

2021-22  
Annual  
Financial Statement

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

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The City of Subiaco conducts the operations of a local government with the following 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 2022**

The attached financial report of the City of Subiaco for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the City of Subiaco at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 17 day of November 2022



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Chief Executive Officer

Colin Cameron

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Name of Chief Executive Officer



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

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>Revenue</b>				
Rates	25(a),2(a)	24,797,146	25,141,167	24,953,170
Operating grants, subsidies and contributions	2(a)	880,945	542,680	782,078
Operating Reimbursements and donations		1,085,984	739,260	846,017
Fees and charges	24(c),2(a)	13,125,301	11,940,276	12,265,952
Sanitation Charges		4,530,558	4,549,880	4,542,036
Interest earnings	2(a)	327,848	323,990	218,007
Other revenue	2(a)	478,378	522,500	474,241
		45,226,160	43,759,753	44,081,501
<b>Expenses</b>				
Employee costs		(21,038,151)	(21,386,360)	(20,933,726)
Materials and contracts		(10,327,009)	(14,535,755)	(9,533,744)
Utility charges		(903,623)	(885,900)	(924,202)
Depreciation	9(a)	(6,716,663)	(6,053,130)	(6,474,971)
Finance costs	2(b)	(355,457)	(341,530)	(382,102)
Insurance		(471,307)	(517,800)	(353,936)
Other expenditure	2(b)	(1,518,609)	(1,546,915)	(3,617,651)
		(41,330,819)	(45,267,390)	(42,220,332)
		3,895,341	(1,507,637)	1,861,169
Capital grants, subsidies and contributions	2(a)	1,330,706	1,643,692	1,487,224
Profit on asset disposals	9(b)	134,928	107,040	130,466
Loss on asset disposals	9(b)	(288,347)	(82,810)	(7,462)
Fair value adjustments to investment property	11	12,814,929	0	29,121,020
Share of net profit of associates accounted for using the equity method	20	(110,797)	0	(149,996)
		13,881,419	1,667,922	30,581,252
<b>Net result for the period</b>	24(b)	<b>17,776,760</b>	<b>160,285</b>	<b>32,442,421</b>
Gain on net assets transferred following expiration of lease	11	0	0	2,877,190
<b>Other comprehensive income for the period</b>		<b>17,776,760</b>	<b>160,285</b>	<b>35,319,611</b>
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	9,430,723	0	35,819,939
<b>Total other comprehensive income for the period</b>	16	<b>9,430,723</b>	<b>0</b>	<b>35,819,939</b>
<b>Total comprehensive income for the period</b>		<b>27,207,483</b>	<b>160,285</b>	<b>71,139,550</b>

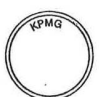
This statement is to be read in conjunction with the accompanying notes.



**CITY OF SUBIACO**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

	NOTE	2022	2021
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	71,850,053	70,183,770
Trade and other receivables	4	1,947,179	2,052,477
Inventories	5	6,570	13,262
Other assets	6	644	99,535
<b>TOTAL CURRENT ASSETS</b>		<b>73,804,446</b>	<b>72,349,044</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	4	88,724	105,420
Investment in associate	20(a)	1,136,179	1,246,976
Property, plant and equipment	7	133,975,278	124,655,730
Infrastructure	8	131,757,458	129,806,448
Right-of-use assets	10(a)	385,488	563,656
Investment property	11	138,742,000	125,133,500
<b>TOTAL NON-CURRENT ASSETS</b>		<b>406,085,127</b>	<b>381,511,730</b>
<b>TOTAL ASSETS</b>		<b>479,889,573</b>	<b>453,860,774</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	3,657,719	4,448,562
Other liabilities	13	67,510	136,347
Lease liabilities	10(b)	164,591	208,463
Borrowings	14	501,057	481,189
Employee related provisions	15	3,746,409	3,580,138
<b>TOTAL CURRENT LIABILITIES</b>		<b>8,137,286</b>	<b>8,854,699</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	10(b)	238,718	372,582
Borrowings	14	5,603,356	5,884,149
Employee related provisions	15	328,650	375,264
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>6,170,724</b>	<b>6,631,995</b>
<b>TOTAL LIABILITIES</b>		<b>14,308,010</b>	<b>15,486,694</b>
<b>NET ASSETS</b>		<b>465,581,563</b>	<b>438,374,080</b>
<b>EQUITY</b>			
Retained surplus		230,510,855	215,672,088
Reserve accounts	28	59,874,148	56,936,155
Revaluation surplus	16	175,196,560	165,765,837
<b>TOTAL EQUITY</b>		<b>465,581,563</b>	<b>438,374,080</b>

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 2022**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2020</b>		<b>195,376,179</b>	<b>41,912,453</b>	<b>129,945,898</b>	<b>367,234,530</b>
Comprehensive income for the period					
Net result for the period		35,319,611	0	0	35,319,611
Other comprehensive income for the period	16	0	0	35,819,939	35,819,939
Total comprehensive income for the period		35,319,611	0	35,819,939	71,139,550
Transfers from reserves	28	8,719,168	(8,719,168)	0	0
Transfers to reserves	28	(23,742,870)	23,742,870	0	0
<b>Balance as at 30 June 2021</b>		<b>215,672,088</b>	<b>56,936,155</b>	<b>165,765,837</b>	<b>438,374,080</b>
Comprehensive income for the period					
Net result for the period		17,776,760	0	0	17,776,760
Other comprehensive income for the period	16	0	0	9,430,723	9,430,723
Total comprehensive income for the period		17,776,760	0	9,430,723	27,207,483
Transfers from reserves	28	8,883,280	(8,883,280)	0	0
Transfers to reserves	28	(11,821,273)	11,821,273	0	0
<b>Balance as at 30 June 2022</b>		<b>230,510,855</b>	<b>59,874,148</b>	<b>175,196,560</b>	<b>465,581,563</b>

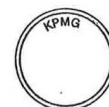
This statement is to be read in conjunction with the accompanying notes.



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

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		25,053,153	25,141,167	24,711,353
Operating grants, subsidies and contributions		919,865	542,680	1,055,042
Operating reimbursements and donations		1,085,984	739,260	846,017
Fees and charges		13,141,378	10,991,619	12,285,548
Sanitation Charges		4,530,558	4,549,880	4,542,036
Interest received		327,848	323,990	218,007
Goods and services tax received		(292,305)	2,775,933	264,374
Other revenue		478,378	522,500	474,241
		45,244,859	45,587,029	44,396,618
<b>Payments</b>				
Employee costs		(20,947,013)	(21,024,428)	(20,813,409)
Materials and contracts		(10,945,423)	(14,257,672)	(10,166,385)
Utility charges		(903,623)	(885,900)	(924,202)
Finance costs		(359,326)	(341,530)	(382,102)
Insurance paid		(471,307)	(517,800)	(353,936)
Goods and services tax paid		0	(2,775,933)	0
Donations, contributions and grants made		(162,434)	(202,000)	(256,844)
Other expenditure		(1,356,175)	(1,344,915)	(3,360,807)
		(35,145,301)	(41,350,178)	(36,257,685)
<b>Net cash provided by (used in) operating activities</b>	17(b)	10,099,558	4,236,851	8,138,933
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for financial assets at amortised cost - self supporting loans		0	(200,000)	0
Payments for investment property	11	(793,571)	(1,267,000)	(91,809)
Payments for purchase/development of land & buildings	7(a)	(893,052)	(2,415,000)	(1,242,321)
Payments for purchase of furniture	7(a)	(999,318)	(2,469,975)	(647,072)
Payments for purchase of plant & equipment	7(a)	(941,916)	(2,268,000)	(599,476)
Payments for construction of infrastructure	8(a)	(5,972,216)	(10,122,969)	(4,772,036)
Non-operating grants, subsidies and contributions		1,330,706	1,643,692	1,487,224
Proceeds from financial assets at amortised cost - self supporting loans		0	39,600	0
Proceeds from sale of property, plant & equipment	9(b)	310,227	411,000	398,545
Proceeds from sale of investment property	9(b)	0	0	15,050,000
<b>Net cash provided by (used in) investing activities</b>		(7,959,140)	(16,648,652)	9,583,055
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	27(a)	(460,925)	(481,200)	(422,162)
Payments for principal portion of lease liabilities	27(d)	(213,210)	0	(242,574)
Proceeds from new borrowings	27(a)	200,000	200,000	0
<b>Net cash provided by (used in) financing activities</b>		(474,135)	(281,200)	(664,736)
<b>Net increase (decrease) in cash held</b>		1,666,283	(12,693,001)	17,057,252
Cash at beginning of year		70,183,770	67,209,350	53,126,518
<b>Cash and cash equivalents at the end of the year</b>	17(a)	71,850,053	54,516,349	70,183,770

