



2022-23
Annual
Financial Statement

CITY OF SUBIACO
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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The City of Subiaco conducts the operations of a local government with the following community vision:

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

Principal place of business:
Level 2, 388 Hay Street
Subiaco WA 6008

**CITY OF SUBIACO
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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

STATEMENT BY CEO

The accompanying financial report of the City of Subiaco has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the 30 day of November 2023



Chief Executive Officer

Colin Cameron

Name of Chief Executive Officer



**CITY OF SUBIACO
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual	2023 Budget	Restated * 2022 Actual
		\$	\$	\$
Revenue				
Rates	2(a),26	25,641,873	25,775,169	24,797,146
Grants, subsidies and contributions	2(a)	1,000,264	117,880	880,945
Operating reimbursements and donations	2(a)	982,252	742,180	1,085,984
Fees and charges	2(a)	13,673,750	12,928,801	13,125,301
Sanitation charges	2(a)	4,897,591	4,831,490	4,530,558
Interest revenue	2(a)	2,465,453	417,940	327,848
Other revenue	2(a)	478,370	582,000	478,378
		49,139,553	45,395,460	45,226,160
Expenses				
Employee costs	2(b)	(21,240,262)	(22,797,570)	(21,038,151)
Materials and contracts		(12,918,376)	(14,274,140)	(10,327,009)
Utility charges		(899,600)	(934,300)	(903,623)
Depreciation		(8,379,115)	(6,147,450)	(7,404,394)
Finance costs	2(b)	(352,582)	(319,470)	(355,457)
Insurance		(555,446)	(513,550)	(471,307)
Other expenditure	2(b)	(1,721,695)	(1,505,410)	(1,518,609)
		(46,067,076)	(46,491,890)	(42,018,550)
		3,072,477	(1,096,430)	3,207,610
Capital grants, subsidies and contributions	2(a)	1,148,116	1,045,060	1,330,706
Profit on asset disposals		99,470	14,150	134,928
Loss on asset disposals		(6,828)	(128,300)	(288,347)
Fair value adjustments to investment property	11	(15,201,574)	0	12,814,929
Share of net profit / (loss) of associates accounted for using the equity method	21(c)	120,879	0	(110,797)
Contribution for development of infrastructure	8(a)	415,222	0	0
		(13,424,715)	930,910	13,881,419
Net result for the period	25(b)	(10,352,238)	(165,520)	17,089,029
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	38,587,882	0	18,838,338
Total other comprehensive income for the period	16	38,587,882	0	18,838,338
Total comprehensive income for the period		28,235,644	(165,520)	35,927,367

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

* Restated – Refer to Note 31



**CITY OF SUBIACO
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	NOTE	2023 \$	Restated * 2022 \$	Restated * 1-Jul-21 \$
CURRENT ASSETS				
Cash and cash equivalents	3	73,626,849	71,850,053	70,183,770
Trade and other receivables	4	1,950,973	1,947,179	2,052,477
Inventories	5	6,369	6,570	13,262
Other assets	6	1,051,779	644	99,535
Assets classified as held for sale	6	9,784,000	0	0
TOTAL CURRENT ASSETS		86,419,970	73,804,446	72,349,044
NON-CURRENT ASSETS				
Trade and other receivables	4	106,209	88,724	105,420
Investment in associate	21(a)	1,257,058	1,136,179	1,246,976
Property, plant and equipment	7	130,072,500	143,382,893	124,655,730
Infrastructure	8	171,955,965	128,703,970	127,440,691
Right-of-use assets	10(a)	2,331,849	385,488	563,656
Investment property	11	123,932,500	138,742,000	125,133,500
TOTAL NON-CURRENT ASSETS		429,656,081	412,439,254	379,145,973
TOTAL ASSETS		516,076,051	486,243,700	451,495,017
CURRENT LIABILITIES				
Trade and other payables	12	3,838,718	3,657,719	4,448,562
Other liabilities	13	148,750	67,510	136,347
Lease liabilities	10(b)	706,266	164,591	208,463
Borrowings	14	522,984	501,057	481,189
Employee related provisions	15	3,609,584	3,746,409	3,580,138
TOTAL CURRENT LIABILITIES		8,826,302	8,137,286	8,854,699
NON-CURRENT LIABILITIES				
Lease liabilities	10(b)	1,650,902	238,718	372,582
Borrowings	14	5,080,371	5,603,356	5,884,149
Employee related provisions	15	347,142	328,650	375,264
TOTAL NON-CURRENT LIABILITIES		7,078,415	6,170,724	6,631,995
TOTAL LIABILITIES		15,904,717	14,308,010	15,486,694
NET ASSETS		500,171,334	471,935,690	436,008,323
EQUITY				
Retained surplus		212,157,880	227,457,367	213,306,331
Reserve accounts	29	64,821,397	59,874,148	56,936,155
Revaluation surplus	16	223,192,057	184,604,175	165,765,837
TOTAL EQUITY		500,171,334	471,935,690	436,008,323

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

* Restated – Refer to Note 31



CITY OF SUBIACO
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2021		215,672,088	56,936,155	165,765,837	438,374,080
Correction of error	31	(2,365,757)	0	0	(2,365,757)
Restated balance at the beginning of the financial year		213,306,331	56,936,155	165,765,837	436,008,323
Comprehensive income for the period					
Net result for the period *		17,089,029	0	0	17,089,029
Other comprehensive income for the period *	16	0	0	18,838,338	18,838,338
Total comprehensive income for the period		17,089,029	0	18,838,338	35,927,367
Transfers from reserve accounts	29	8,883,280	(8,883,280)	0	0
Transfers to reserve accounts	29	(11,821,273)	11,821,273	0	0
Balance as at 30 June 2022		227,457,367	59,874,148	184,604,175	471,935,690
Comprehensive income for the period					
Net result for the period		(10,352,238)	0	0	(10,352,238)
Other comprehensive income for the period	16	0	0	38,587,882	38,587,882
Total comprehensive income for the period		(10,352,238)	0	38,587,882	28,235,644
Transfers from reserve accounts	29	10,071,070	(10,071,070)	0	0
Transfers to reserve accounts	29	(15,018,319)	15,018,319	0	0
Balance as at 30 June 2023		212,157,880	64,821,397	223,192,057	500,171,334

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

* Restated – Refer to Note 31



**CITY OF SUBIACO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2022 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		25,688,709	25,053,153
Grants, subsidies and contributions		724,635	919,865
Reimbursements and donations		982,252	1,085,984
Fees and charges		13,931,201	13,141,378
Sanitation charges		4,897,591	4,530,558
Interest revenue		2,465,453	327,848
Net goods and services tax received / (paid)		30,949	(292,305)
Other revenue		478,370	478,378
		49,199,160	45,244,859
Payments			
Employee costs		(21,287,217)	(20,947,013)
Materials and contracts		(13,859,335)	(10,945,423)
Utility charges		(899,600)	(903,623)
Finance costs		(352,582)	(359,326)
Insurance paid		(555,446)	(471,307)
Donations, contributions and grants made		(160,040)	(162,434)
Other expenditure		(1,561,655)	(1,356,175)
		(38,675,875)	(35,145,301)
Net cash provided by (used in) operating activities	17(b)	10,523,285	10,099,558
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	7(a)	(1,678,929)	(2,834,286)
Payments for construction of infrastructure	8(a)	(5,964,370)	(5,972,216)
Payments for construction of infrastructure works in progress	8(a)	(1,127,026)	0
Payments for investment property	11	(392,074)	(793,571)
Capital grants, subsidies and contributions		1,148,116	1,330,706
Proceeds from sale of property, plant & equipment		160,000	310,227
Net cash provided by (used in) investing activities		(7,854,283)	(7,959,140)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	28(a)	(501,058)	(460,925)
Payments for principal portion of lease liabilities	28(c)	(391,148)	(213,210)
Proceeds from new borrowings	28(a)	0	200,000
Net cash provided by (used in) financing activities		(892,206)	(474,135)
Net increase (decrease) in cash held		1,776,796	1,666,283
Cash at beginning of year		71,850,053	70,183,770
Cash and cash equivalents at the end of the year	17(a)	73,626,849	71,850,053

