660 | 22,660 | 22,660 |
| Annual allowance for ICT expenses | 2,900 | 2,900 | 2,900 |
| | 41,010 | 41,010 | 36,324 |
| Councillor Rosemary De Vries | | | |
| Meeting attendance fees | 22,660 | 22,660 | 15,788 |
| Annual allowance for ICT expenses | 2,900 | 2,900 | 2,900 |
| | 25,560 | 25,560 | 18,688 |
| Councillor Blake Phelan | | | |
| Meeting attendance fees | 22,660 | 22,660 | 15,788 |
| Annual allowance for ICT expenses | 2,900 | 2,900 | 2,900 |
| | 25,560 | 25,560 | 18,688 |
| Councillor Angela Hamersley | | | |
| Meeting attendance fees | 22,660 | 22,660 | 15,788 |
| Annual allowance for ICT expenses | 2,900 | 2,900 | 2,900 |
| | 25,560 | 25,560 | 18,688 |
| Councillor Lynnette Jennings | | | |
| Meeting attendance fees | 22,660 | 22,660 | 15,788 |
| Annual allowance for ICT expenses | 2,900 | 2,900 | 2,900 |
| | 25,560 | 25,560 | 18,688 |
| Councillor Rick Powell | | | |
| Meeting attendance fees | 22,660 | 22,660 | 15,788 |
| Annual allowance for ICT expenses | 2,900 | 2,900 | 2,900 |
| | 25,560 | 25,560 | 18,688 |
| Councillor Derek Nash | | | |
| Meeting attendance fees | 22,660 | 22,660 | 22,660 |
| Annual allowance for ICT expenses | 2,900 | 2,900 | 2,900 |
| | 25,560 | 25,560 | 25,560 |
| Councillor Matthew Davis | | | |
| Meeting attendance fees | 22,660 | 22,660 | 22,660 |
| Annual allowance for ICT expenses | 2,900 | 2,900 | 2,900 |
| | 25,560 | 25,560 | 25,560 |
| Councillor Murray Rowe | | | |
| Meeting attendance fees | 22,660 | 22,660 | 22,660 |
| Annual allowance for ICT expenses | 2,900 | 2,900 | 2,900 |
| | 25,560 | 25,560 | 25,560 |
| Councillor Jodie Mansfield | | | |
| Meeting attendance fees | 22,660 | 22,660 | 22,660 |
| Annual allowance for ICT expenses | 2,900 | 2,900 | 2,900 |
| | 25,560 | 25,560 | 25,560 |



22. ELECTED MEMBERS REMUNERATION

| | 2021 Actual | 2021 Budget | 2020 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Councillor David McMullen | | | |
| Meeting attendance fees | 22,660 | 22,660 | 22,660 |
| Annual allowance for ICT expenses | 2,900 | 2,900 | 2,900 |
| | 25,560 | 25,560 | 25,560 |
| Deputy Mayor Judith Gedero (Retired 2019) | | | |
| Deputy Mayor's annual allowance | 0 | 0 | 4,686 |
| Meeting attendance fees | 0 | 0 | 6,872 |
| | 0 | 0 | 11,558 |
| Councillor Julie Matheson (Retired 2019) | | | |
| Meeting attendance fees | 0 | 0 | 6,872 |
| | 0 | 0 | 6,872 |
| Councillor Hugh Richardson (Retired 2019) | | | |
| Meeting attendance fees | 0 | 0 | 6,872 |
| | 0 | 0 | 6,872 |
| Councillor Peter McAllister (Retired 2019) | | | |
| Meeting attendance fees | 0 | 0 | 6,872 |
| | 0 | 0 | 6,872 |
| Councillor Malcolm Mummery (Retired 2019) | | | |
| Meeting attendance fees | 0 | 0 | 6,872 |
| | 0 | 0 | 6,872 |
| | 393,551 | 392,295 | 401,757 |
| Fees, expenses and allowances to be paid or reimbursed to elected council members. | | | |
| Mayor's allowance | 61,800 | 61,800 | 61,800 |
| Deputy Mayor's allowance | 15,450 | 15,450 | 15,450 |
| Meeting attendance fees | 279,645 | 279,645 | 279,645 |
| Child care expenses | 1,256 | 0 | 9,429 |
| Other expenses | 0 | 0 | 33 |
| Annual allowance for ICT expenses | 35,400 | 35,400 | 35,400 |
| | 393,551 | 392,295 | 401,757 |



23. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

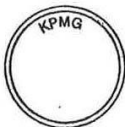
The total of remuneration paid to KMP of the City during the year are as follows:

| | 2021 Actual | 2020 Actual |
|------------------------------|----------------|----------------|
| | \$ | \$ |
| Short-term employee benefits | 844,254 | 873,519 |
| Post-employment benefits | 149,808 | 147,869 |
| Other long-term benefits | 20,891 | 20,695 |
| | 1,014,953 | 1,042,083 |

Short-term employee benefits
These amounts include all salary, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

Post-employment benefits
These amounts are the current-year's estimated cost of providing for the City's superannuation contributions made during the year.

Other long-term benefits
These amounts represent long service benefits accruing during the year.



23. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

Transactions between related parties and the City are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

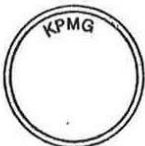
| The following transactions occurred with related parties: | 2021 | 2020 |
|---|-----------|-----------|
| | Actual | Actual |
| | \$ | \$ |
| Purchase of goods and services | 1,680,449 | 1,608,908 |

Related Parties

The City's main related parties are as follows:

- i. Key management personnel*
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.
- ii. Other Related Parties*
An associate person of KMP was employed by the City under normal employment terms and conditions.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the City.
- iii. Entities subject to significant influence by the City*
An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.



24. INVESTMENT IN ASSOCIATES

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%

| | 2021 | 2020 |
|--|------------------|------------------|
| | \$ | \$ |
| (a) Retained surplus attributed to Investment in Associate: | | |
| Balance at the beginning of the financial year | (200,203) | (49,952) |
| -Share of associates profit/(loss) from ordinary activities | (149,906) | (210,679) |
| -Share of associates revaluation increment arising during the year | 0 | 86,417 |
| -Share of associates revaluation decrement arising during the year | (90) | (25,989) |
| Balance at the end of the financial year | (350,199) | (200,203) |
| (b) Carrying amount of Investment in Associate: | | |
| Balance at the beginning of the financial year | 1,396,882 | 1,547,133 |
| -Share of associates profit/(loss) from ordinary activities | (149,906) | (210,679) |
| -Share of associates revaluation increment arising during the year | 0 | 86,417 |
| -Share of associates revaluation decrement arising during the year | 0 | (25,989) |
| Balance at the end of the financial year | 1,246,976 | 1,396,882 |
| (c) Associate entity's results and financial position | | |
| Percentage ownership interest | 38.33% | 38.33% |
| Current Assets | 1,503,214 | 1,993,383 |
| Non Current Assets | 2,492,769 | 2,306,340 |
| Total Assets | 3,995,983 | 4,299,723 |
| Current Liabilities | 694,737 | 620,329 |
| Non Current Liabilities | 47,983 | 35,040 |
| Total Liabilities | 742,720 | 655,369 |
| Net Assets (100%) | 3,253,263 | 3,644,354 |
| City's share of net assets (38.33%) | 1,246,976 | 1,396,882 |
| Revenues | 5,561,134 | 5,614,834 |
| Expenses | (5,952,224) | (6,064,799) |
| Total Profit/(Loss) from ordinary activities (100%) | (391,090) | (449,965) |
| Total Comprehensive Income (100%) | (391,090) | (449,965) |
| City's share of total comprehensive income (38.33%) | (149,906) | (172,472) |

SIGNIFICANT ACCOUNTING POLICIES

Investment in associates

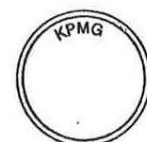
An associate is an entity over which the City has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements 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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in associates (Continued)

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.