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



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

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>NET CURRENT ASSETS - At start of financial year - surplus/(deficit)</b>	26(b)	7,247,842	2,810,995	5,043,680
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities (excluding general rate)</b>				
Operating grants, subsidies and contributions		880,945	542,680	782,078
Reimbursements and Donations		1,085,984	739,260	846,017
Fees and charges		13,125,301	11,940,276	12,265,952
Service charges		4,530,558	4,549,880	4,542,036
Interest earnings		327,848	323,990	218,007
Other revenue		478,378	522,500	474,241
Profit on asset disposals	9(b)	134,928	107,040	130,466
Fair value adjustments to investment property		12,814,929	0	29,121,020
		<b>33,378,871</b>	<b>18,725,626</b>	<b>48,379,817</b>
<b>Expenditure from operating activities</b>				
Employee costs		(21,038,151)	(21,386,360)	(20,933,726)
Materials and contracts		(10,327,009)	(14,535,755)	(9,533,744)
Utility charges		(903,623)	(885,900)	(924,202)
Depreciation		(6,716,663)	(6,053,130)	(6,474,971)
Finance costs		(355,457)	(341,530)	(382,102)
Insurance		(471,307)	(517,800)	(353,936)
Other expenditure		(1,518,609)	(1,546,915)	(3,617,651)
Loss on asset disposals	9(b)	(288,347)	(82,810)	(7,462)
Share of net profit of associates and joint ventures accounted for using the equity method		(110,797)	0	(149,996)
		<b>(41,729,963)</b>	<b>(45,350,200)</b>	<b>(42,377,790)</b>
Non-cash amounts excluded from operating activities	26(a)	(5,863,968)	6,028,900	(22,645,652)
<b>Amount attributable to operating activities</b>		<b>(14,215,060)</b>	<b>(20,595,674)</b>	<b>(16,643,625)</b>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		1,330,706	1,643,692	1,487,224
Proceeds from disposal of assets	9(b)	310,227	411,000	398,545
Proceeds from disposal of investment properties		0	0	15,050,000
Proceeds from financial assets at amortised cost - self supporting loans	27(a)	0	39,600	0
Payments for financial assets at amortised cost - self supporting loans		0	(200,000)	0
Purchase of property, plant and equipment	7(a)	(2,834,286)	(7,152,975)	(2,488,869)
Purchase and construction of infrastructure	8(a)	(5,972,216)	(10,122,969)	(4,772,036)
Purchase of investment property	11	(793,571)	(1,267,000)	(91,809)
		<b>(7,959,140)</b>	<b>(16,648,652)</b>	<b>9,583,055</b>
<b>Amount attributable to investing activities</b>		<b>(7,959,140)</b>	<b>(16,648,652)</b>	<b>9,583,055</b>
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	27(a)	(460,925)	(481,200)	(422,162)
Proceeds from borrowings	27(a)	200,000	200,000	0
Payments for principal portion of lease liabilities	27(d)	(213,210)	0	(242,574)
Transfers to reserves (restricted assets)	28	(11,821,273)	(7,806,968)	(23,742,870)
Transfers from reserves (restricted assets)	28	8,883,280	17,380,332	8,719,168
<b>Amount attributable to financing activities</b>		<b>(3,412,128)</b>	<b>9,292,164</b>	<b>(15,688,438)</b>
<b>Surplus/(deficit) before imposition of general rates</b>		<b>(18,338,486)</b>	<b>(25,141,167)</b>	<b>(17,705,328)</b>
<b>Total amount raised from general rates</b>	25(a)	<b>24,797,146</b>	<b>25,141,167</b>	<b>24,953,170</b>
<b>Surplus/(deficit) after imposition of general rates</b>	26(b)	<b>6,458,660</b>	<b>0</b>	<b>7,247,842</b>

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





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

**1. BASIS OF PREPARATION**

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

**Local Government Act 1995 requirements**

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 29 of the financial report.

**Judgements and estimates**

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation uncertainties made in relation to lease accounting
- estimation of useful lives of non-current assets



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

**2. REVENUE AND EXPENSES**

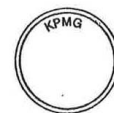
**(a) Revenue**

**Contracts with customers**

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:

<b>Revenue Category</b>	<b>Nature of goods and services</b>	<b>When obligations typically satisfied</b>	<b>Payment terms</b>	<b>Returns/Refunds/Warranties</b>	<b>Timing of revenue recognition</b>
Rates - General Rates	General Rates	Over time	Payment dates adopted by council during the year	None	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	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	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	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	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	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	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	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	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	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	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	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	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	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	When fine notice is issued
Other revenue - reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	When claim is agreed

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



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

**2. REVENUE AND EXPENSES (Continued)**

**Revenue Recognition**

Revenue recognised during the year under each basis of recognition by nature or types of goods or services is provided in the table below:

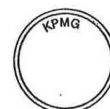
**For the year ended 30 June 2022**

Nature or type	Contracts with	Capital	Statutory	Other	Total
	customers	grant/contributions	Requirements		
	\$	\$	\$	\$	\$
Rates	0	0	24,797,146	0	24,797,146
Operating grants, subsidies and contributions	0	0	0	880,945	880,945
Operating reimbursements and donations	0	0	0	1,085,984	1,085,984
Fees and charges	5,810,660	0	702,903	6,611,738	13,125,301
Sanitation	0	0	4,530,558	0	4,530,558
Interest earnings	0	0	94,023	233,825	327,848
Other revenue	0	0	0	478,378	478,378
Non-operating grants, subsidies and contributions	0	1,330,706	0	0	1,330,706
<b>Total</b>	<b>5,810,660</b>	<b>1,330,706</b>	<b>30,124,630</b>	<b>9,290,870</b>	<b>46,556,866</b>

**For the year ended 30 June 2021**

Nature or type	Contracts with	Capital	Statutory	Other	Total
	customers	grant/contributions	Requirements		
	\$	\$	\$	\$	\$
Rates	0	0	24,953,170	0	24,953,170
Operating grants, subsidies and contributions	0	0	0	782,078	782,078
Operating reimbursements and donations	0	0	0	846,017	846,017
Fees and charges	5,317,376	0	706,635	6,241,941	12,265,952
Sanitation	0	0	4,542,036	0	4,542,036
Interest earnings	0	0	995	217,012	218,007
Other revenue	0	0	0	474,241	474,241
Non-operating grants, subsidies and contributions	0	1,487,224	0	0	1,487,224
<b>Total</b>	<b>5,317,376</b>	<b>1,487,224</b>	<b>30,202,836</b>	<b>8,561,289</b>	<b>45,568,725</b>

Note	2022	2022	2021
	Actual	Budget	Actual
<b>Interest earnings</b>			
Financial assets at amortised cost - self supporting loans	0	2,230	0
Interest on reserve funds	197,662	209,760	196,049
Rates instalment and penalty interest (refer Note 25(c))	94,023	72,000	995
Other interest earnings	36,163	40,000	20,963
	<b>327,848</b>	<b>323,990</b>	<b>218,007</b>
<b>(b) Expenses</b>			
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report	167,030	45,000	65,000
- Other services	815	5,000	2,062
	<b>167,845</b>	<b>50,000</b>	<b>67,062</b>
<b>Finance costs</b>			
Borrowings 27(a)	337,767	341,530	357,440
Lease liabilities 27(d)	17,690	0	24,662
	<b>355,457</b>	<b>341,530</b>	<b>382,102</b>
<b>Other expenditure</b>			
Impairment loss on trade and other receivables	16,077	0	16,489
Sundry expenses	1,502,532	1,546,915	3,601,162
	<b>1,518,609</b>	<b>1,546,915</b>	<b>3,617,651</b>



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

**3. CASH AND CASH EQUIVALENTS**

Note	2022	2021
	\$	\$
Cash at bank and on hand	5,975,907	9,247,616
Term deposits	65,874,146	60,936,154
<b>Total cash and cash equivalents</b>	71,850,053	70,183,770
Held as		
- Unrestricted cash and cash equivalents	11,975,905	13,247,615
- Restricted cash and cash equivalents	59,874,148	56,936,155
	71,850,053	70,183,770

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

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

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

**Restricted financial assets**

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserves, 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.

Details of restrictions on financial assets can be found at Note 17.