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



**CITY OF SUBIACO
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2023**

		2023	2023	Restated * 2022
	NOTE	Actual \$	Budget \$	Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	26	25,641,873	25,775,169	24,797,146
Grants, subsidies and contributions		1,000,264	117,880	880,945
Reimbursements and donations		982,252	742,180	1,085,984
Fees and charges		13,673,750	12,928,801	13,125,301
Sanitation charges		4,897,591	4,831,490	4,530,558
Interest revenue		2,465,453	417,940	327,848
Other revenue		478,370	582,000	478,378
Profit on asset disposals		99,470	14,150	134,928
Fair value adjustments to investment property	11	0	0	12,814,929
Share of net profit of associates accounted for using the equity method	21(c)	120,879	0	0
		<u>49,359,902</u>	<u>45,409,610</u>	<u>58,176,017</u>
Expenditure from operating activities				
Employee costs		(21,240,262)	(22,797,570)	(21,038,151)
Materials and contracts		(12,918,376)	(14,274,140)	(10,327,009)
Utility charges		(899,600)	(934,300)	(903,623)
Depreciation		(8,379,115)	(6,147,450)	(7,404,394)
Finance costs		(352,582)	(319,470)	(355,457)
Insurance		(555,446)	(513,550)	(471,307)
Other expenditure		(1,721,695)	(1,505,410)	(1,518,609)
Loss on asset disposals		(6,828)	(128,300)	(288,347)
Fair value adjustments to investment property	11	(15,201,574)	0	0
Share of net profit of associates accounted for using the equity method	21(c)	0	0	(110,797)
		<u>(61,275,478)</u>	<u>(46,620,190)</u>	<u>(42,417,694)</u>
Non-cash amounts excluded from operating activities	27(a)	33,152,175	6,261,600	(5,176,237)
Amount attributable to operating activities		<u>21,236,599</u>	<u>5,051,020</u>	<u>10,582,086</u>
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		1,148,116	1,045,060	1,330,706
Proceeds from disposal of assets		160,000	10,426,000	310,227
Proceeds from financial assets at amortised cost - self supporting loans	28(a)	0	39,110	0
		<u>1,308,116</u>	<u>11,510,170</u>	<u>1,640,933</u>
Outflows from investing activities				
Payments for financial assets at amortised cost - self supporting loans		0	(200,000)	0
Purchase of property, plant and equipment	7(a)	(1,678,929)	(7,678,335)	(2,834,286)
Purchase and construction of infrastructure	8(a)	(5,964,370)	(13,645,105)	(5,972,216)
Purchase and construction of infrastructure works in progress	8(a)	(1,127,026)	0	0
Purchase of investment property	11	(392,074)	0	(793,571)
		<u>(9,162,399)</u>	<u>(21,523,440)</u>	<u>(9,600,073)</u>
Amount attributable to investing activities		<u>(7,854,283)</u>	<u>(10,013,270)</u>	<u>(7,959,140)</u>
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	28(a)	0	0	200,000
Transfers from reserve accounts	29	10,071,070	20,780,370	8,883,280
		<u>10,071,070</u>	<u>20,780,370</u>	<u>9,083,280</u>
Outflows from financing activities				
Repayment of borrowings	28(a)	(501,058)	(501,060)	(460,925)
Payments for principal portion of lease liabilities	28(c)	(391,148)	0	(213,210)
Transfers to reserve accounts	29	(15,018,319)	(18,875,520)	(11,821,273)
		<u>(15,910,525)</u>	<u>(19,376,580)</u>	<u>(12,495,408)</u>
Amount attributable to financing activities		<u>(5,839,455)</u>	<u>1,403,790</u>	<u>(3,412,128)</u>
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	27(b)	6,458,660	3,558,460	7,247,842
Amount attributable to operating activities		21,236,599	5,051,020	10,582,086
Amount attributable to investing activities		(7,854,283)	(10,013,270)	(7,959,140)
Amount attributable to financing activities		(5,839,455)	1,403,790	(3,412,128)
Surplus or deficit after imposition of general rates	27(b)	<u>14,001,521</u>	<u>0</u>	<u>6,458,660</u>

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

* Restated – Refer to Note 31



**CITY OF SUBIACO
FOR THE YEAR ENDED 30 JUNE 2023
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**CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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 30 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 of fair values of land and buildings, infrastructure and investment property
- estimation uncertainties made in relation to lease accounting

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date
- AASB 2021-7a Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]
- AASB 2022-3 Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

These amendments have no material impact on the current annual financial report

New accounting standards for application in future years

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

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

This standard will result in a terminology change for significant accounting policies

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

**CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Grants, subsidies and contributions	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
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	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 in accordance with terms and conditions	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
Fees and charges for other goods and services	Parking, 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

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

Revenue Recognition

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

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	25,641,873	0	25,641,873
Grants, subsidies and contributions	0	0	0	1,000,264	1,000,264
Operating reimbursements and donations	0	0	0	982,252	982,252
Fees and charges	5,992,411	0	748,297	6,933,042	13,673,750
Sanitation	0	0	4,897,591	0	4,897,591
Interest revenue	0	0	143,915	2,321,538	2,465,453
Other revenue	0	0	0	478,370	478,370
Capital grants, subsidies and contributions	0	1,148,116	0	0	1,148,116
Total	5,992,411	1,148,116	31,431,676	11,715,466	50,287,669

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

For the year ended 30 June 2022

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	24,797,146	0	24,797,146
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 revenue	0	0	94,023	233,825	327,848
Other revenue	0	0	0	478,378	478,378
Capital grants, subsidies and contributions	0	1,330,706	0	0	1,330,706
Total	5,810,660	1,330,706	30,124,630	9,290,870	46,556,866

Note	2023 Actual	2022 Actual
	\$	\$
Interest revenue		
Interest on reserve account funds	1,929,236	197,662
Trade and other receivables overdue interest	76,154	94,023
Other interest revenue	460,063	36,163
	<u>2,465,453</u>	<u>327,848</u>
The 2023 original budget estimate in relation to: Interest on reserve account funds was \$120,300 Trade and other receivables overdue interest was \$72,000. Other interest revenue was \$225,640		
Fees and charges relating to rates receivable		
Charges on instalment plan	143,915	150,075
The 2023 original budget estimate in relation to: Charges on instalment plan was \$150,000.		
(b) Expenses		
Auditors remuneration		
- Audit of the Annual Financial Report	96,200	167,030
- Other services – grant acquittals	11,550	815
	<u>107,750</u>	<u>167,845</u>
Employee Costs		
Employee benefit costs	18,246,388	18,198,505
Other employee costs	2,993,874	2,839,646
	<u>21,240,262</u>	<u>21,038,151</u>
Finance Costs		
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	352,582	355,457
	<u>352,582</u>	<u>355,457</u>
Other Expenditure		
Impairment losses on rates and statutory receivables	257,451	16,077
Sundry expenses	1,464,244	1,502,532
	<u>1,721,695</u>	<u>1,518,609</u>

**CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

3. CASH AND CASH EQUIVALENTS

Note	2023	2022
	\$	\$
Cash at bank and on hand	2,805,454	5,975,907
Term deposits	70,821,395	65,874,146
Total cash and cash equivalents	73,626,849	71,850,053
Held as		
- Unrestricted cash and cash equivalents	8,805,452	11,975,905
- Restricted cash and cash equivalents	64,821,397	59,874,148
	73,626,849	71,850,053

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 reserve accounts, 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 and for which no liability has been recognised.

**CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

4. TRADE AND OTHER RECEIVABLES

Note	2023	2022
	\$	\$
Current		
Rates and statutory receivables	986,799	1,051,474
Trade receivables	1,362,340	1,208,605
GST receivable	466,288	497,237
Allowance for credit losses of trade receivables	22(b) (1,152,282)	(894,831)
Accrued Income	287,828	84,694
	1,950,973	1,947,179
Non-current		
Pensioner's rates and ESL deferred	106,209	88,724
	106,209	88,724

Disclosure of opening and closing balances related to contracts with customers

Information about receivables from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:	30 June 2023 Actual	30 June 2022 Actual	1 July 2021 Actual
	\$	\$	\$
Allowance for credit losses of trade receivables	(1,152,282)	(894,831)	(878,754)
Total trade and other receivables from contracts with customers	(1,152,282)	(894,831)	(878,754)

SIGNIFICANT ACCOUNTING POLICIES

Rates and statutory receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations as part of the ordinary course of business.

Other receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers including grants for the construction of recognisable non financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

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 inflation, any difference between the face value and fair value is considered immaterial.

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 22.

**CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

5. INVENTORIES

	2023	2022
Current	\$	\$
Consumables	6,369	6,570
	<u>6,369</u>	<u>6,570</u>
The following movements in inventories occurred during the year:		
Balance at beginning of year	6,570	6,570
Inventories expensed during the year	(201)	<u>0</u>
Balance at end of year	<u>6,369</u>	<u>6,570</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 2023**

6. OTHER ASSETS

	2023	2022
	\$	\$
Other assets - current		
Prepayments	296,162	644
Funds in Escrow	755,617	0
	1,051,779	644
Assets classified as held for sale		
Land	9,784,000	0
	9,784,000	0

Funds held in Escrow

The City has deposited funds into an Escrow account to undertake an infrastructure works project in conjunction with a third party. Both parties have contributed to the Escrow account. Payments for works completed are paid from the Escrow account.

Land classified as held for sale

In May 2023 Council resolved to dispose of vacant land situation at 2 Upham Street Jolimont. A selling agent was appointed in September 2023 and the property is expected to be listed in 2024.

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.

Land held for resale

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Land held for resale (Continued)

Borrowing costs and holding charges incurred after development is completed are expensed.

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

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

**CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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.

	Land	Buildings - non-specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$		\$	\$	\$
Balance at 1 July 2021	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	12,903,093	18,838,338	0	0	18,838,338
Depreciation	0	(37,667)	(1,098,858)	(1,136,525)	(693,475)	(651,815)	(2,481,815)
Balance at 30 June 2022	90,646,000	620,000	47,668,215	138,934,215	1,795,521	2,653,157	143,382,893
Comprises:							
Gross balance amount at 30 June 2022	90,646,000	620,000	47,668,215	138,934,215	3,517,276	6,308,592	148,760,083
Accumulated depreciation at 30 June 2022	0	0	0	0	(1,721,755)	(3,655,435)	(5,377,190)
Balance at 30 June 2022	90,646,000	620,000	47,668,215	138,934,215	1,795,521	2,653,157	143,382,893
Additions	257,071	0	891,614	1,148,685	273,282	256,962	1,678,929
Disposals	0	0	0	0	(6,828)	(60,530)	(67,358)
Revaluation increments / (decrements) transferred to revaluation surplus	(754,671)	(2,397)	(1,786,713)	(2,543,781)	0	0	(2,543,781)
Assets classified as held for sale	(9,784,000)	0	0	(9,784,000)	0	0	(9,784,000)
Depreciation	0	(41,333)	(1,234,743)	(1,276,076)	(706,640)	(611,467)	(2,594,183)
Balance at 30 June 2023	80,364,400	576,270	45,538,373	126,479,043	1,355,335	2,238,122	130,072,500
Comprises:							
Gross balance amount at 30 June 2023	80,364,400	576,270	45,538,373	126,479,043	3,757,746	6,301,645	136,538,434
Accumulated depreciation at 30 June 2023	0	0	0	0	(2,402,411)	(4,063,523)	(6,465,934)
Balance at 30 June 2023	80,364,400	576,270	45,538,373	126,479,043	1,355,335	2,238,122	130,072,500

On Tuesday 6 September 2022 a fire occurred at the City of Subiaco Council Chambers and Administration building located at 241 Rokeby Road Subiaco, resulting in the closure of the facility to all staff and the public. At the ordinary council meeting held on 13 December 2022, Council considered various options to repair, refurbish or replace the building. Council resolved at this time to progress the option to demolish and rebuild 241 Rokeby Road Subiaco, with a final Council decision to proceed or not with the project to be subsequently made. The existing building will be retained until a Council decision is made for its demolition and all contracts are signed and related documentation agreed, approved and settled for the construction of a new building at the site.

**CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2 & 3	Market approach	Independent registered valuers	June 2023	Price per square metre
Buildings - non-specialised	3	Cost approach	Independent registered valuers	June 2023	Price per square metre
Buildings - specialised	2 and 3	Market approach (level 2) and cost approach (level 3)	Independent registered valuers	June 2023	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.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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.

	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - drainage	Infrastructure - other infrastructure	Infrastructure - streetscape	Infrastructure - parks, gardens and reserves	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Restated Balance at 1 July 2021	73,165,968	17,618,407	22,494,713	1,643,632	5,771,349	6,746,622	127,440,691
Additions	1,867,230	139,707	628,600	0	450,440	2,886,239	5,972,216
Depreciation	(2,332,098)	(417,626)	(424,376)	(93,519)	(411,831)	(1,029,487)	(4,708,937)
Balance at 30 June 2022	72,701,100	17,340,488	22,698,937	1,550,113	5,809,958	8,603,374	128,703,970
Comprises:							
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	(8,965,900)	(1,633,168)	(1,728,733)	(423,647)	(1,476,675)	(4,085,336)	(18,313,459)
Balance at 30 June 2022	72,701,100	17,340,488	22,698,937	1,550,113	5,809,958	8,603,374	128,703,970
Additions	1,646,792	263,833	682,769	90,893	819,353	2,460,730	5,964,370
Work in Progress *	1,542,248	0	0	0	0	0	1,542,248
Revaluation increments / (decrements) transferred to revaluation surplus	21,528,758	1,521,775	5,133,259	1,027,527	2,527,882	9,392,462	41,131,663
Depreciation	(2,369,997)	(426,412)	(432,911)	(116,947)	(508,053)	(1,531,966)	(5,386,286)
Balance at 30 June 2023	95,048,901	18,699,684	28,082,054	2,551,586	8,649,140	18,924,600	171,955,965
Comprises:							
Gross balance at 30 June 2023	95,048,901	18,699,684	28,082,054	2,551,586	8,649,140	18,924,600	171,955,965
Balance at 30 June 2023	95,048,901	18,699,684	28,082,054	2,551,586	8,649,140	18,924,600	171,955,965

* Work in progress \$1,542,248 relates to a streetscape improvement project and includes a contribution to the value of \$415,222 made by an external party.

**CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

8. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
	Infrastructure - roads	3	Cost Approach using depreciated replacement cost	Independent registered valuers	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	Infrastructure - footpaths	3	Cost Approach using depreciated replacement cost	Independent registered valuers	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	Infrastructure - drainage	3	Cost Approach using depreciated replacement cost	Independent registered valuers	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	Infrastructure - other infrastructure	2 or 3	Market approach using recent observable market data for similar items / Cost approach using depreciated replacement cost	Independent registered valuers	June 2023	Price per item / Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	Infrastructure - streetscape	3	Cost Approach using depreciated replacement cost	Independent registered valuers	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	Infrastructure - parks, gardens and reserves	3	Cost Approach using depreciated replacement cost	Independent registered valuers	June 2023	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 2023**

9. FIXED ASSETS

(a) Depreciation

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

(b) Fully Depreciated Assets in Use

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

	2023	2022
	\$	\$
Furniture and equipment	1,616,655	1,397,967
Plant and equipment	70,755	40,608
	<u>1,687,410</u>	<u>1,438,575</u>

**CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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 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.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, 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 City's revaluation policy, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair. They are subject to subsequent revaluation at the next revaluation date consistent with *Financial Management Regulation 17A(4)*.

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 consistent with *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 asset classes 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.

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.
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 9(a).

Impairment

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 or losses on disposal

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.

**CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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	\$	\$	\$
Balance at 1 July 2021	437,983	125,673	563,656
Additions	35,474	0	35,474
Depreciation	(131,458)	(82,184)	(213,642)
Balance at 30 June 2022	341,999	43,489	385,488
Gross balance amount at 30 June 2022	744,703	325,018	1,069,721
Accumulated depreciation at 30 June 2022	(402,704)	(281,529)	(684,233)
Balance at 30 June 2022	341,999	43,489	385,488
Additions	2,090,349	254,658	2,345,007
Depreciation	(311,697)	(86,949)	(398,646)
Balance at 30 June 2023	2,120,651	211,198	2,331,849
Gross balance amount at 30 June 2023	2,835,052	579,676	3,414,728
Accumulated depreciation at 30 June 2023	(714,401)	(368,478)	(1,082,879)
Balance at 30 June 2023	2,120,651	211,198	2,331,849

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

	2023 Actual	2022 Actual
	\$	\$
Depreciation on right-of-use assets	(398,646)	(213,210)
Finance charge on lease liabilities	(37,620)	(17,690)
Total amount recognised in the statement of comprehensive income	(436,266)	(230,900)
Total cash outflow from leases	(436,266)	(230,900)
(b) Lease Liabilities		
Current	706,266	164,591
Non-current	1,650,902	238,718
	28(c) 2,357,168	403,309

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 28(c).

Right-of-use assets - measurement

Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised 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 depreciated over the useful life of the underlying asset.

**CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

11. INVESTMENT PROPERTY

	2023 Actual \$	2023 Budget \$	2022 Actual \$
Investment Land - at fair value			
Carrying balance at 1 July	119,850,000		107,180,000
Capitalised subsequent expenditure	43,379		0
Sales	0		0
Net gain/(loss) from fair value adjustment	(11,488,779)		12,670,000
Closing balance at 30 June	108,404,600		119,850,000
Investment Buildings - at fair value			
Carrying balance at 1 July	18,892,000		17,953,500
Capitalised subsequent expenditure	348,695		793,571
Sales	0		0
Net gain/(loss) from fair value adjustment	(3,712,795)		144,929
Closing balance at 30 June	15,527,900		18,892,000
Non-current assets - at fair value			
Carrying balance at 1 July	138,742,000		125,133,500
Capitalised subsequent expenditure	392,074		793,571
Net gain/(loss) from fair value adjustment	(15,201,574)		12,814,929
Closing balance at 30 June	123,932,500		138,742,000
Amounts recognised in profit or loss for investment properties			
Rental income	5,486,549	5,107,120	5,405,886
Direct operating expenses from property that generated rental income	(819,570)	(1,113,830)	(781,203)
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	5,070,021	5,107,120	5,017,529
1 to 2 years	5,069,684	0	4,783,275
2 to 3 years	4,196,930	0	4,728,517
3 to 4 years	2,230,899	0	3,763,243
4 to 5 years	1,642,118	0	1,847,696
> 5 years	4,589,621	0	4,773,037
	22,799,273	5,107,120	24,913,297

The investment properties are leased to tenants under operating leases with rentals payable monthly, quarterly or annually. Lease income from operating leases where the City is a lessor is recognised in income on a straightline basis over the lease term.

Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Although the City is exposed to changes in the residual value at the end of the current leases, the City group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

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 2 inputs used in the valuation were discount rates, 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 2023**

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Prepaid rates
Accrued payroll liabilities
Bonds and deposits held
Income in advance
Accrued expenses

	2023	2022
	\$	\$
	1,496,418	450,487
	206,278	206,632
	548,665	477,287
	1,107,544	1,188,554
	154,292	386,416
	325,521	948,343
	3,838,718	3,657,719

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 any 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 income 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 2023**

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

	2023	2022
	\$	\$
	148,750	67,510
	148,750	67,510
	67,510	136,347
	148,750	67,510
	(67,510)	(136,347)
	148,750	67,510

The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$148,750 (2022: \$67,510)

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

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 by the City which are yet to be satisfied. Capital grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, 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 24(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 2023**

14. BORROWINGS

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
Unsecured		\$	\$	\$	\$	\$	\$
WA Treasury Corporation		483,290	4,978,510	5,461,800	461,949	5,461,800	5,923,749
Other borrowings *		39,694	101,861	141,555	39,108	141,556	180,664
Total secured borrowings	28(a)	522,984	5,080,371	5,603,355	501,057	5,603,356	6,104,413

* Self supporting Loan

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 24(i)) due to the unobservable inputs, including own credit risk.

Risk

Details of individual borrowings required by regulations are provided at Note 28(a).

Information regarding exposure to risk can be found at Note 22.

**CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2023	2022
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	1,637,017	1,700,075
Long service leave	1,617,941	1,663,943
Sick Leave	287,641	279,498
Time in Lieu (RDO)	65,999	101,907
Purchased Leave	986	986
	3,609,584	3,746,409
Total current employee related provisions	3,609,584	3,746,409
Non-current provisions		
Employee benefit provisions		
Long service leave	347,142	328,650
	347,142	328,650
Total non-current employee related provisions	347,142	328,650
Total employee related provisions	3,956,726	4,075,059

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:

	Note	2023	2022
		\$	\$
Amounts are expected to be settled on the following basis:			
Less than 12 months after the reporting date		1,703,016	1,801,982
More than 12 months from reporting date		2,253,710	2,273,077
		3,956,726	4,075,059

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 2023

16. REVALUATION SURPLUS

	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance	2022 Opening Balance	Total Movement on Revaluation	2022 Closing Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land	76,157,942	(754,671)	75,403,271	70,315,364	5,842,578	76,157,942
Revaluation surplus - Buildings	31,619,714	(1,789,110)	29,830,604	18,623,954	12,995,760	31,619,714
Revaluation surplus - Infrastructure - roads	48,408,545	21,528,758	69,937,303	48,408,545	0	48,408,545
Revaluation surplus - Infrastructure - footpaths	14,556,241	1,521,775	16,078,016	14,556,241	0	14,556,241
Revaluation surplus - Infrastructure - drainage	11,601,712	5,133,259	16,734,971	11,601,712	0	11,601,712
Revaluation surplus - Infrastructure - other infrastructure	2,149,056	1,027,527	3,176,583	2,149,056	0	2,149,056
Revaluation surplus - Infrastructure - streetscape	0	2,527,882	2,527,882	0	0	0
Revaluation surplus - Infrastructure - parks, gardens and reserves	0	9,392,462	9,392,462	0	0	0
Revaluation surplus - Share from investment in Associates	110,965	0	110,965	110,965	0	110,965
	184,604,175	38,587,882	223,192,057	165,765,837	18,838,338	184,604,175

