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## **INDEPENDENT AUDITOR'S REPORT**

### **TO: RATEPAYERS OF CITY OF VINCENT**

We have audited the financial report of the City of Vincent, which comprises the Statement of Financial Position as at 30 June 2012 and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

#### **Council's Responsibility for the Financial Report**

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

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

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

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

#### **Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

**Auditor's Opinion**

In our opinion, the financial report of the City of Vincent:

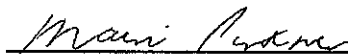
- (i) gives a true and fair view of the financial position of the City of Vincent as at 30 June 2012 and of its financial performance for the year ended on that date; and
- (ii) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards (including the Australian Accounting Interpretations).


**Statutory Compliance**

We did not during the course of our audit become aware of any instances where the Council did not comply with the requirements of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

**Matters Relating to the Electronic Publication of the Audited Financial Report**

This auditor's report relates to the financial report of City of Vincent for the year ended 30 June 2012 included on the City of Vincent's website. The Council is responsible for the integrity of the City of Vincent's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

  
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 MACRI PARTNERS  
 CERTIFIED PRACTISING ACCOUNTANTS  
 SUITE 2, 137 BURSWOOD ROAD  
 BURSWOOD WA 6100

  
 \_\_\_\_\_  
 A MACRI  
 PARTNER

PERTH  
 DATED THIS 6th DAY OF NOVEMBER 2012.

CITY OF VINCENT  
STATEMENT BY CHIEF EXECUTIVE OFFICER  
FINANCIAL YEAR ENDED 30TH JUNE 2012

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The attached financial report of the City of Vincent being the annual financial report and supporting notes and other information for the financial year ended 30 June 2012 are in my opinion, properly drawn up to present fairly the financial position of the City of Vincent at 30 June 2012 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.



John Giorgi, JP  
Chief Executive Officer

Signed on the 6<sup>th</sup> of November 2012

CITY OF VINCENT  
STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30TH JUNE 2012

	Note	Revised Budget 2011/12 \$	Actual 2011/12 \$	Actual 2010/11 \$
<b>REVENUE</b>				
Rates	24	22,411,460	22,410,088	21,101,600
Operating Grants, Subsidies and Contribution	22	1,404,755	1,760,026	1,241,273
Fees and Charges	21	12,107,172	11,883,323	13,708,842
Interest Earnings	3	1,528,200	1,586,700	1,317,166
Other Revenue		1,705,415	1,321,121	1,189,795
		<b>39,157,002</b>	<b>38,961,258</b>	<b>38,558,676</b>
<b>EXPENDITURE</b>				
Employee Costs		(18,900,502)	(18,337,415)	(17,433,222)
Materials & Contracts		(11,357,008)	(12,287,318)	(11,170,823)
Utilities Charges		(1,565,342)	(1,957,686)	(2,063,394)
Insurance Expenses		(421,613)	(526,295)	(510,685)
Interest Expenses		(869,680)	(1,086,812)	(895,450)
Depreciation of Non-Current Assets	4(b)	(7,961,965)	(8,478,987)	(7,548,492)
		<b>(41,076,110)</b>	<b>(42,674,513)</b>	<b>(39,622,066)</b>
Non-Operating Grants, Subsidies and Contributions	22	<b>6,919,448</b>	<b>8,762,083</b>	<b>1,162,099</b>
Profit on Asset Disposal	4(c)	0	91,401	80,172
Loss on Asset Disposal	4(c)	157,037	(89,862)	(3,756)
		<b>157,037</b>	<b>1,539</b>	<b>76,416</b>
Change in Equity – Joint Venture	20	0	(166,921)	(64,578)
		<b>0</b>	<b>(166,921)</b>	<b>(64,578)</b>
<b>NET RESULT</b>		<b>5,157,377</b>	<b>4,883,446</b>	<b>110,547</b>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	12	0	2,041,884	46,040,493
<b>Total Other Comprehensive Income</b>		<b>0</b>	<b>2,041,884</b>	<b>46,040,493</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>5,157,377</b>	<b>6,925,330</b>	<b>46,151,040</b>