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

**4. TRADE AND OTHER RECEIVABLES**

Note	2022	2021
	\$	\$
<b>Current</b>		
Rates receivable	1,051,474	1,325,243
Trade and other receivables	1,208,605	1,386,039
GST receivable	497,237	204,932
Allowance for credit losses of trade and other receivables	21(b) (894,831)	(878,754)
Accrued Income	84,694	15,017
	1,947,179	2,052,477
<b>Non-current</b>		
Pensioner's rates and ESL deferred	88,724	105,420
	88,724	105,420

**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 grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

**Impairment and risk exposure**

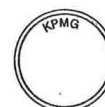
Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 21.

**Classification and subsequent measurement**

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the City 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 value is considered immaterial.



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

**5. INVENTORIES**

<b>Current</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>\$</b>	<b>\$</b>
Consumables (lords)		6,570	13,262
		<u>6,570</u>	<u>13,262</u>

The following movements in inventories occurred during the year:

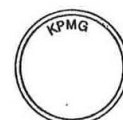
<b>Balance at beginning of year</b>	13,262	10,391
Changes to inventory	(6,692)	2,871
<b>Balance at end of year</b>	<u>6,570</u>	<u>13,262</u>

**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.



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

**6. OTHER ASSETS**

**Other assets - current**

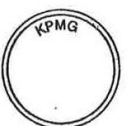
Prepayments

	2022	2021
	\$	\$
	644	99,535
	644	99,535

**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 that period.





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

**7. 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.

	Note	Land	Buildings - non-specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
		\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>		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	9(a)	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			4,452,813
<b>Balance at 30 June 2021</b>		84,792,000	565,000	35,206,900	120,563,900	1,489,678	2,602,152	124,655,730
<b>Comprises:</b>								
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)
<b>Balance at 30 June 2021</b>		84,792,000	565,000	35,206,900	120,563,900	1,489,678	2,602,152	124,655,730
Additions		11,422	0	881,630	893,052	999,318	941,916	2,834,286
Disposals		0	0	(224,550)	(224,550)	0	(239,096)	(463,646)
Revaluation increments / (decrements) transferred to revaluation surplus		5,842,578	92,667	3,495,478	9,430,723	0	0	9,430,723
Depreciation	9(a)		(37,667)	(1,098,858)	(1,136,525)	(693,475)	(651,815)	(2,481,815)
<b>Balance at 30 June 2022</b>		90,646,000	620,000	38,260,600	129,526,600	1,795,521	2,653,157	133,975,278
<b>Comprises:</b>								
Gross balance amount at 30 June 2022		90,646,000	620,000	38,260,600	129,526,600	3,517,276	6,308,592	139,352,468
Accumulated depreciation at 30 June 2022		0	0	0	0	(1,721,755)	(3,655,435)	(5,377,190)
<b>Balance at 30 June 2022</b>		90,646,000	620,000	38,260,600	129,526,600	1,795,521	2,653,157	133,975,278



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

**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Carrying Value Measurements**

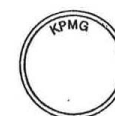
<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>(i) Fair Value</b>					
<b>Land and buildings</b>					
Land	2	Sales comparison approach	Independent registered valuers	June 2022	Price per square metre
Buildings - non-specialised	2	Sales comparison approach	Independent registered valuers	June 2022	Price per square metre
Buildings - specialised	2 and 3	Sales comparison approach (level 2) and cost approach (level 3)	Independent registered valuers	June 2022	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.

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.

**(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.



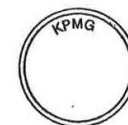
**CITY OF SUBIACO**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**8. 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.

Note	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - drainage	Infrastructure - other infrastructure	Infrastructure - streetscape	Infrastructure - parks, gardens, reserves and equipment	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	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	9(a) (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
<b>Balance at 30 June 2021</b>	74,771,020	17,816,095	23,012,547	1,623,081	5,848,533	6,735,172	129,806,448
<b>Comprises:</b>							
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)
<b>Balance at 30 June 2021</b>	74,771,020	17,816,095	23,012,547	1,623,081	5,848,533	6,735,172	129,806,448
Additions	1,867,230	139,707	628,600	0	450,440	2,886,239	5,972,216
Depreciation	9(a) (1,679,373)	(339,244)	(267,958)	(116,893)	(324,626)	(1,293,112)	(4,021,206)
<b>Balance at 30 June 2022</b>	74,958,877	17,616,558	23,373,189	1,506,188	5,974,347	8,328,299	131,757,458
<b>Comprises:</b>							
Gross balance at 30 June 2022	81,667,000	18,973,656	24,427,670	1,973,760	7,286,633	12,688,710	147,017,429
Accumulated depreciation at 30 June 2022	(6,708,123)	(1,357,098)	(1,054,481)	(467,572)	(1,312,286)	(4,360,411)	(15,259,971)
<b>Balance at 30 June 2022</b>	74,958,877	17,616,558	23,373,189	1,506,188	5,974,347	8,328,299	131,757,458



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

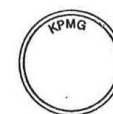
**8. INFRASTRUCTURE (Continued)**

**(b) Carrying Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>(i) Fair Value</b>					
<b>Infrastructure - roads</b>	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
<b>Infrastructure - footpaths</b>	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
<b>Infrastructure - drainage</b>	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
<b>Infrastructure - other infrastructure</b>	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
<b>Infrastructure - streetscape</b>	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
<b>Infrastructure - parks, gardens, reserves and equipment</b>	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

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

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.



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

**9. FIXED ASSETS**

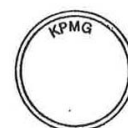
**(a) Depreciation**

	Note	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
Buildings - non-specialised	7(a)	37,667	7,300	7,297
Buildings - specialised	7(a)	1,098,858	1,013,160	1,214,303
Furniture and equipment	7(a)	693,475	291,180	383,887
Plant and equipment	7(a)	651,815	1,039,200	785,377
Infrastructure - roads	8(a)	1,679,373	1,669,307	1,698,204
Infrastructure - footpaths	8(a)	339,244	337,211	341,863
Infrastructure - drainage	8(a)	267,958	266,352	263,698
Infrastructure - other infrastructure	8(a)	116,893	91,752	116,893
Infrastructure - streetscape	8(a)	324,626	322,680	349,933
Infrastructure - parks, gardens, reserves and equipment	8(a)	1,293,112	1,014,988	1,064,733
Right-of-use assets - land and buildings	10(a)	131,458	0	137,297
Right-of-use assets - plant and equipment	10(a)	82,184	0	111,486
		6,716,663	6,053,130	6,474,971

**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 & Equipment	4 to 10 years
Plant & Equipment	5 to 15 years
<u>Sealed Roads and Streets</u>	
Formation	not depreciated
Pavement	50 to 60 years
<u>Seal</u>	
-bituminous seals	20 years
-asphalt surfaces	15 to 30 years
<u>Gravel Roads</u>	
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



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

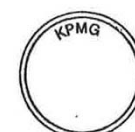
9. FIXED ASSETS (Continued)

(b) Disposals of assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - specialised	224,550	0	0	(224,550)	0	0	0	0	0	0	0	0
Plant and equipment	239,096	310,227	134,928	(63,797)	386,770	411,000	107,040	(82,810)	275,541	398,545	130,466	(7,462)
Investment Properties	0	0	0	0	0	0	0	0	15,050,000	15,050,000	0	0
	463,646	310,227	134,928	(288,347)	386,770	411,000	107,040	(82,810)	15,325,541	15,448,545	130,466	(7,462)

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
<b>Plant and Equipment</b>				
<b>Law, order, public safety</b>				
Light Vehicles	30,161	0	0	(30,161)
<b>Recreation and culture</b>				
Major Plant	24,379	16,818	0	(7,561)
Heavy Vehicles	11,356	53,636	42,280	0
Light Vehicles	35,344	60,909	25,565	0
<b>Transport</b>				
Heavy Vehicles	22,058	50,909	28,851	0
<b>Other property and services</b>				
Light Vehicles	26,075	0	0	(26,075)
Light Vehicles	89,723	127,955	38,232	0
	239,096	310,227	134,928	(63,797)
<b>Buildings</b>				
<b>Other Property and Services</b>				
Buildings	224,550	0	0	(224,550)
	224,550	0	0	(224,550)
	463,646	310,227	134,928	(288,347)



## **9. FIXED ASSETS (Continued)**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **Fixed assets**

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

#### **Initial recognition and measurement for assets held at cost**

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

#### **Initial recognition and measurement between mandatory revaluation dates for assets held at fair value**

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 scheduled revaluation dates 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 revaluation 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.

At the end of each period the carrying amount for each asset class 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.