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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	2023 Actual \$	2022 Actual \$
Cash and cash equivalents	3	73,626,849	71,850,053
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	64,821,397	59,874,148
		64,821,397	59,874,148
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	29	64,821,397	59,874,148
Total restricted financial assets		64,821,397	59,874,148

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

Net result		(10,352,238)	17,089,029
Non-cash items:			
Adjustments to fair value of investment property		15,201,574	(12,814,929)
Depreciation/amortisation		8,379,115	7,404,394
(Profit)/loss on sale of asset		(92,642)	153,419
Share of profits of associates		(120,879)	110,797
Contribution for development of infrastructure		(415,222)	0
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		(21,279)	121,994
(Increase)/decrease in other assets		(1,051,135)	98,891
(Increase)/decrease in inventories		201	6,692
Increase/(decrease) in trade and other payables		180,999	(790,843)
Increase/(decrease) in employee related provisions		(118,333)	119,657
Increase/(decrease) in other liabilities		81,240	(68,837)
Capital grants, subsidies and contributions		(1,148,116)	(1,330,706)
Net cash provided by/(used in) operating activities		10,523,285	10,099,558

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Guarantee Facility		490,000	90,000
Bank Guarantee at balance date		(486,213)	(73,776)
Bank overdraft limit		0	0
Bank overdraft at balance date		0	0
Credit card limit		30,000	30,000
Credit card balance at balance date		0	0
Total amount of credit unused		30,000	30,000

Loan facilities

Loan facilities - current		522,984	501,057
Loan facilities - non-current		5,080,371	5,603,356
Total facilities in use at balance date		5,603,355	6,104,413

Unused loan facilities at balance date 0 0

**CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

18. CONTINGENT LIABILITIES

The City has issued bank guarantees to the value of \$490,000 in 2023 (\$90,000 in 2022). The guarantees issued are in respect to lease agreements the City has entered into as a lessee. Bank guarantees are provided in the ordinary course of business as security against non-performance by the City of its contracted obligations. In this respect the City treats guarantees as contingent liabilities until such time as it is probable that the City will be required to make payments under the Guarantees. It is not expected that these guarantees will be called upon.

19. CAPITAL COMMITMENTS

	2023	2022
	\$	\$
Contracted for:		
- capital expenditure projects	1,173,089	2,223,083
- plant & equipment purchases	86,609	98,345
	1,259,698	2,321,428
Payable:		
- not later than one year	1,259,698	2,321,428

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
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FOR THE YEAR ENDED 30 JUNE 2023**

20. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Fees, expenses and allowances to be paid or reimbursed to elected council members.

Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
Mayor's annual allowance	63,340	63,340	61,800
Mayor's meeting attendance fees	31,150	31,150	30,384
Mayor's annual allowance for ICT expenses	3,500	3,500	3,500
	<u>97,990</u>	<u>97,990</u>	<u>95,684</u>
Deputy Mayor's annual allowance	15,835	15,835	15,450
Deputy Mayor's meeting attendance fees	23,230	23,230	22,660
Deputy Mayor's annual allowance for ICT expenses	2,900	2,900	2,900
	<u>41,965</u>	<u>41,965</u>	<u>41,010</u>
All other council member's meeting attendance fees	162,610	162,610	178,735
All other council member's annual allowance for ICT expenses	20,300	20,300	20,300
	<u>182,910</u>	<u>182,910</u>	<u>199,035</u>
20(b)	<u>322,865</u>	<u>322,865</u>	<u>335,729</u>

(b) Key Management Personnel (KMP) Compensation

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

Note	2023 Actual \$	2022 Actual \$
Short-term employee benefits	809,430	874,203
Post-employment benefits	98,434	91,344
Employee - other long-term benefits	24,382	21,982
Council member costs	<u>322,865</u>	<u>335,729</u>
20(a)	<u>1,255,111</u>	<u>1,323,258</u>

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 2023**

20. RELATED PARTY TRANSACTIONS

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:

	2023 Actual	2022 Actual
	\$	\$
Purchase of goods and services	1,952,873	2,112,883

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 and are detailed in Notes 20(a) and 20(b)

ii. Other Related Parties

Short-term employee benefits related to an associate person of the CEO who was employed by the City under normal employment terms and conditions.

Outside of normal citizen type transactions with the City, there were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

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 2023

21. INVESTMENT IN ASSOCIATES

(a) Investment in associates

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		2023	2022
	2023	2022	Actual	Actual
Western Metropolitan Regional Council	38.33%	38.33%	\$ 1,257,058	\$ 1,136,179
Total equity-accounted investments			1,257,058	1,136,179

(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 share in associate 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%

	Note	2023 Actual	2022 Actual
Summarised statement of comprehensive income		\$	\$
Revenue		7,686,655	6,429,949
Interest revenue		47,360	3,074
Finance charge		(598)	(1,110)
Depreciation		(242,361)	(240,761)
Profit/(loss) from continuing operations		315,412	(289,121)
Profit/(loss) from discontinued operations			
Profit/(loss) for the period		315,412	(289,121)
Other comprehensive income			
Total comprehensive income for the period		315,412	(289,121)
Summarised statement of financial position			
Cash and cash equivalents		1,179,365	1,432,957
Other current assets		492,639	415,149
Total current assets		1,672,004	1,848,106
Non-current assets		2,638,682	2,492,672
Total assets		4,310,686	4,340,778
Current financial liabilities			
Other current liabilities		1,016,356	1,300,522
Total current liabilities		1,016,356	1,300,522
Non-current financial liabilities			
Other non-current liabilities		14,763	76,052
Total non-current liabilities		14,763	76,052
Total liabilities		1,031,119	1,376,574
Net assets		3,279,567	2,964,204
Reconciliation to carrying amounts			
Opening net assets 1 July		2,964,204	3,253,263
Changes in members contributions			
Profit/(Loss) for the period		315,412	(289,121)
Other comprehensive income		0	
Closing net assets 1 July		3,279,616	2,964,142
Carrying amount at 1 July		1,136,179	1,246,976
- Share of associates net profit/(loss) for the period	21(a)	120,897	(110,820)
- Share of associates other comprehensive income arising during the period		0	0
- Adjustment for prior year		(18)	23
Carrying amount at 30 June		1,257,058	1,136,179

**CITY OF SUBIACO
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2023**

21. INVESTMENT IN ASSOCIATES (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

An associate is an entity over which the City has significant influence, that is it 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.

(c) Share of associates net profit/(loss) for the period

Share of investment in Western Metropolitan Regional Council (refer to Note 21(b))

2023 Actual	2022 Actual
\$	\$
120,879	(110,797)
120,879	(110,797)

**CITY OF SUBIACO
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FOR THE YEAR ENDED 30 JUNE 2023**

22. FINANCIAL RISK MANAGEMENT

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

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

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

Financial risk management is carried out by the finance department under policies approved by the council. The finance department identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2023					
Cash and cash equivalents	2.84%	73,626,849	70,821,395	2,802,179	3,275
2022					
Cash and cash equivalents	0.67%	71,850,053	65,874,146	5,972,282	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.

	2023	2022
	\$	\$
Impact of a 1% movement in interest rates on profit or loss and equity*	28,022	59,723

* 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 28(a).

**CITY OF SUBIACO
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FOR THE YEAR ENDED 30 JUNE 2023**

22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

The City's major trade and other receivables comprise contractual non-statutory user fees and charges, grants, contributions and reimbursements. 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.

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 and other receivables. To measure the expected credit losses, receivables from grants, contributions and reimbursements are separated from other trade receivables due to the difference in payment terms and security.

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2022 or 1 July 2023 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 users to settle the receivables.