This statement to be read in conjunction with the accompanying notes

CITY OF VINCENT  
STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAMME  
FOR THE YEAR ENDED 30TH JUNE 2012

	Revised Budget 2011/12 \$	Actual 2011/12 \$	Actual 2010/11 \$
<b>REVENUE</b>			
General Purpose Funding	25,031,155	25,491,699	23,584,110
Governance	44,682	32,381	14,738
Law, Order and Public Safety	170,410	164,551	112,386
Health	305,705	296,357	257,598
Education and Welfare	275,622	265,368	226,115
Community Amenities	1,077,780	1,277,846	935,797
Recreation and Culture	3,955,597	3,959,742	7,266,143
Transport	6,718,818	6,600,837	5,275,014
Economic Services	481,375	402,678	497,346
Other Property and Services	184,750	174,871	385,576
General Administration	1,880	39,363	3,853
	<b>38,247,774</b>	<b>38,705,693</b>	<b>38,558,676</b>
<b>EXPENDITURE Excluding Finance Costs</b>			
General Purpose Funding	(600,435)	(644,299)	(461,387)
Governance	(2,366,785)	(2,546,266)	(2,187,200)
Law, Order and Public Safety	(1,106,845)	(1,146,436)	(1,073,599)
Health	(956,150)	(942,881)	(822,429)
Education and Welfare	(1,071,813)	(1,113,397)	(846,757)
Community Amenities	(8,358,680)	(8,294,514)	(7,114,193)
Recreation and Culture	(13,387,274)	(14,191,674)	(14,658,216)
Transport	(9,634,385)	(9,957,005)	(9,156,023)
Economic Services	(782,820)	(966,529)	(948,406)
Other Property and Services	(992,135)	(1,477,645)	(1,447,106)
General Administration	(39,880)	(51,490)	(11,301)
	<b>(39,297,202)</b>	<b>(41,332,136)</b>	<b>(38,726,617)</b>
<b>FINANCE COSTS</b>			
Education and Welfare	(87,490)	(87,489)	(94,806)
Recreation and Culture	(737,040)	(954,172)	(751,387)
Transport	(45,150)	(45,151)	(49,256)
	<b>(869,680)</b>	<b>(1,086,812)</b>	<b>(895,449)</b>
<b>NON-OPERATING GRANTS,SUBSIDIES AND CONTRIBUTION</b>			
Education and Welfare	5,000	0	0
Law, Order and Public Safety	0	0	20,000
Community Amenities	20,000	0	0
Recreation and Culture	5,430,000	7,975,719	266,472
Transport	1,464,448	786,364	875,627
	<b>6,919,448</b>	<b>8,762,083</b>	<b>1,162,099</b>
<b>PROFIT/(LOSS) ON DISPOSAL</b>			
Community Amenities	0	(35,180)	0
Recreation and Culture	0	35,994	(1,288)
Transport	157,037	725	77,704
	<b>157,037</b>	<b>1,539</b>	<b>76,416</b>
Community Amenities (Change in Equity – Joint Ventures)	20	0	(166,921)
		<b>0</b>	<b>(166,921)</b>
<b>NET RESULTS</b>	<b>5,157,377</b>	<b>4,883,446</b>	<b>110,547</b>
<b>Other Comprehensive Income</b>			
Changes on revaluation of non-current assets	12	0	2,041,884
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>0</b>	<b>2,041,884</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>5,157,377</b>	<b>46,151,040</b>