#### **Revaluation (continued)**

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

#### **Depreciation**

The depreciable amount of all property, plant and equipment and infrastructure, 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 on revaluation**

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

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



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

**10. 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
Note	\$	\$	\$
<b>Balance at 1 July 2020</b>	575,280	146,352	721,632
Additions	0	90,807	90,807
Depreciation	(137,297)	(111,486)	(248,783)
<b>Balance at 30 June 2021</b>	437,983	125,673	563,656
Additions	35,474		35,474
Depreciation	9(a) (131,458)	(82,184)	(213,642)
<b>Balance at 30 June 2022</b>	341,999	43,489	385,488

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

	2022 Actual	2021 Actual
	\$	\$
Lease principal expense	(213,210)	(242,574)
Interest expense on lease liabilities	27(d) (17,690)	(24,662)
<b>Total amount recognised in the statement of comprehensive income</b>	(230,900)	(267,236)
Total cash outflow from leases	(230,900)	(267,236)

Current	164,591	208,463
Non-current	238,718	372,582
	27(d) 403,309	581,045

**(b) Lease Liabilities**

**Secured liabilities and assets pledged as security**

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

**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 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.

Details of individual lease liabilities required by regulations are provided at Note 27(d).

**Right-of-use assets - valuation measurement**

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.

Refer to Note 9 under revaluation for details on the significant accounting policies applying to vested improvements.

**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 shorter. 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.

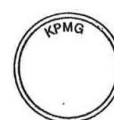
**The City as Lessor**

Upon entering into each contract as a lessor, the City assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the City applies AASB 15 to allocate the consideration under the contract to each component.





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

**11. INVESTMENT PROPERTY**

**Investment Land - at fair value**

	2022 Actual \$	2021 Actual \$
Carrying balance at 1 July	107,180,000	93,588,367
Transfers between asset classes	0	(2,942,789)
Sales	0	(9,958,047)
Net gain/(loss) from fair value adjustment	12,670,000	26,492,469
Closing balance at 30 June	<u>119,850,000</u>	<u>107,180,000</u>

**Investment Buildings - at fair value**

Carrying balance at 1 July	17,953,500	19,236,634
Transfers between asset classes	0	(1,788,731)
Acquisition following expiration of lease (*)	0	2,877,190
Capitalised subsequent expenditure	793,571	91,809
Sales	0	(5,091,953)
Net gain/(loss) from fair value adjustment	144,929	2,628,551
Closing balance at 30 June	<u>18,892,000</u>	<u>17,953,500</u>

**Non-current assets - at fair value**

Carrying balance at 1 July	125,133,500	112,825,001
Transfers between asset classes	0	(4,731,520)
Acquisition following expiration of lease (*)	0	2,877,190
Capitalised subsequent expenditure	793,571	91,809
Sales	0	(15,050,000)
Net gain/(loss) from fair value adjustment	12,814,929	29,121,020
Closing balance at 30 June	<u>138,742,000</u>	<u>125,133,500</u>

(\*) 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**

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Rental income	5,405,886	5,243,440	4,975,924
Direct operating expenses from property that generated rental income	(781,203)	(961,180)	(931,857)

**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:

Less than 1 year	5,017,529	5,243,440	5,416,844
1 to 2 years	4,783,275	0	5,319,609
2 to 3 years	4,728,517	0	4,230,531
3 to 4 years	3,763,243	0	4,125,330
4 to 5 years	1,847,696	0	2,126,291
> 5 years	4,773,037	0	3,558,949
	<u>24,913,297</u>	<u>5,243,440</u>	<u>24,777,554</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Investment properties**

Investment properties are principally freehold buildings, held for long-term rental yields and not occupied by the City. Investment properties are carried at fair value. In accordance with the significant accounting policies disclosed at Note 9.

**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.



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

**12. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors	378,190	1,999,174
Prepaid rates	206,632	241,090
Accrued payroll liabilities	477,287	505,806
Bonds and deposits held	1,188,554	1,199,488
Accrued interest on debentures	72,297	76,166
Income in advance	386,416	91,825
Accrued expenses	948,343	335,013
	<b>3,657,719</b>	<b>4,448,562</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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.

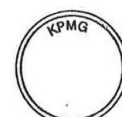
**Trade and other payables**

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 usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**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.



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

**13. OTHER LIABILITIES**

**Current**

Contract liabilities

**Reconciliation of changes in contract liabilities**

Opening balance

Additions

Revenue from contracts with customers included as a contract liability at the start of the period

	2022	2021
	\$	\$
Contract liabilities	67,510	136,347
	67,510	136,347
Opening balance	136,347	0
Additions	67,510	136,347
Revenue from contracts with customers included as a contract liability at the start of the period	(136,347)	0
	67,510	136,347

The City expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the reporting period to be satisfied within the next 12 months.

**Reconciliation of changes in capital grant/contribution liabilities**

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract liabilities**

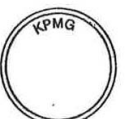
Contract liabilities represent the City's obligation to transfer goods or services to a customer for which the City has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

**Capital grant/contribution liabilities**

Capital grant/contribution liabilities represent the City's obligations to construct recognisable non-financial assets to identified specifications to be controlled the City which are yet to be satisfied. Capital grant/contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.



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

**14. BORROWINGS**

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
<b>Secured</b>		\$	\$	\$	\$	\$	\$
Debentures		501,057	5,603,356	6,104,413	481,189	5,884,149	6,365,338
<b>Total secured borrowings</b>	27(a)	501,057	5,603,356	6,104,413	481,189	5,884,149	6,365,338

**Secured liabilities and assets pledged as security**

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the City of Subiaco. Other loans relate to transferred receivables. Refer to Note 4.

The City of Subiaco has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 years.

**SIGNIFICANT ACCOUNTING POLICIES**

**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.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

**Risk**

Information regarding exposure to risk can be found at Note 21.

Details of individual borrowings required by regulations are provided at Note 27(a).



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

**15. EMPLOYEE RELATED PROVISIONS**

**Employee Related Provisions**

	2022	2021
	\$	\$
<b>Current provisions</b>		
<b>Employee benefit provisions</b>		
Annual Leave	1,700,075	1,677,967
Long Service Leave	1,663,943	1,505,402
Sick Leave	279,498	306,473
Time in Lieu (RDO)	101,907	89,310
Purchased Leave	986	986
	3,746,409	3,580,138
<b>Non-current provisions</b>		
Long Service Leave	328,650	375,264
	328,650	375,264
	4,075,059	3,955,402

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

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

**Amounts are expected to be settled on the following basis:**

Less than 12 months after the reporting date  
 More than 12 months from reporting date

Note	2022	2021
	\$	\$
Less than 12 months after the reporting date	1,801,982	1,767,277
More than 12 months from reporting date	2,273,077	2,188,125
	4,075,059	3,955,402

**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

The City's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

**Short-term employee benefits**

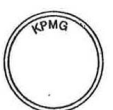
Provision is made for the City's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, 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 provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

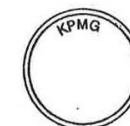


**CITY OF SUBIACO**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**16. REVALUATION SURPLUS**

	2022 Opening Balance	2022 Revaluation Increment	2022 Revaluation (Decrement)	Total Movement on Revaluation	2022 Closing Balance	2021 Opening Balance	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and Buildings	88,939,318	9,430,723	0	9,430,723	98,370,041	53,119,469	35,819,849	0	35,819,849	88,939,318
Revaluation surplus - Infrastructure - roads	48,408,545	0	0	0	48,408,545	48,408,545	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	14,556,241
Revaluation surplus - Infrastructure - drainage	11,601,712	0	0	0	11,601,712	11,601,712	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	2,149,056
Revaluation surplus - Share of other comprehensive income of investment in associate	110,965	0	0	0	110,965	110,875	90	0	90	110,965
	165,765,837	9,430,723	0	9,430,723	175,196,560	129,945,898	35,819,939	0	35,819,939	165,765,837

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.