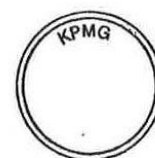


25. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

2019/20 Financial Year

133 Salvado Road, Wembley

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. An expression of interest was called to appoint a sales agent but was terminated prior to the tender stage in order to resolve various state government planning issues that were identified prior to disposal. In June 2019 Council resolved to dispose of the site to the preferred proponent. Settlement occurred in July 2020 for amount of \$15,050,000 and funds were transferred to the Capital Investment Reserve.



26. RATING INFORMATION

(a) Rates

| RATE TYPE | Rate in \$ | Number of Properties | 2020/21 Actual Rateable Value \$ | 2020/21 Actual Rate Revenue \$ | 2020/21 Actual Interim Rates \$ | 2020/21 Actual Back Rates \$ | 2020/21 Actual Total Revenue \$ | 2020/21 Budget Rate Revenue \$ | 2020/21 Budget Interim Rate \$ | 2020/21 Budget Back Rate \$ | 2020/21 Budget Total Revenue \$ | 2019/20 Actual Total Revenue \$ |
|--|------------|----------------------|----------------------------------|--------------------------------|---------------------------------|------------------------------|---------------------------------|--------------------------------|--------------------------------|-----------------------------|---------------------------------|---------------------------------|
| General Rate | | | | | | | | | | | | |
| Gross rental valuations | | | | | | | | | | | | |
| Residential | 7.6043 | 6,688 | 183,464,339 | 13,951,178 | (27,257) | (37,836) | 13,886,085 | 13,951,178 | 350,000 | 5,000 | 14,306,178 | 13,913,438 |
| Commercial | 7.6043 | 1,117 | 111,737,534 | 8,496,857 | 368,572 | 289,638 | 9,155,067 | 8,496,857 | 0 | 0 | 8,496,857 | 8,769,455 |
| Industrial | 7.6043 | 9 | 808,320 | 61,467 | 0 | 0 | 61,467 | 61,467 | 0 | 0 | 61,467 | 54,868 |
| Sub-Total | | 7,814 | 296,010,193 | 22,509,502 | 341,315 | 251,802 | 23,102,619 | 22,509,502 | 350,000 | 5,000 | 22,864,502 | 22,737,761 |
| Minimum payment | | | | | | | | | | | | |
| Gross rental valuations | | | | | | | | | | | | |
| Residential | 7.6043 | 1,396 | 17,467,017 | 1,661,240 | 2,400 | (5,852) | 1,657,788 | 1,661,240 | 0 | 0 | 1,661,240 | 1,511,913 |
| Commercial | 7.6043 | 161 | 2,068,599 | 191,590 | 1,190 | 0 | 192,780 | 191,590 | 0 | 0 | 191,590 | 110,670 |
| Industrial | 7.6043 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Sub-Total | | 1,557 | 19,535,616 | 1,852,830 | 3,590 | (5,852) | 1,850,568 | 1,852,830 | 0 | 0 | 1,852,830 | 1,622,583 |
| | | 9,371 | 315,545,809 | 24,362,332 | 344,905 | 245,950 | 24,953,187 | 24,362,332 | 350,000 | 5,000 | 24,717,332 | 24,360,344 |
| Discounts/concessions (Note 26(b)) | | | | | | | (17) | | | | 0 | (400) |
| Total amount raised from general rate | | | | | | | 24,953,170 | | | | 24,717,332 | 24,359,944 |

Covid-19 City of Subiaco Rates Contribution

In response to the Covid-19 pandemic the City provided a one off contribution of \$2,000,000 against its total rates levied. The \$2,000,000 contribution to rates was applied proportionately to the amount of rates levied per property, including properties paying minimum rates.

The statutory Statements (Statement of comprehensive Income by Nature or Type), Statement of Comprehensive Income by Program, Rate Setting Statement and Cash Flow Statement) show Rates at the full levied value of \$24,953,170 with the City's contribution of \$2,000,000 included as an expense item (classified as General Purpose Funding and Other Expenditure).