This statement to be read in conjunction with the accompanying notes

CITY OF VINCENT  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2012

	Note	Actual 2011/12 \$	Actual 2010/11 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	13	18,325,967	10,539,624
Other Assets	8	102,279	134,105
Trade and Other Receivables	7	3,010,498	2,339,368
Inventories	26	185,529	203,268
<b>TOTAL CURRENT ASSETS</b>		<b>21,624,273</b>	<b>13,216,365</b>
<b>NON-CURRENT ASSETS</b>			
Trade and Other Receivables	7	759,303	956,347
Financial Assets	20	3,532,581	3,699,502
Property, Plant, Equipment and Infrastructure Assets	10(a)	192,130,458	184,849,130
<b>TOTAL NON-CURRENT ASSETS</b>		<b>196,422,342</b>	<b>189,504,979</b>
<b>TOTAL ASSETS</b>	4(a)	<b>218,046,615</b>	<b>202,721,344</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	9(a)	4,472,888	4,542,258
Provisions	9(b)	2,554,282	2,256,303
Short Term Borrowings	14(b)	628,021	0
Borrowings - Current Portion	17	1,378,823	826,057
<b>TOTAL CURRENT LIABILITIES</b>		<b>9,034,014</b>	<b>7,624,618</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings – Non-Current Portion	17	20,236,316	13,216,976
Provisions	9(b)	256,127	284,922
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>20,492,443</b>	<b>13,501,898</b>
<b>TOTAL LIABILITIES</b>		<b>29,526,457</b>	<b>21,126,516</b>
<b>NET ASSETS</b>		<b>188,520,158</b>	<b>181,594,828</b>
<b>EQUITY</b>			
Retained Surplus		116,211,760	119,186,925
Reserves – Cash Backed	11	17,183,360	9,324,749
Reserves – Asset Revaluation	12	55,125,038	53,083,154
<b>TOTAL EQUITY</b>		<b>188,520,158</b>	<b>181,594,828</b>

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

CITY OF VINCENT  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2012

	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	RESERVE ASSET REVALUATION \$	TOTAL EQUITY \$
<b>Balance as at 1<sup>st</sup> July 2010</b>	119,360,950	9,040,177	7,042,661	135,443,788
Net Resulted	110,547	0	0	110,547
Total Other Comprehensive Income	0	0	46,040,493	46,040,493
Transfer from / (to) Reserves	(284,572)	284,572	0	0
<b>Balance as at 30<sup>th</sup> June 2011</b>	<b>119,186,925</b>	<b>9,324,749</b>	<b>53,083,154</b>	<b>181,594,828</b>
Net Result	4,883,446	0	0	4,883,446
Total Other Comprehensive Income	0	0	2,041,884	2,041,884
Transfer from / (to) Reserves	(7,858,611)	7,858,611	0	0
<b>Balance as at 30<sup>th</sup> June 2012</b>	<b>116,211,760</b>	<b>17,183,360</b>	<b>55,125,038</b>	<b>188,520,158</b>