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

**17. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	71,850,053	54,516,349	70,183,770

**Restrictions**

The following classes of financial 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	3	59,874,148	47,422,574	56,936,155
		<u>59,874,148</u>	<u>47,422,574</u>	<u>56,936,155</u>

The restricted financial assets are a result of the following specific purposes to which the assets may be used:

Restricted reserve accounts	28	59,874,148	47,422,574	56,936,155
<b>Total restricted financial assets</b>		<u>59,874,148</u>	<u>47,422,574</u>	<u>56,936,155</u>

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

Net result		17,776,760	160,285	32,442,421
Non-cash items:				
Adjustments to fair value of investment property		(12,814,929)	0	(29,121,020)
Depreciation/amortisation		6,716,663	6,053,130	6,474,971
(Profit)/loss on sale of asset		153,419	(24,230)	(123,004)
Share of profits of associates		110,797	0	149,996
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		121,994	(758,657)	69,160
(Increase)/decrease in other assets		98,891	0	(42,191)
(Increase)/decrease in inventories		6,692	(2,632)	(2,871)
Increase/(decrease) in trade and other payables		(790,843)	197,647	(589,847)
Increase/(decrease) in employee related provisions		119,657	255,000	248,054
Increase/(decrease) in other liabilities		(68,837)	0	120,488
Non-operating grants, subsidies and contributions		(1,330,706)	(1,643,692)	(1,487,224)
Net cash provided by/(used in) operating activities		<u>10,099,558</u>	<u>4,236,851</u>	<u>8,138,933</u>

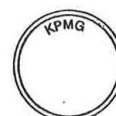
**(c) Undrawn Borrowing Facilities  
Credit Standby Arrangements**

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
<b>Total amount of credit unused</b>		<u>46,224</u>		<u>46,224</u>

**Loan facilities**

Loan facilities - current		501,057		481,189
Loan facilities - non-current		5,603,356		5,884,149
<b>Total facilities in use at balance date</b>		<u>6,104,413</u>		<u>6,365,338</u>

<b>Unused loan facilities at balance date</b>		0		0
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**CITY OF SUBIACO  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2022**

**18. CAPITAL COMMITMENTS**

	<b>2022</b>	<b>2021</b>
	\$	\$
Contracted for:		
- capital expenditure projects	2,223,083	1,190,401
- plant & equipment purchases	98,345	182,613
	2,321,428	1,373,014
Payable:		
- not later than one year	2,321,428	1,373,014

The capital expenditure project outstanding at the end of the current reporting period represents works in progress related to parks, roads, drainage, street lighting, buildings and furniture & equipment. 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.





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

**19. RELATED PARTY TRANSACTIONS**

**(a) Elected Member Remuneration**

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>Mayor Penny Taylor (retired 16/10/21)</b>			
Mayor's annual allowance	18,286	18,117	61,800
Meeting attendance fees	8,990	8,907	30,385
Child care expenses	0	0	1,256
Annual allowance for ICT expenses	0	0	3,500
	27,276	27,024	96,941
<b>Councillor David McMullen (Elected Mayor 16/10/21)</b>			
Mayor's annual allowance	43,514	43,683	0
Meeting attendance fees (Mayor)	21,394	21,478	0
Meeting attendance fees (Councillor)	6,705	6,643	22,660
Annual allowance for ICT expenses	3,500	3,500	2,900
	75,113	75,304	25,560
<b>Deputy Mayor Stephanie Stroud</b>			
Deputy Mayor's annual allowance	15,450	15,450	15,450
Meeting attendance fees	22,660	22,660	22,660
Annual allowance for ICT expenses	2,900	2,900	2,900
	41,010	41,010	41,010
<b>Councillor Rosemary De Vries</b>			
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
<b>Councillor Blake Phelan (retired 16/10/21)</b>			
Meeting attendance fees	6,705	22,660	22,660
Annual allowance for ICT expenses	0	2,900	2,900
	6,705	25,560	25,560
<b>Councillor Angela Hamersley</b>			
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
<b>Councillor Lynnette Jennings</b>			
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
<b>Councillor Rick Powell</b>			
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
<b>Councillor Derek Nash (retired 16/10/21)</b>			
Meeting attendance fees	6,705	6,643	22,660
Annual allowance for ICT expenses		2,900	2,900
	6,705	9,543	25,560
<b>Councillor Matthew Davis (retired 16/10/21)</b>			
Meeting attendance fees	6,705	6,643	22,660
Annual allowance for ICT expenses	0	0	2,900
	6,705	6,643	25,560
<b>Councillor Murray Rowe (retired 16/10/21)</b>			
Meeting attendance fees	6,705	6,643	22,660
Annual allowance for ICT expenses	0	0	2,900
	6,705	6,643	25,560
<b>Councillor Jodie Mansfield</b>			
Meeting attendance fees	6,705	6,643	22,660
Annual allowance for ICT expenses	0	0	2,900
	6,705	6,643	25,560



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

**19. RELATED PARTY TRANSACTIONS (Continued)**

(a) Elected Member Remuneration (Continued)	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>Councillor Garry Kosovich</b>				
Meeting attendance fees		15,955	16,017	0
Annual allowance for ICT expenses		2,900	2,900	0
		18,855	18,917	0
<b>Councillor Simon White</b>				
Meeting attendance fees		15,955	16,017	0
Annual allowance for ICT expenses		2,900	2,900	0
		18,855	18,917	0
<b>Councillor Mark Burns</b>				
Meeting attendance fees		15,955	16,017	0
Annual allowance for ICT expenses		2,900	2,900	0
		18,855	18,917	0
		335,729	357,361	393,551
Fees, expenses and allowances to be paid or reimbursed to elected council members.				
		2022 Actual \$	2022 Budget \$	2021 Actual \$
Mayor's annual allowance		61,800	61,800	61,800
Deputy Mayor's annual allowance		15,450	15,450	15,450
Meeting attendance fees		231,779	247,611	279,645
Child care expenses		0	0	1,256
Annual allowance for ICT expenses		26,700	32,500	35,400
	19(b)	335,729	357,361	393,551

**(b) Key Management Personnel (KMP) Compensation**

The total of compensation paid to KMP of the City during the year are as follows:	2022 Actual \$	2021 Actual \$
Short-term employee benefits	874,203	844,254
Post-employment benefits	91,344	149,808
Employee - other long-term benefits	21,982	20,891
Council member costs	335,729	393,551
	1,323,258	1,408,504

*Short-term employee benefits*

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

*Post-employment benefits*

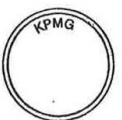
These amounts are the current-year's cost of the City's superannuation contributions made during the year.

*Other long-term benefits*

These amounts represent annual leave and long service leave entitlements accruing during the year.

*Council member costs*

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



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

**19. RELATED PARTY TRANSACTIONS (Continued)**

**(c) 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 guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:

Purchase of goods and services

2022 Actual	2021 Actual
\$ 2,112,883	\$ 1,680,449

**(d) 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 council member, are considered key management personnel.

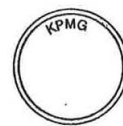
*ii. Other Related Parties*

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.



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

**20. INVESTMENT IN ASSOCIATES**

**(a) Investment in associate**

Set out in the table below are the associates of the City. All associates are measured using the equity method. Western Australia is the principal place of business for all associates.

Name of entity	% of ownership interest		2022	2021
	2022	2021	Actual	Actual
Western Metropolitan Regional Council	38.33%	38.33%	\$ 1,136,179	1,246,976
<b>Total equity-accounted investments</b>			<b>1,136,179</b>	<b>1,246,976</b>

**(b) Share of Investment in 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%

**Summarised statement of comprehensive income**

	2022	2021
	Actual	Actual
	\$	\$
Revenue	6,429,949	5,561,134
Interest income	3,074	7,687
Interest expense	(1,110)	(967)
Depreciation	(240,761)	(220,833)
Profit/(loss) from continuing operations	(289,121)	(391,090)
Profit/(loss) for the period	(289,121)	(391,090)
Total comprehensive income for the period	(289,121)	(391,090)

**Summarised statement of financial position**

Cash and cash equivalents	1,432,957	1,074,089
Other current assets	415,149	429,125
Total current assets	1,848,106	1,503,214
Non-current assets	2,492,672	2,492,769
Total assets	4,340,778	3,995,983
Other current liabilities	1,300,522	694,737
Total current liabilities	1,300,522	694,737
Other non-current liabilities	76,052	47,983
Total non-current liabilities	76,052	47,983
Total liabilities	1,376,574	742,720
<b>Net assets</b>	<b>2,964,204</b>	<b>3,253,263</b>
<b>Reconciliation to carrying amounts</b>		
Opening net assets 1 July	3,253,263	3,644,353
Profit/(Loss) for the period	(289,121)	(391,090)
Closing net assets 1 July	2,964,142	3,253,263
<b>Carrying amount at 1 July</b>	<b>1,246,976</b>	<b>1,396,881</b>
- Share of associates net profit/(loss) for the period	(110,820)	(149,905)
- Adjustment for prior year	23	0
<b>Carrying amount at 30 June (Refer to Note 20.(a))</b>	<b>1,136,179</b>	<b>1,246,976</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Investments in associates**

An associate is an entity over which the City has the power to participate in the financial and operating policy decisions of the investee but not control or joint control of those policies.