The loss allowance as at 30 June 2023 and 30 June 2022 was determined as follows for trade and other receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2023					
Rates receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	436,879	165,888	111,496	272,536	986,799
Loss allowance	0	0	0	0	0
Other receivables					
Expected credit loss	0.00%	0.00%	0.00%	99.23%	
Gross carrying amount	150,274	22,300	28,561	1,161,205	1,362,340
Loss allowance	0	0	0	(1,152,282)	(1,152,282)
30 June 2022					
Rates receivables					
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
Other receivables					
Expected credit loss	0.00%	0.00%	0.00%	83.15%	
Gross carrying amount	92,314	24,750	15,390	1,076,151	1,208,605
Loss allowance	0	0	0	(894,831)	(894,831)

**CITY OF SUBIACO
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22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

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

	Trade receivables		Other receivables		Contract Assets	
	2023 Actual	2022 Actual	2023 Actual	2022 Actual	2023 Actual	2022 Actual
	\$	\$	\$	\$	\$	\$
Opening loss allowance as at 1 July	894,831	878,754	0	0	0	0
Increase in loss allowance recognised in profit or loss during the year	257,451	16,077	0	0	0	0
Unused amount reversed	0	0	0	0	0	0
Closing loss allowance at 30 June	1,152,282	894,831	0	0	0	0

Trade, other 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 rates and statutory receivables, trade, other receivables and contract assets are presented as net impairment losses within other expenditure. Subsequent recoveries of amounts previously written off are credited against the same line item.

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22. 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.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<u>2023</u>					
Trade and other payables	3,838,718	0	0	3,838,718	3,838,718
Borrowings	779,913	2,984,463	3,358,204	7,122,580	5,603,355
Lease liabilities	706,266	1,646,761	4,142	2,357,169	2,357,168
	<u>5,324,897</u>	<u>4,631,224</u>	<u>3,362,346</u>	<u>13,318,467</u>	<u>11,799,241</u>
<u>2022</u>					
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>

**CITY OF SUBIACO
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23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No subsequent events have been noted.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

24. 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 report 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 revenue

Interest revenue 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 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.

**CITY OF SUBIACO
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25. 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
<p>Governance To ensure high quality democratic processes and informed local decision making.</p>	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.
<p>General purpose funding To fairly and efficiently levy and collect rates and other monies required to fund the city's operations.</p>	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.
<p>Law, order, public safety To ensure safety and amenity of the community in public areas.</p>	Control of parking facilities, implementation and control of parking, and other local laws. Also includes fire prevention outlays.
<p>Health To protect the health of all persons and promote environmental quality.</p>	Administration, inspection and operations of programs concerned with the general health of the community.
<p>Education and welfare To contribute towards the wellbeing of people with special needs.</p>	Maintenance of pre-school buildings and the provision of seniors activities.
<p>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.</p>	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.
<p>Recreation and culture To provide and support community recreational and cultural pursuits.</p>	Maintenance of community, recreation and function centre, various reserves, and operation of the library.
<p>Transport To facilitate safe and convenient transport access.</p>	Construction and maintenance of roads, drainage works, footpaths, traffic facilities.
<p>Economic services To facilitate economic development, promote compliance with building standards, regulations and local laws and enhance public amenity by placing powerlines underground.</p>	Area promotion and building control services.
<p>Other property and services To maximise long-term return on investment assets for the benefit of the community.</p>	Includes management of the city's investment assets.

CITY OF SUBIACO
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25. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses	2023 Actual	Restated * 2022 Actual
	\$	\$
Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions		
Governance	1,908	150
General purpose funding	29,203,688	26,126,429
Law, order, public safety	32,680	39,966
Health	83,972	44,032
Education and welfare	110,796	40,524
Community amenities	5,337,014	4,792,766
Recreation and culture	3,663,418	3,559,597
Transport	4,603,139	4,073,700
Economic services	273,418	195,145
Other property and services	6,465,091	19,303,708
	49,775,124	58,176,017
Grants, subsidies and contributions		
Recreation and culture	240,147	490,532
Transport	863,046	840,174
Other property and services	44,923	0
	1,148,116	1,330,706
Total Income	50,923,240	59,506,723
Expenses		
Governance	(2,265,313)	(2,464,204)
General purpose funding	(496,291)	(617,323)
Law, order, public safety	(793,698)	(732,013)
Health	(1,475,062)	(1,038,724)
Education and welfare	(690,872)	(509,266)
Community amenities	(7,387,883)	(6,150,258)
Recreation and culture	(15,133,224)	(13,945,935)
Transport	(11,793,867)	(11,604,789)
Economic services	(3,038,958)	(3,084,763)
Other property and services	(18,200,310)	(2,270,419)
Total expenses	(61,275,478)	(42,417,694)
Net result for the period	(10,352,238)	17,089,029
(c) Total Assets		
General purpose funding	3,108,960	2,036,547
Law, order, public safety	104,983	168,336
Health	34,272	49,446
Education and welfare	4,323,638	3,462,268
Community amenities	1,680,481	1,532,144
Recreation and culture	83,299,166	78,351,738
Transport	196,949,462	155,726,503
Economic services	77,157	98,921
Other property and services	226,497,932	244,817,797
Total assets	516,076,051	486,243,700

* Restated – Refer to Note 31

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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26. RATING INFORMATION

(a) General Rates

RATE TYPE		2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2021/22		
Rate Description	Basis of valuation	Rate in \$	Number of Properties	Actual Rateable Value*	Actual Rate Revenue	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue
Residential	Gross rental valuation	7.7487	6,755	193,907,887	14,460,337	339,276	(386)	14,799,227	14,460,337	435,000	5,000	14,900,337	14,025,989
Commercial	Gross rental valuation	7.7487	1,121	116,282,157	9,025,757	(11,890)	(25,863)	8,988,004	9,025,757	0	0	9,025,757	8,848,909
Industrial	Gross rental valuation	7.7487	10	857,620	66,455	0	0	66,455	66,455	0	0	66,455	63,326
Total general rates			7,886	311,047,664	23,552,549	327,386	(26,249)	23,853,686	23,552,549	435,000	5,000	23,992,549	22,938,224
Minimum payment													
Residential	Gross rental valuation	1,190	1,346	16,619,339	1,601,740	7,332	587	1,609,659	1,601,740	0	0	1,601,740	1,666,388
Commercial	Gross rental valuation	1,190	152	1,913,841	180,880	(1,679)	(590)	178,611	180,880	0	0	180,880	192,780
Total minimum payments			1,498	18,533,180	1,782,620	5,653	(3)	1,788,270	1,782,620	0	0	1,782,620	1,859,168
Total general rates and minimum payments			9,384	329,580,844	25,335,169	333,039	(26,252)	25,641,956	25,335,169	435,000	5,000	25,775,169	24,797,392
Concessions								(83)				0	(246)
Total Rates								25,641,873				25,775,169	24,797,146
Rate overdue interest								76,154				72,000	94,023

The rate revenue was recognised from the rate record as soon as practicable after the City resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

*Rateable Value at time of raising of rate.