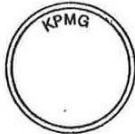
The total net revenue from rates was \$22,953,170.

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the City recognises revenue for the prepaid rates that have not been refunded.



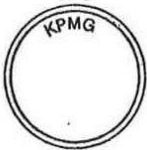
CITY OF SUBIACO
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

26. RATING INFORMATION (Continued)

(b) Discounts, Incentives, Concessions, & Write-offs

Waivers or Concessions

| Rate or Fee and Charge to which the Waiver or Concession is Granted | Type | Discount % | Discount \$ | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|--|------|---------------|----------------|----------------------|----------------------|----------------------|
| Rates interest written off | | N.A. | N.A. | 17 | 0 | 400 |
| | | | | 17 | 0 | 400 |
| Total discounts/concessions (Note 26(a)) | | | | 17 | 0 | 400 |



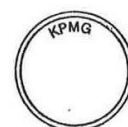
26. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

| Instalment Options | Date Due | Instalment Plan Admin Charge \$ | Instalment Plan Interest Rate % | Unpaid Rates Interest Rate % |
|---------------------|------------|------------------------------------|------------------------------------|---------------------------------|
| Option One | | 0 | 0.00% | 0.00% |
| Single full payment | 29/10/2020 | | | |
| Option Two | | 0 | 0.00% | 0.00% |
| First instalment | 29/10/2020 | | | |
| Second instalment | 7/01/2021 | | | |
| Third instalment | 11/03/2021 | | | |
| Fourth instalment | 13/05/2021 | | | |

| | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|--|-------------------|-------------------|-------------------|
| Interest on unpaid rates | 0 | 0 | 89,887 |
| Interest on deferred pensioner rates (*) | 995 | 5,000 | 0 |
| Interest on instalment plan | 0 | 0 | 3,074 |
| | 995 | 5,000 | 92,961 |
| Charges on instalment plan | 0 | 0 | 158,531 |
| | 0 | 0 | 158,531 |

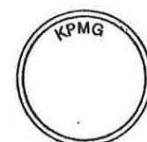
(*) Payable to Local Governments by RevenueWA under the Pensioners and Seniors Concessions Scheme.



CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

27. RATE SETTING STATEMENT INFORMATION

| | | 2020/21 Budget | 2020/21 | 2019/20 |
|--|---------------------|---------------------|---------------------|--------------------|
| | (30 June 2021 | (30 June 2021 | (1 July 2020 | (30 June 2020 |
| Note | Carried Forward) | Carried Forward) | Brought Forward) | Carried Forward |
| | \$ | \$ | \$ | \$ |
| (a) Non-cash amounts excluded from operating activities | | | | |
| The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> . | | | | |
| Adjustments to operating activities | | | | |
| Less: Profit on asset disposals | 10(a) (130,466) | (33,630) | (149,196) | (149,196) |
| Movement in investment property (non-current) | 13 (29,121,020) | 0 | (27,595,033) | (27,595,033) |
| Movement in pensioner deferred rates (non-current) | (11,534) | 0 | 26,763 | 26,763 |
| Movement in employee benefit provisions (non-current) | (15,061) | 0 | 106,038 | 106,038 |
| Add: Loss on disposal of assets | 10(a) 7,462 | 82,670 | 510,000 | 510,000 |
| Add: Depreciation on non-current assets | 10(c) 6,474,971 | 5,950,330 | 6,312,279 | 6,312,279 |
| Non cash amounts excluded from operating activities | (22,795,648) | 5,999,370 | (20,789,149) | (20,789,149) |
| (b) Surplus/(deficit) after imposition of general rates | | | | |
| The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates. | | | | |
| Adjustments to net current assets | | | | |
| Less: Reserves - cash backed | 4 (56,936,155) | (41,903,731) | (41,912,453) | (41,912,453) |
| Add: Current liabilities not expected to be cleared at end of year | | | | |
| - Current portion of borrowings | 17(a) 481,189 | 422,160 | 422,160 | 422,160 |
| - Current portion of lease liabilities | 208,463 | 0 | 219,869 | 219,869 |
| Total adjustments to net current assets | (56,246,503) | (41,481,571) | (41,270,424) | (41,270,424) |
| Net current assets used in the Rate Setting Statement | | | | |
| Total current assets | 72,349,044 | 49,552,820 | 55,327,424 | 55,327,424 |
| Less: Total current liabilities | (8,854,699) | (8,071,249) | (9,013,320) | (9,013,320) |
| Less: Total adjustments to net current assets | (56,246,503) | (41,481,571) | (41,270,424) | (41,270,424) |
| Net current assets used in the Rate Setting Statement | 7,247,842 | 0 | 5,043,680 | 5,043,680 |