Investments in associates are accounted for using the equity method. The equity method of accounting, is 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.



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

**21. 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.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
<b>Market risk - interest rates</b>	Long term borrowings at variable rates and cash and cash equivalents	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	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 has 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. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

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, term deposits, and Treasury bonds held disclosed as financial assets at amortised cost are reflected in the table below.

	<b>Weighted Average Interest Rate</b>	<b>Carrying Amounts</b>	<b>Fixed Interest Rate</b>	<b>Variable Interest Rate</b>	<b>Non Interest Bearing</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2022</b>					
Cash and cash equivalents	0.67%	71,850,053	65,874,146	5,972,282	3,625
<b>2021</b>					
Cash and cash equivalents	0.42%	70,183,770	60,936,154	9,243,991	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.

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% movement in interest rates on profit and loss and equity*	59,723	92,440

\* 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 27(a).



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

**21. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit risk**

**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 through incentives.

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

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

The City 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.

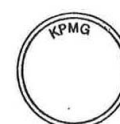
The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
<b>30 June 2022</b>						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	459,789	163,152	119,550	308,983	1,051,474	
Loss allowance	0	0	0	0	0	4
<b>30 June 2021</b>						
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	4

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	Less than 1 year past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total	
<b>30 June 2022</b>						
Trade and other receivables						
Expected credit loss	0.00%	0.00%	0.00%			
Gross carrying amount	92,314	24,750	15,390	1,076,151	1,208,605	
Loss allowance	0	0	0	(894,831)	(894,831)	4
<b>30 June 2021</b>						
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)	4



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

**21. FINANCIAL RISK MANAGEMENT (Continued)**

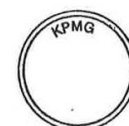
**(b) Credit risk**

The loss allowances for trade receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

	Rates receivable		Trade and other receivables		Contract Assets	
	2022 Actual	2021 Actual	2022 Actual	2021 Actual	2022 Actual	2021 Actual
	\$	\$	\$	\$	\$	\$
Opening loss allowance as at 1 July	0		878,754		0	
Unused amount reversed	0	0	16,077	878,754	0	0
<b>Closing loss allowance at 30 June</b>	<b>0</b>	<b>0</b>	<b>894,831</b>	<b>878,754</b>	<b>0</b>	<b>0</b>

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the City, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.



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

**21. FINANCIAL RISK MANAGEMENT (Continued)**

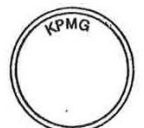
**(c) Liquidity risk**

**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(c).

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.

	<b>Due within 1 year</b>	<b>Due between 1 &amp; 5 years</b>	<b>Due after 5 years</b>	<b>Total contractual cash flows</b>	<b>Carrying values</b>
	\$	\$	\$	\$	\$
<b><u>2022</u></b>					
Trade and other payables	3,657,719	0	0	3,657,719	3,657,719
Borrowings	779,913	3,095,380	5,009,524	8,884,817	6,104,413
Lease liabilities	164,591	187,441	51,277	403,309	403,309
	<u>4,602,223</u>	<u>3,282,821</u>	<u>5,060,801</u>	<u>12,945,845</u>	<u>10,165,441</u>
<b><u>2021</u></b>					
Trade and other 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
Lease liabilities	208,463	299,411	73,171	581,045	581,045
	<u>5,395,353</u>	<u>3,252,722</u>	<u>5,775,960</u>	<u>14,424,035</u>	<u>11,394,945</u>





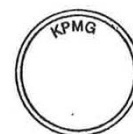
**CITY OF SUBIACO**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**22. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

On Tuesday 6 September 2022 a fire occurred at the City of Subiaco Administration building located at 241 Rokeby Road Subiaco, resulting in the closure of the facility to all staff and the public. There were no staff in the building at the time of the fire.

The facility was assessed by essential services to make safe the building with assessment and rectification works in progress to make the necessary repairs. The fire has resulted in the City's server room, which houses the network infrastructure, being destroyed.

The City's customer service function has been temporarily relocated to its premises in Bishop Street Jolimont whilst the building remains closed. The City has lodged an insurance claim in relation to this incident.



**23. 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) Interest earnings**

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost 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).

**i) 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.

**j) Impairment of assets**

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

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

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

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

**k) Initial application of accounting standards**

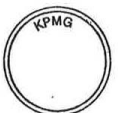
During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

**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
- AASB 2021-7 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

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



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

**24. FUNCTION AND ACTIVITY**

**(a) Service objectives and descriptions**

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

**Objective**

**Description**

**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**

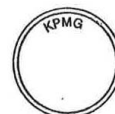
To facilitate economic development, promote compliance with building standards, regulations and local laws and enhance public amenity by placing powerlines underground.

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.

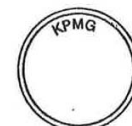


**CITY OF SUBIACO**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**24. FUNCTION AND ACTIVITY (Continued)**

**(b) Income and expenses**

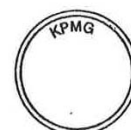
	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>2021 Actual</b>
	\$	\$	\$
<b>Income excluding grants, subsidies and contributions</b>			
Governance	150	0	0
General purpose funding	26,126,429	26,180,607	25,799,305
Law, order, public safety	39,966	34,300	53,729
Health	44,032	104,580	36,364
Education and welfare	40,524	0	39,723
Community amenities	4,792,766	4,799,880	4,866,596
Recreation and culture	3,559,597	3,339,890	3,368,892
Transport	4,073,700	3,209,806	3,806,586
Economic services	13,010,074	218,560	29,531,250
Other property and services	6,488,779	5,979,170	8,707,732
	<b>58,176,017</b>	<b>43,866,793</b>	<b>76,210,177</b>
<b>Grants, subsidies and contributions</b>			
Recreation and culture	490,532	775,055	67,182
Transport	840,174	868,637	1,420,042
	<b>1,330,706</b>	<b>1,643,692</b>	<b>1,487,224</b>
<b>Total Income</b>	<b>59,506,723</b>	<b>45,510,485</b>	<b>77,697,401</b>
<b>Expenses</b>			
Governance	(2,464,204)	(2,930,595)	(2,184,247)
General purpose funding	(617,323)	(621,280)	(2,610,990)
Law, order, public safety	(732,013)	(659,320)	(640,233)
Health	(1,038,724)	(1,091,960)	(834,197)
Education and welfare	(509,266)	0	(741,941)
Community amenities	(6,150,258)	(6,991,107)	(5,986,257)
Recreation and culture	(14,232,935)	(15,310,466)	(13,468,869)
Transport	(10,630,058)	(11,887,902)	(10,414,773)
Economic services	(3,084,763)	(3,520,520)	(3,302,675)
Other property and services	(2,270,419)	(2,337,050)	(2,193,608)
<b>Total expenses</b>	<b>(41,729,963)</b>	<b>(45,350,200)</b>	<b>(42,377,790)</b>
<b>Net result for the period</b>	<b>17,776,760</b>	<b>160,285</b>	<b>35,319,611</b>



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

**24. FUNCTION AND ACTIVITY (Continued)**

	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
<b>(c) Fees and Charges</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
General purpose funding	233,595	205,000	67,230
Law, order, public safety	39,650	34,300	42,038
Health	43,681	81,100	27,578
Education and welfare	31,836	30,830	32,964
Community amenities	212,678	249,500	305,764
Recreation and culture	3,005,393	2,741,270	2,855,885
Transport	3,929,645	3,120,776	3,662,917
Economic services	183,884	210,560	272,808
Other property and services	5,444,939	5,266,940	4,998,768
	<b>13,125,301</b>	<b>11,940,276</b>	<b>12,265,952</b>
<b>(d) Total Assets</b>	<b>\$</b>	<b>\$</b>	
General purpose funding	2,036,548	2,257,432	
Law, order, public safety	168,336	226,805	
Health	49,446	65,240	
Education and welfare	3,462,268	3,202,268	
Community amenities	1,532,144	1,642,907	
Recreation and culture	70,997,492	67,437,728	
Transport	156,719,621	151,541,592	
Economic services	98,921	120,684	
Other property and services	244,817,796	227,366,118	
	<b>479,889,573</b>	<b>453,860,774</b>	