CITY OF SUBIACO
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27. DETERMINATION OF SURPLUS OR DEFICIT

Note	2022/23	2022/23	2022/23	2021/22
	(30 June 2023 Carried Forward)	Budget (30 June 2023 Carried Forward)	(1 July 2022 Brought Forward)	(30 June 2022 Carried Forward)
	\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	(99,470)	(14,150)	(134,928)	(134,928)
Less: Share of net profit of associates and joint ventures accounted for using the equity method	(120,879)	0	110,797	110,797
Add: Loss on disposal of assets	6,828	128,300	288,347	288,347
Add: Depreciation	8,379,115	6,147,450	7,404,394	7,404,394
Non-cash movements in non-current assets and liabilities:				
Investment property	11 15,201,574	0	(12,814,929)	(12,814,929)
Pensioner deferred rates	(17,485)	0	16,696	16,696
Assets held for sale	6 9,784,000	0	0	0
Employee benefit provisions	18,492	0	(46,614)	(46,614)
Non-cash amounts excluded from operating activities	33,152,175	6,261,600	(5,176,237)	(5,176,237)
(b) Surplus or deficit after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserve accounts	29 (64,821,397)	(56,813,053)	(59,874,148)	(59,874,148)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	14 522,984	522,014	501,057	501,057
- Current portion of lease liabilities	10(b) 706,266	219,870	164,591	164,591
Total adjustments to net current assets	(63,592,147)	(56,071,169)	(59,208,500)	(59,208,500)
Net current assets used in the Statement of Financial Activity				
Total current assets	86,419,970	64,856,116	73,804,446	73,804,446
Less: Total current liabilities	(8,826,302)	(8,784,947)	(8,137,286)	(8,137,286)
Less: Total adjustments to net current assets	(63,592,147)	(56,071,169)	(59,208,500)	(59,208,500)
Surplus or deficit after imposition of general rates	14,001,521	0	6,458,660	6,458,660

**CITY OF SUBIACO
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28. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Loan	Actual							Budget			
		Principal			Principal at 30 June 2022	Principal			Principal at 1 July 2022	Principal		
		Principal at 1 July 2021	New Loans During 2021-22	Repayments During 2021-22		New Loans During 2022-23	Repayments During 2022-23	Principal at 30 June 2023		New Loans During 2022-23	Repayments During 2022-23	Principal at 30 June 2023
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Rosalie Park Improvements	121A	455,858	0	(39,170)	416,688	0	(41,640)	375,048	416,700	0	(41,650)	375,050
Rosalie Park Improvements	121B	106,457	0	(8,015)	98,442	0	(8,510)	89,932	98,445	0	(8,510)	89,935
Rosalie Park Improvements	121C	806,343	0	(46,640)	759,703	0	(48,794)	710,909	759,700	0	(48,790)	710,910
Rosalie Park Improvements	121D	90,098	0	(21,405)	68,693	0	(22,135)	46,558	68,690	0	(22,130)	46,560
Lake Jualbup	127	732,003	0	(95,049)	636,954	0	(98,060)	538,894	636,950	0	(98,060)	538,890
Undergrounding of Powerlines	123A	2,465,572	0	(137,382)	2,328,190	0	(144,533)	2,183,657	2,328,190	0	(144,530)	2,183,660
Undergrounding of Powerlines	123B	1,709,007	0	(93,927)	1,615,080	0	(98,278)	1,516,802	1,615,080	0	(98,280)	1,516,800
Total		6,365,338	0	(441,588)	5,923,750	0	(461,950)	5,461,800	5,923,755	0	(461,950)	5,461,805
Self Supporting Loans												
Regal Theatre	128	0	200,000	(19,337)	180,663	0	(39,108)	141,555	180,660	0	(39,110)	141,550
Total Self Supporting Loans		0	200,000	(19,337)	180,663	0	(39,108)	141,555	180,660	0	(39,110)	141,550
Total Borrowings	14	6,365,338	200,000	(460,925)	6,104,413	0	(501,058)	5,603,355	6,104,415	0	(501,060)	5,603,355

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 Finance Cost Payments

Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending	Budget for year ending	Actual for year ending
						30 June 2023	30 June 2023	30 June 2022
						\$	\$	\$
Rosalie Park Improvements		121A	WATC	6.21%	28/06/2030	(28,120)	(28,140)	(30,831)
Rosalie Park Improvements		121B	WATC	6.07%	27/06/2031	(6,521)	(6,530)	(7,064)
Rosalie Park Improvements		121C	WATC	4.54%	30/06/2034	(38,739)	(38,740)	(38,439)
Rosalie Park Improvements		121D	WATC	3.38%	30/06/2025	(2,577)	(2,580)	(3,457)
Lake Jualbup		127	WATC	3.13%	15/06/2028	(22,833)	(22,970)	(29,258)
Undergrounding of Powerlines		123A	WATC	5.14%	7/03/2034	(131,223)	(133,560)	(139,481)
Undergrounding of Powerlines		123B	WATC	4.58%	21/07/2034	(81,446)	(83,450)	(86,467)
Total						(311,459)	(315,970)	(334,997)
Self Supporting Loans Finance Cost Payments								
Regal Theatre	128		WATC	1.49%	3/11/2026	(3,503)	(3,500)	(2,770)
Total Self Supporting Loans Finance Cost Payments						(3,503)	(3,500)	(2,770)
Total Finance Cost Payments						(314,962)	(319,470)	(337,767)

* WA Treasury Corporation

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28. BORROWING AND LEASE LIABILITIES (Continued)

(b) Unspent Borrowings

Particulars	Institution	Date Borrowed	Unspent Balance	Borrowed During	Expended During	Unspent Balance
			1 July 2022	Year	Year	30 June 2023
			\$	\$	\$	\$
Regal Theatre	WATC	3/11/2021	200,000	0	0	200,000
			200,000	0	0	200,000

* WA Treasury Corporation

(c) Lease Liabilities

Purpose	Note	Actual						
		Principal at	New Leases	Principal	Principal at 30	New Leases	Principal	Principal at
		1 July 2021	During 2021-22	Repayments During 2021-22	June 2022	During 2022-23	Repayments During 2022-23	30 June 2023
		\$	\$	\$	\$	\$	\$	\$
Gym Equipment		60,304	0	(60,304)	0	0	0	0
Gym Equipment		68,103	0	(23,383)	44,720	0	(24,090)	20,630
Carpark		284,743	0	(107,636)	177,107	0	(110,886)	66,221
Depot Site		167,895	0	(17,139)	150,756	0	(18,000)	132,756
Depot Site		0	35,474	(4,748)	30,726	0	(11,615)	19,111
Gym Equipment		0	0	0	0	254,657	(61,580)	193,077
Administration		0	0	0	0	1,890,363	(149,193)	1,741,170
Parking		0	0	0	0	199,987	(15,784)	184,203
Total Lease Liabilities	10(b)	581,045	35,474	(213,210)	403,309	2,345,007	(391,148)	2,357,168

Lease Finance Cost Payments

Purpose	Note	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for year	Budget for	Actual for year	Lease Term
						ending 30 June 2023	year ending 30 June 2023	ending 30 June 2022	
						\$	\$	\$	
Gym Equipment		N.A.		3.02%	Finalised	0	0	(681)	3 years
Gym Equipment		7		3.02%	30/04/2024	(1,006)	0	(1,713)	4 years
Carpark		5		3.02%	31/01/2024	(3,777)	0	(7,027)	5 years
Depot Site		1		5.02%	31/08/2029	(7,000)	0	(7,861)	10 years
Depot Site		8		3.02%	31/01/2025	(758)	0	(408)	3 years
Gym Equipment		11		3.02%	1/10/2025	(5,048)	0	0	3 years
Administration		9		3.02%	28/02/2027	(18,115)	0	0	4 years
Parking		10		3.02%	28/02/2027	(1,916)	0	0	4 years
Total Finance Cost Payments						(37,620)	0	(17,690)	