28. FINANCIAL RISK MANAGEMENT

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

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

The City does not engage in transactions expressed in foreign currencies 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 finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The City's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the City to cash flow interest rate risk.

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

| | Weighted Average Interest Rate | Carrying Amounts | Fixed Interest Rate | Variable Interest Rate | Non Interest Bearing |
|---------------------------|--------------------------------------|---------------------|------------------------|---------------------------|-------------------------|
| | % | \$ | \$ | \$ | \$ |
| 2021 | | | | | |
| Cash and cash equivalents | 0.42% | 70,183,770 | 60,936,154 | 9,243,991 | 3,625 |

| | | | | | |
|---------------------------|-------|------------|------------|-----------|-------|
| 2020 | | | | | |
| Cash and cash equivalents | 0.41% | 53,126,518 | 51,330,502 | 1,792,391 | 3,625 |

Sensitivity

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

| | 2021 | 2020 |
|--|--------|--------|
| | \$ | \$ |
| Impact of a 1% movement in interest rates on profit and loss and equity* | 92,440 | 17,924 |

* Holding all other variables constant

Borrowings

Borrowings are 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 City does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 17(b).



28. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Cash and Cash Equivalents and Other Financial Investments

The City manages its credit risk exposure to cash and cash equivalents and other financial assets by depositing/investing funds with Australian financial institutions which are rated AA- to AA+.

Trade and Other Receivables

The City's major receivables comprise rates annual charges and user fees and charges. 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.

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. Whilst the City was historically able to charge interest on overdue rates and annual charges at higher than market rates, which further encourage payment.

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors.

The loss allowance as at 30 June 2021 for rates receivable was determined as follows.

No expected credit loss was forecast for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

| | Current | More than 1 year past due | More than 2 years past due | More than 3 years past due | Total |
|-----------------------|---------|------------------------------|-------------------------------|-------------------------------|-----------|
| 30 June 2021 | | | | | |
| Rates receivable | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | |
| Gross carrying amount | 779,630 | 216,170 | 140,789 | 188,654 | 1,325,243 |
| Loss allowance | 0 | 0 | 0 | 0 | 0 |

| | | | | | |
|-----------------------|---------|---------|---------|--------|---------|
| 30 June 2020 | | | | | |
| Rates receivable | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | |
| Gross carrying amount | 637,573 | 136,237 | 100,384 | 95,296 | 969,491 |
| Loss allowance | 0 | 0 | 0 | 0 | 0 |

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables.

| | Current | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total |
|-----------------------------|---------|-------------------------------|-------------------------------|-------------------------------|-----------|
| 30 June 2021 | | | | | |
| Trade and other receivables | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 79.04% | |
| Gross carrying amount | 223,547 | 27,253 | 23,460 | 1,111,779 | 1,386,039 |
| Loss allowance | 0 | 0 | 0 | (878,754) | (878,754) |

| | | | | | |
|-----------------------------|--------|--------|--------|-----------|-----------|
| 30 June 2020 | | | | | |
| Trade and other receivables | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 65.70% | |
| Gross carrying amount | 91,445 | 91,586 | 26,643 | 1,312,352 | 1,522,026 |
| Loss allowance | 0 | 0 | 0 | (862,265) | (862,265) |



28. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 17(e).