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

25. RATING INFORMATION

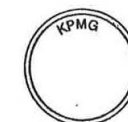
(a) General Rates

RATE TYPE	Basis of valuation	Rate in \$	Number of Properties	2021/22 Actual Rateable Value *	2021/22 Actual Rate Revenue	2021/22 Actual Interim Rates	2021/22 Actual Back Rates	2021/22 Actual Total Revenue	2021/22 Budget Rate Revenue	2021/22 Budget Interim Rate	2021/22 Budget Back Rate	2021/22 Budget Total Revenue	2020/21 Actual Total Revenue
Residential	Gross rental valuation	7.6043	6,694	183,584,709	13,960,331	64,626	1,032	14,025,989	13,960,331	400,000	5,000	14,365,331	13,886,085
Commercial	Gross rental valuation	7.6043	1,114	116,533,262	8,861,539	(10,164)	(2,466)	8,848,909	8,861,539			8,861,539	9,155,067
Industrial	Gross rental valuation	7.6043	9	808,320	61,467	1,859	0	63,326	61,467			61,467	61,467
<b>Sub-Total</b>			7,817	300,926,291	22,883,337	56,321	(1,434)	22,938,224	22,883,337	400,000	5,000	23,288,337	23,102,619
<b>Minimum payment</b>													
Residential	Gross rental valuation	1190	1,395	17,404,629	1,660,050	5,050	1,288	1,666,388	1,660,050			1,660,050	1,657,788
Commercial	Gross rental valuation	1190	162	2,068,619	192,780	0	0	192,780	192,780			192,780	192,780
<b>Sub-Total</b>			1,557	19,473,248	1,852,830	5,050	1,288	1,859,168	1,852,830	0	0	1,852,830	1,850,568
			9,374	320,399,539	24,736,167	61,371	(146)	24,797,392	24,736,167	400,000	5,000	25,141,167	24,953,187
Concessions on general rates (Refer note 25(b))								(246)				0	(17)
<b>Total amount raised from general rates</b>								24,797,146				25,141,167	24,953,170
								<b>24,797,146</b>				<b>25,141,167</b>	<b>24,953,170</b>

\* Rateable value is based on the value of properties at the time the rate is raised.

(b) Total Rates

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 *Income for not-for-profit entities*.



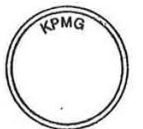
CITY OF SUBIACO  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2022

25. RATING INFORMATION (Continued)

Waivers or Concessions

Rate or Fee and  
 Charge to which  
 the Waiver or  
 Concession is Granted

	Type	Waiver/ Concession	Discount %	Discount \$	2022 Actual \$	2022 Budget \$	2021 Actual \$
Rates interest written off	Rate	Concession	N.A.	N.A.	246	0	17
					246	0	17
Total discounts/concessions (Note 25)					246	0	17



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

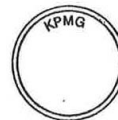
**25. RATING INFORMATION (Continued)**

**(c) Interest Charges & Instalments**

<b>Instalment Options</b>	<b>Date Due</b>	<b>Instalment Plan Admin Charge</b>	<b>Instalment Plan Interest Rate</b>	<b>Unpaid Rates Interest Rate</b>
		<b>\$</b>	<b>%</b>	<b>%</b>
<b>Option One</b>				
Single full payment	26/08/2021	0.00	0.00%	7.00%
<b>Option Three</b>				
First instalment	26/08/2021	52.20	0.00%	7.00%
Second instalment	4/11/2021			
Third instalment	6/01/2022			
Fourth instalment	10/03/2022			

	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>2021 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest on unpaid rates	92,779	67,000	0
Interest on deferred pensioner rates (*)	1,244	5,000	995
	94,023	72,000	995
Charges on instalment plan	150,075	150,000	0
	244,098	222,000	995

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

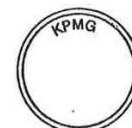




**CITY OF SUBIACO**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**26. RATE SETTING STATEMENT INFORMATION**

		2021/22 Budget	2021/22	2020/21
	2021/22 (30 June 2022 Carried Forward)	(30 June 2022 Carried Forward)	(1 July 2021 Brought Forward)	(30 June 2021 Carried Forward)
Note	\$	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>				
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> .				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	9(b)	(134,928)	(107,040)	(130,466)
Less: Share of net profit of associates accounted for using the equity method		110,797	0	149,996
Add: Loss on disposal of assets	9(b)	288,347	82,810	7,462
Add: Depreciation	9(a)	6,716,663	6,053,130	6,474,971
Non-cash movements in non-current assets and liabilities:				
Investment property	11	(12,814,929)	0	(29,121,020)
Pensioner deferred rates		16,696	0	(11,534)
Employee benefit provisions		(46,614)	0	(15,061)
<b>Non-cash amounts excluded from operating activities</b>		<b>(5,863,968)</b>	<b>6,028,900</b>	<b>(22,645,652)</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>				
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.				
<b>Adjustments to net current assets</b>				
Less: Reserve accounts	28	(59,874,148)	(47,422,574)	(56,936,155)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	14	501,057	721,619	481,189
- Current portion of lease liabilities	10(b)	164,591	0	208,463
<b>Total adjustments to net current assets</b>		<b>(59,208,500)</b>	<b>(46,700,955)</b>	<b>(56,246,503)</b>
<b>Net current assets used in the Rate Setting Statement</b>				
Total current assets		73,804,446	56,928,851	72,349,044
Less: Total current liabilities		(8,137,286)	(10,227,896)	(8,854,699)
Less: Total adjustments to net current assets		(59,208,500)	(46,700,955)	(56,246,503)
<b>Net current assets used in the Rate Setting Statement</b>		<b>6,458,660</b>	<b>0</b>	<b>7,247,842</b>



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

27. BORROWING AND LEASE LIABILITIES

(a) Borrowings

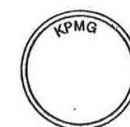
Purpose	Loan	Actual							Budget			
		Principal		Principal at 30 June 2021	Principal		Principal at 30 June 2022	Principal at 1 July 2021	Principal		Principal at 30 June 2022	
		Principal at 1 July 2020	New Loans During 2020-21		Repayments During 2020-21	New Loans During 2021-22			Repayments During 2021-22	New Loans During 2021-22		Repayments During 2021-22
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Rosalie Park Improvements	121A	492,704	0	(36,846)	455,858	0	(39,170)	416,688	455,850	0	(39,170)	416,680
Rosalie Park Improvements	121B	114,007	0	(7,550)	106,457	0	(8,015)	98,442	106,460	0	(8,020)	98,440
Rosalie Park Improvements	121C	850,925	0	(44,582)	806,343	0	(46,640)	759,703	806,350	0	(46,640)	759,710
Rosalie Park Improvements	121D	110,798	0	(20,700)	90,098	0	(21,405)	68,693	90,100	0	(21,410)	68,690
Lake Jualbup	127	824,135	0	(92,132)	732,003	0	(95,049)	636,954	732,010	0	(95,050)	636,960
Undergrounding of Powerlines	123A	2,596,157	0	(130,585)	2,465,572	0	(137,382)	2,328,190	2,465,580	0	(137,380)	2,328,200
Undergrounding of Powerlines	123B	1,798,774	0	(89,767)	1,709,007	0	(93,927)	1,615,080	1,709,010	0	(93,930)	1,615,080
<b>Total</b>		<b>6,787,500</b>	<b>0</b>	<b>(422,162)</b>	<b>6,365,338</b>	<b>0</b>	<b>(441,588)</b>	<b>5,923,750</b>	<b>6,365,360</b>	<b>0</b>	<b>(441,600)</b>	<b>5,923,760</b>
<b>Self Supporting Loans</b>												
Regal Theatre	128	0	0	0	0	200,000	(19,337)	180,663	0	200,000	(39,600)	160,400
<b>Total Self Supporting Loans</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>200,000</b>	<b>(19,337)</b>	<b>180,663</b>	<b>0</b>	<b>200,000</b>	<b>(39,600)</b>	<b>160,400</b>
<b>Total Borrowings</b>	<b>14</b>	<b>6,787,500</b>	<b>0</b>	<b>(422,162)</b>	<b>6,365,338</b>	<b>200,000</b>	<b>(460,925)</b>	<b>6,104,413</b>	<b>6,365,360</b>	<b>200,000</b>	<b>(481,200)</b>	<b>6,084,160</b>

\* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

Borrowing Interest Repayments

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending	Budget for year ending	Actual for year ending
						30 June 2022	30 June 2022	30 June 2021
						\$	\$	\$
Rosalie Park Improvements		Recreation and culture	121A	WATC	6.21%	(30,831)	(30,850)	(33,380)
Rosalie Park Improvements		Recreation and culture	121B	WATC	6.07%	(7,064)	(7,070)	(7,576)
Rosalie Park Improvements		Recreation and culture	121C	WATC	4.54%	(38,439)	(41,180)	(40,634)
Rosalie Park Improvements		Recreation and culture	121D	WATC	3.38%	(3,457)	(3,460)	(4,309)
Lake Jualbup		Recreation and culture	127	WATC	3.13%	(29,258)	(26,650)	(32,969)
Undergrounding of Powerlines		Economic services	123A	WATC	5.14%	(139,481)	(141,710)	(147,331)
Undergrounding of Powerlines		Economic services	123B	WATC	4.58%	(86,467)	(88,380)	(91,241)
<b>Total</b>						<b>(334,997)</b>	<b>(339,300)</b>	<b>(357,440)</b>
<b>Self Supporting Loans Interest Repayments</b>								
Regal Theatre		Recreation and culture	128	WATC	1.49%	(2,770)	(2,230)	0
<b>Total Self Supporting Loans Interest Repayments</b>						<b>(2,770)</b>	<b>(2,230)</b>	<b>0</b>
<b>Total Interest Repayments</b>	<b>2(b)</b>					<b>(337,767)</b>	<b>(341,530)</b>	<b>(357,440)</b>



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

27. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2021/22

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2022 Actual	2022 Budget	2022 Actual	2022 Budget		
Regal Theatre	WATC	Debenture	5 years	1.49%	\$ 200,000	\$ 200,000	\$ 0	\$ 200,000	2,230	\$ 200,000
					200,000	200,000	0	200,000	2,230	200,000

\* WA Treasury Corporation

(c) Unspent Borrowings

Particulars	Institution	Date Borrowed	Unspent Balance 1 July 2021	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2022
Regal Theatre	WATC	3/11/2021	\$ 0	\$ 200,000	\$ 0	\$ 200,000
			0	200,000	0	200,000

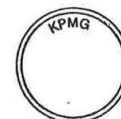
\* WA Treasury Corporation

(d) Lease Liabilities

Purpose	Note	Actual						
		Principal at 1 July 2020	New Leases During 2020-21	Principal Repayments During 2020-21	Principal at 30 June 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022
		\$	\$	\$	\$	\$	\$	\$
Gym Equipment		148,549	0	(88,245)	60,304	0	(60,304)	0
Gym Equipment		0	90,807	(22,704)	68,103	0	(23,383)	44,720
Carpark		389,224	0	(104,481)	284,743	0	(107,636)	177,107
Depot Site		184,215	0	(16,320)	167,895	0	(17,139)	150,756
Depot Site		10,824	0	(10,824)	0	0	0	0
Depot Site		0	0	0	0	35,474	(4,748)	30,726
<b>Total Lease Liabilities</b>	10(b)	<b>732,812</b>	<b>90,807</b>	<b>(242,574)</b>	<b>581,045</b>	<b>35,474</b>	<b>(213,210)</b>	<b>403,309</b>

Lease Interest Repayments

Purpose	Note	Function and activity	Lease Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021	Lease Term
Gym Equipment		Recreation and culture			3.02%	\$ (681)	\$ 0	\$ (3,232)	3 years
Gym Equipment		Recreation and culture			3.02%	(1,713)	0	(2,391)	4 years
Carpark		Transport			3.02%	(7,027)	0	(10,183)	5 years
Depot Site		Other property and services			5.02%	(7,861)	0	(8,680)	10 years
Depot Site		Other property and services			3.02%	0	0	(176)	3 years
Depot Site		Other property and services			3.02%	(408)	0	0	3 years
<b>Total Interest Repayments</b>	2(b)					<b>(17,690)</b>	<b>0</b>	<b>(24,662)</b>	

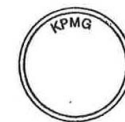


**CITY OF SUBIACO  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**28. RESERVE ACCOUNTS**

**Restricted by council**

	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance	2022 Budget Opening Balance	2022 Budget Transfer to	2022 Budget Transfer (from)	2022 Budget Closing Balance	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Plant and Equipment Replacement	1,729,392	402,539	(570,815)	1,561,116	1,741,158	351,680	(1,356,000)	736,838	1,680,395	140,148	(91,151)	1,729,392
(b) Building and Facilities	2,329,813	713,674	(756,993)	2,286,494	3,053,944	596,130	(2,063,200)	1,586,874	1,952,725	737,358	(360,270)	2,329,813
(c) Parking and Public Transport Impro	2,468,570	9,191	(7,474)	2,470,287	2,388,505	6,160	(300,000)	2,094,665	1,732,039	885,642	(149,111)	2,468,570
(d) Waste Management	3,044,531	232,323	(13,500)	3,263,354	2,987,552	198,808	(201,000)	2,985,360	2,921,759	145,272	(22,500)	3,044,531
(e) Undergrounding of Power Lines	80,574	450,300	(457,256)	73,618	76,601	450,300	(461,400)	65,501	89,221	450,273	(458,920)	80,574
(f) Capital Investment	28,273,486		(906,543)	27,366,943	28,091,055	135,090	(1,598,800)	26,627,345	16,033,055	15,050,000	(2,809,569)	28,273,486
(g) Student Bursaries	58,647	218		58,865	58,648	270	0	58,918	58,468	179	0	58,647
(h) Infrastructure Replacement	6,680,671	5,336,163	(1,310,926)	10,705,908	6,699,405	2,125,880	(3,273,007)	5,552,278	5,842,953	2,222,623	(1,384,905)	6,680,671
(i) Investment Income Reserve	11,136,001	4,249,642	(4,679,293)	10,706,350	10,747,005	3,701,450	(7,770,285)	6,678,170	10,633,913	3,791,530	(3,289,442)	11,136,001
(j) Public Art	690,679	190,571	(44,133)	837,117	656,367	189,990	(188,540)	657,817	553,987	187,077	(50,385)	690,679
(k) Heritage Grants Reserve	96,939	50,361	(18,247)	129,053	98,849	50,450	(50,000)	99,299	99,549	50,305	(52,915)	96,939
(l) Information Technology Reserve	346,852	186,291	(118,100)	415,043	396,849	760	(118,100)	279,509	314,389	82,463	(50,000)	346,852
	56,936,155	11,821,273	(8,883,280)	59,874,148	56,995,938	7,806,968	(17,380,332)	47,422,574	41,912,453	23,742,870	(8,719,168)	56,936,155



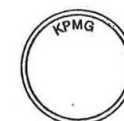
**CITY OF SUBIACO  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**28. RESERVE ACCOUNTS (Continued)**

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:

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
(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 Impro	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 - any other funds as determined by Council from time to time. - the City's share of the net surplus from the Subi Centro project; and 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.

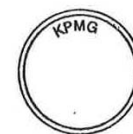


**CITY OF SUBIACO**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**29. 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 2021	Amounts Received	Amounts Paid	30 June 2022
	\$	\$	\$	\$
Building Industry Training Fund	102,627	26,104	(60,657)	68,074
Building Commission	149,263	141,812	(83,897)	207,178
Employee Workplace Giving Program	2,787	0	(305)	2,482
	<u>254,677</u>	<u>167,916</u>	<u>(144,859)</u>	<u>277,734</u>

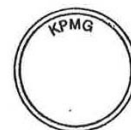


**CITY OF SUBIACO**  
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**30. MAJOR LAND TRANSACTIONS**

2 Upham Street, Jolimont

The City owns the property located at 2 Upham Street, Subiaco WA in freehold. The property comprises a rectangular shaped lot of 9,784m<sup>2</sup> and is zoned mixed-use under the City's LPS No. 5. The property is currently classified as "possibly contaminated – investigation required". The City recently demolished the improvements on the property, and remediated the site, and is hopeful of having the property reclassified as "decontaminated" or "remediated for restricted use". Once the property has been reclassified, the City intends, at this stage and subject to Council approval, to market the property for sale. The proceeds of sale have been earmarked for the future redevelopment or refurbishment of the City's Administration Centre and Civic Precinct.





# Auditor General

## INDEPENDENT AUDITOR'S REPORT 2022 City of Subiaco

To the Councillors of the City of Subiaco

### Opinion

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

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

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the City for the year ended 30 June 2022 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

### Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

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

### Other information

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

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

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



If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

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

The Chief Executive Officer of the City is responsible for:

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

In preparing the financial report, the CEO is responsible for:

- assessing the City's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the City.

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

## **Auditor's responsibilities for the audit of the financial report**

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

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

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

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

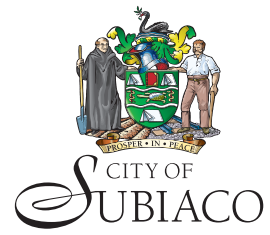
I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and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

## **Matters relating to the electronic publication of the audited financial report**

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



Grant Robinson  
Assistant Auditor General Financial Audit  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
18 November 2022



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alternative formats on request.

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