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

29. RESERVE ACCOUNTS	2023	2023	2023	2023	2023	2023	2023	2022	2022	2022	2022	
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Plant and Equipment Replacement	1,561,116	301,559	(46,038)	1,816,637	1,343,722	252,890	(786,500)	810,112	1,729,392	402,539	(570,815)	1,561,116
(b) Building and Facilities	2,286,494	1,965,517	(851,961)	3,400,050	2,269,983	9,076,440	(2,863,200)	8,483,223	2,329,813	713,674	(756,993)	2,286,494
(c) Parking and Public Transport Improvements	2,470,287	81,587	(50,923)	2,500,951	2,475,000	7,620	(518,000)	1,964,620	2,468,570	9,191	(7,474)	2,470,287
(d) Waste Management	3,263,354	159,580	(21,625)	3,401,309	2,966,461	10,600	(1,027,625)	1,949,436	3,044,531	232,323	(13,500)	3,263,354
(e) Undergrounding of Power Lines	73,618	452,431	(455,481)	70,568	69,390	450,270	(459,820)	59,840	80,574	450,300	(457,256)	73,618
(f) Capital Investment	27,366,943	0	(649,145)	26,717,798	27,419,886	992,140	(626,050)	27,785,976	28,273,486	0	(906,543)	27,366,943
(g) Student Bursaries	58,865	1,944	0	60,809	58,797	270	0	59,067	58,647	218	0	58,865
(h) Infrastructure Replacement	10,705,908	6,447,959	(3,868,679)	13,285,188	10,822,889	2,274,290	(6,719,605)	6,377,574	6,680,671	5,336,163	(1,310,926)	10,705,908
(i) Investment Income Reserve	10,706,350	5,323,004	(3,781,666)	12,247,688	9,821,705	5,566,670	(7,412,910)	7,975,465	11,136,001	4,249,642	(4,679,293)	10,706,350
(j) Public Art	837,117	216,768	(186,162)	867,723	826,379	192,180	(316,660)	701,899	690,679	190,571	(44,133)	837,117
(k) Heritage Grants Reserve	129,053	54,262	(48,139)	135,176	110,939	50,450	(50,000)	111,389	96,939	50,361	(18,247)	129,053
(l) Information Technology Reserve	415,043	13,708	(111,251)	317,500	532,752	1,700	0	534,452	346,852	186,291	(118,100)	415,043
	59,874,148	15,018,319	(10,071,070)	64,821,397	58,717,903	18,875,520	(20,780,370)	56,813,053	56,936,155	11,821,273	(8,883,280)	59,874,148
	59,874,148	15,018,319	(10,071,070)	64,821,397	58,717,903	18,875,520	(20,780,370)	56,813,053	56,936,155	11,821,273	(8,883,280)	59,874,148

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserve accounts.

**CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

29. RESERVE ACCOUNTS

Name of reserve account	Purpose of the reserve account	
Restricted by council		
(a) Plant and Equipment Replacement	Ongoing	To fund future replacement of plant.
(b) Building and Facilities	Ongoing	To provide funds for the future maintenance of council buildings and facilities.
(c) Parking and Public Transport Improvements	Ongoing	To maintain and improve the parking facilities within the City.
(d) Waste Management	Ongoing	To fund the improvement, replacement and expansion of waste management facilities. Surplus operating funds for Waste Services are transferred to the reserve each year to provide for future plant replacement.
(e) Undergrounding of Power Lines	2034/35	To contribute towards the future undergrounding of powerlines. The City of Subiaco has completed the undergrounding of low voltage power lines, together with associated street lighting improvements as part of the State Underground Power Program. Undergrounding of power and associated lighting is to be paid from general revenue using loan funds if required.
(f) Capital Investment	Ongoing	A Capital Investment reserve is to be maintained to hold the following investment funds: - the existing Capital Investment Reserve proceeds of any sale of land or other long-term investment - 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 2023**

30. TRUST FUNDS

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

	1 July 2022	Amounts Received	Amounts Paid	30 June 2023
	\$	\$	\$	\$
Building Industry Training Fund	68,073	76,862	(79,413)	65,522
Building Commission	207,177	178,355	(222,923)	162,609
Employee Workplace Giving Program	2,482	512	0	2,994
	<u>277,732</u>	<u>255,729</u>	<u>(302,336)</u>	<u>231,125</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

31. CORRECTION OF ERROR

During the year ended 30 June 2023, the following misstatement was identified relating to prior year financial periods. The misstatement has been corrected by restating each of the affected financial statement line items for the prior period.

During the review of the year ended 30 June 2022 depreciation calculation and the associated accounting adjustments in the current year, prior year errors were identified in the depreciation calculation which has occurred since the last infrastructure asset revaluation conducted for the year ended 30 June 2018.

The depreciation charged on infrastructure assets was not correctly determined for the years ending 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022. As a consequence, the City has determined that:

- Depreciation on infrastructure assets was understated by \$3,053,488 in total for the years detailed above;
- Net book value of infrastructure assets was overstated by \$2,365,757 at 30 June 2021 and \$3,053,488 at 30 June 2022.
- Retained surplus was overstated by \$2,365,757 at 30 June 2021 and \$3,053,488 as at 30 June 2022;

The City has retrospectively applied the corrections and adjustments to the carrying amount of infrastructure assets.

During the review of the year ended 30 June 2023 valuation of the City's Lords Recreation Centre, a prior year error was identified whereby an incorrect remaining useful life estimate was used, resulting in the asset being undervalued.

The useful life determined in 2022 for the City's recreation centre was not consistent with the useful life determined in 2023.

The impact of these adjustments is provided below:

- Net book value of buildings was understated by \$9,407,615 at 30 June 2022.
- Revaluation surplus was understated by \$9,407,615 at 30 June 2022.

Statement of Financial Position (Extract)	30 June 2022	Increase/ (Decrease)	30 June 2022 (Restated)	1 July 2021	Increase/ (Decrease)	1 July 2021 (Restated)
	\$	\$	\$	\$	\$	\$
Property, plant and equipment	133,975,278	9,407,615	143,382,893	124,655,730	0	124,655,730
Infrastructure	131,757,458	(3,053,488)	128,703,970	129,806,448	(2,365,757)	127,440,691
Net assets	465,581,563	6,354,127	471,935,690	438,374,080	(2,365,757)	436,008,323
Retained surplus	230,510,855	(3,053,488)	227,457,367	215,672,088	(2,365,757)	213,306,331
Revaluation surplus	175,196,560	9,407,615	184,604,175	165,765,837	0	165,765,837
Total equity	465,581,563	6,354,127	471,935,690	438,374,080	(2,365,757)	436,008,323

Statement of Comprehensive Income (Extract)	2022	Increase/ (Decrease)	2022 (Restated)
	\$	\$	\$
<i>By Nature or Type</i>			
Expenses			
Depreciation		(6,716,663)	(687,731)
			(7,404,394)
Net result for the period		17,776,760	(687,731)
			17,089,029
<i>Other comprehensive income for the period</i>			
Changes in asset revaluation surplus		9,430,723	9,407,615
			18,838,338
Total Comprehensive Income for the period		27,207,483	8,719,884
			35,927,367

**Statement of Financial Activity
(Extract)**

Expenditure from operating activities

Depreciation	(6,716,663)	(687,731)	(7,404,394)
Non-cash amounts excluded from operating activities	(5,863,968)	687,731	(5,176,237)



Auditor General

INDEPENDENT AUDITOR'S REPORT 2023 City of Subiaco

To the Council 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 as at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity 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 2023 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, the 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.

Emphasis of Matter – Restatement of comparative balance

I draw attention to Note 31 to the financial report which states that the amounts reported in the previously issued 30 June 2022 financial report have been restated and disclosed as comparatives in this financial report. My opinion is not modified in respect of this matter.

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 2023, 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 (CEO) of the City is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act and, to the extent that they are not inconsistent with the Act, the 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.

My independence and quality management 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 ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other*

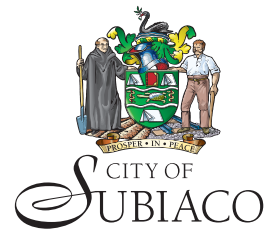
Financial Information, or Other Assurance or Related Services Engagements, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal 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 2023 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
1 December 2023



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alternative formats on request.