The contractual undiscounted cash flows of the City's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

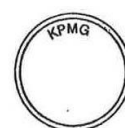
| | Due within 1 year | Due between 1 & 5 years | Due after 5 years | Total contractual cash flows | Carrying values |
|----------------------|-------------------------|-------------------------------|-------------------------|------------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| 2021 | | | | | |
| Payables | 4,448,562 | 0 | 0 | 4,448,562 | 4,448,562 |
| Borrowings | 738,328 | 2,953,311 | 5,702,789 | 9,394,428 | 6,365,338 |
| Contract liabilities | 136,347 | 0 | 0 | 136,347 | 136,347 |
| Lease liabilities | 208,463 | 299,411 | 73,171 | 581,045 | 581,045 |
| | 5,531,700 | 3,252,722 | 5,775,960 | 14,560,382 | 11,531,292 |
| 2020 | | | | | |
| Payables | 5,038,409 | 0 | 0 | 5,038,409 | 5,038,409 |
| Borrowings | 840,718 | 3,055,701 | 6,441,116 | 10,337,535 | 6,787,500 |
| Contract liabilities | 15,859 | 0 | 0 | 15,859 | 15,859 |
| Lease liabilities | 219,869 | 418,925 | 94,019 | 732,813 | 732,813 |
| | 6,114,855 | 3,474,626 | 6,535,135 | 16,124,616 | 12,574,581 |

(d) Fair Values

The fair value of financial instruments materially approximate their carrying value as at 30 June 2020 other than borrowings with a fair value of \$7,668,588 as at 30 June 2021 and a carrying value of \$6,365,338.

29. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

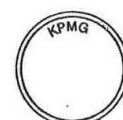
There were no subsequent events that occurred after the end of the reporting period and no contingent liability related to the financial year ended 30 June 2021.



30. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

| | 1 July 2020 | Amounts Received | Amounts Paid | 30 June 2021 |
|---------------------------------|-------------|------------------|--------------|--------------|
| | \$ | \$ | \$ | \$ |
| Building Industry Training Fund | 2,492 | 350,718 | (250,583) | 102,627 |
| Building Commission | 23,461 | 333,160 | (207,358) | 149,263 |
| | 25,953 | 683,878 | (457,941) | 251,890 |



31. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

f) Superannuation

The City contributes to a number of Superannuation Funds on behalf of employees. All funds to which the City contributes are defined contribution plans.

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

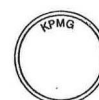
i) Impairment of assets

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

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

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

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



32. ACTIVITIES/PROGRAMS

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

| PROGRAM NAME AND OBJECTIVES | ACTIVITIES |
|--|--|
| GOVERNANCE To ensure high quality democratic processes and informed local decision making. | 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 To fairly and efficiently levy and collect rates and other monies required to fund the city's operations. | 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 To ensure safety and amenity of the community in public areas. | Control of parking facilities, implementation and control of parking, and other local laws. Also includes fire prevention outlays. |
| HEALTH To protect the health of all persons and promote environmental quality. | Administration, inspection and operations of programs concerned with the general health of the community. |
| EDUCATION AND WELFARE To contribute towards the wellbeing of people with special needs. | Maintenance of pre-school buildings and the provision of seniors activities. |
| COMMUNITY AMENITIES 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. | 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. |
| RECREATION AND CULTURE To provide and support community recreational and cultural pursuits. | Maintenance of community, recreation and function centre, various reserves, and operation of the library. |
| TRANSPORT To facilitate safe and convenient transport access. | Construction and maintenance of roads, drainage works, footpaths, traffic facilities. |
| ECONOMIC SERVICES To facilitate economic development, promote compliance with building standards, regulations and local laws and enhance public amenity by placing powerlines underground. | Area promotion and building control services. |
| OTHER PROPERTY AND SERVICES To maximise long-term return on investment assets for the benefit of the community. | Includes management of the city's investment assets. |

33. FINANCIAL RATIOS

| | 2021 Actual | 2020 Actual | 2019 Actual |
|-----------------------------------|----------------|----------------|----------------|
| Current ratio | 1.74 | 1.49 | 1.50 |
| Asset consumption ratio | 0.63 | 0.70 | 0.73 |
| Asset renewal funding ratio | 0.91 | 0.82 | 0.91 |
| Asset sustainability ratio | 0.96 | 0.97 | 1.11 |
| Debt service cover ratio | 48.50 | 42.78 | 12.34 |
| Operating surplus ratio | 0.71 | 0.74 | 0.11 |
| Own source revenue coverage ratio | 1.03 | 1.09 | 1.10 |

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 consumption ratio | $\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$ |
| Asset renewal funding ratio | $\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$ |
| Asset sustainability ratio | $\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$ |
| 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 | $\frac{\text{own source operating revenue}}{\text{operating expense}}$ |

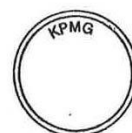
Notes:

Four of the ratios disclosed above were distorted by the following transactions which are considered one-off in nature:

| | 2021 Actual | 2020 Actual | 2019 Actual |
|--|----------------|----------------|----------------|
| Amount of Financial Assistance Grant received during the year relating to the subsequent year. | 297,908 | 294,832 | 287,404 |
| Amount of Financial Assistance Grant received in prior year relating to current year. | 294,832 | 287,404 | 285,569 |
| Fair Value adjustment on Investment Properties | 29,121,020 | 27,595,033 | 0 |

If the events detailed above did not occur, the impacted ratios in the 2021, 2020 and 2019 columns above would be as follows:

| | 2021 | 2020 | 2019 |
|-----------------------------------|-------|-------|-------|
| Current ratio | 1.71 | 1.46 | 1.46 |
| Debt service cover ratio | 11.14 | 12.24 | 12.34 |
| Operating surplus ratio | 0.04 | 0.10 | 0.11 |
| Own source revenue coverage ratio | 1.03 | 1.09 | 1.10 |





Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 City of Subiaco

To the Councillors of the City of Subiaco

Report on the audit of the annual financial report

Opinion

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

- the Statement of Financial Position at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

In my opinion the financial report of the City of Subiaco:

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

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

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

The Chief Executive Officer (CEO) of the City is responsible for the preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibility for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

Report on other legal and regulatory requirements

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

- (i) The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
 - a) The City's Purchasing Policy is silent on declaring conflicts of interest in relation to open tenders, it also has not been reviewed since 2011. The City's Buying and Goods and Services Manual, supporting its Purchasing Policy, has not been reviewed since 2012. Significantly outdated and lacking policy and procedural guidance can compromise the City's control environment.
 - b) The City's bank reconciliation included the existence of long outstanding cheques comprising of numerous low value transactions accumulating from 2008 to 30 June 2021 that remain uncleared. The City has not complied with the *Unclaimed Money Act 1990* requiring moneys over \$100 that have been held for 6 years without being returned to owners, be transferred to the Department of Treasury.
 - c) Due to accounting system limitations, vendor activity within the system cannot be tracked or monitored. This increased the risk of unauthorised changes to key information, although our audit sampling did not identify any.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

Other information

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

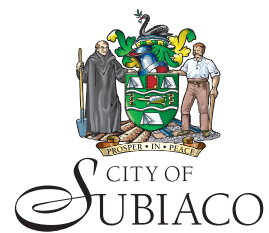
My opinion does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the City of Subiaco for the year ended 30 June 2021 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



Sandra Labuschagne
Deputy Auditor General
Delegate of the Auditor General for Western Australia
Perth, Western Australia
17 November 2021



241 Rokeby Road SUBIACO WA 6008

PO Box 270 SUBIACO WA 6904

08 9237 9222

city@subiaco.wa.gov.au

www.subiaco.wa.gov.au

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alternative formats on request.