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



CITY OF VINCENT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2012

	Note	Revised Budget 2011/12 \$	Actual 2011/12 \$	Actual 2010/11 \$
<b>Payments</b>				
Employee Costs		(18,900,502)	(18,068,231)	(17,406,539)
Materials & Contracts		(11,381,743)	(14,674,738)	(12,588,432)
Utilities		(1,565,342)	(2,340,109)	(2,372,791)
Insurance		(421,613)	(629,104)	(587,260)
Other Expenditure		(869,680)	(448,163)	(761,445)
<b>Total Payments</b>		<b>(33,138,880)</b>	<b>(36,160,345)</b>	<b>(33,716,467)</b>
<b>Receipts</b>				
Rates		22,410,088	22,443,082	21,047,152
Operating Grants, Subsidies & Contributions		1,404,755	1,797,200	1,322,106
Fees and Charges		12,108,544	12,268,565	14,424,642
Interest Earnings	3	1,528,200	1,586,700	1,317,166
Goods and Services Tax		1,100,000	1,807,054	986,912
Other Revenue		953,224	1,143,132	161,691
<b>Total Receipts</b>		<b>39,504,811</b>	<b>41,045,733</b>	<b>40,298,288</b>
<b>Net Cash Flows From Operating Activities</b>	14(a)	<b>6,365,931</b>	<b>4,885,388</b>	<b>6,581,821</b>
<b>Cash Flows From Investing Activities</b>				
<b>Payments</b>				
Purchase of Land & Buildings		(15,248,775)	(987,180)	(758,406)
Purchase of Infrastructure Assets		(11,982,820)	(3,158,218)	(1,950,108)
Purchase of Plant and Equipment		(1,163,500)	(514,390)	(1,970,662)
Purchase of Furniture and Equipment		(242,740)	(112,678)	(156,837)
Work in Progress (Uncompleted Works)		0	(9,101,840)	(1,744,041)
	10(b)	<b>(28,637,835)</b>	<b>(13,874,306)</b>	<b>(6,580,054)</b>
<b>Receipts</b>				
Disposal of Plant & Equipment	4(c)	157,414	157,414	112,879
Grant and contribution for the Development of Assets		6,919,448	8,762,083	1,162,099
		<b>7,076,862</b>	<b>8,919,497</b>	<b>1,274,978</b>
<b>Net Cash Flows From Investing Activities</b>		<b>(21,560,973)</b>	<b>(4,954,809)</b>	<b>(5,305,076)</b>
<b>Borrowings</b>				
Borrowings		8,065,000	7,930,994	777,215
Repayment of Borrowings	17	(692,100)	(692,052)	(1,092,938)
Net increase in Bonds and Deposits		0	(11,200)	(1,318,800)
<b>Net Cash Flows From Financing Activities</b>		<b>7,372,900</b>	<b>7,227,742</b>	<b>(1,634,523)</b>
<b>Net Increase/(Decrease) In Cash Held</b>		<b>(7,822,142)</b>	<b>7,158,322</b>	<b>(357,778)</b>
<b>Cash At Beginning of year</b>		<b>12,280,000</b>	<b>10,539,624</b>	<b>10,897,402</b>
<b>Cash and Cash Equivalents at End of Year</b>	14 (b)	<b>4,457,858</b>	<b>17,697,946</b>	<b>10,539,624</b>

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

CITY OF VINCENT  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2012

	Note	Original Budget 2011/12 \$	Actual 2011/12 \$	Actual 2010/11 \$
<b>OPERATING REVENUE (Excluding Rates)</b>				
General Purpose Funding		2,352,695	3,081,611	2,482,510
Governance		17,200	32,381	14,738
Law, Order and Public Safety		93,410	164,551	112,386
Health		305,705	296,357	257,598
Education and Welfare		201,240	265,368	226,115
Community Amenities		827,780	1,217,666	935,797
Recreation and Culture		7,612,125	4,029,742	7,264,855
Transport		7,095,855	6,601,562	5,276,301
Economic Services		481,375	402,678	497,346
Other Property and Services		184,750	35,262	320,998
General Administration (Allocated)		1,880	1,506	3,853
		<b>19,174,015</b>	<b>16,128,684</b>	<b>17,392,497</b>
<b>LESS EXPENDITURE</b>				
General Purpose Funding		(600,435)	(644,299)	(461,387)
Governance		(2,343,185)	(2,546,266)	(2,187,200)
Law, Order and Public Safety		(1,068,845)	(1,146,436)	(1,073,599)
Health		(956,150)	(942,881)	(822,429)
Education and Welfare		(1,124,303)	(1,200,886)	(941,563)
Community Amenities		(8,074,950)	(8,294,514)	(7,114,193)
Recreation and Culture		(16,207,165)	(15,145,846)	(15,409,603)
Transport		(10,115,010)	(10,002,156)	(9,205,279)
Economic Services		(782,820)	(966,529)	(948,406)
Other Property and Services		(992,135)	(1,477,645)	(1,447,106)
General Administration (Allocated)		1,020	(51,490)	(11,301)
		<b>(42,263,978)</b>	<b>(42,418,948)</b>	<b>(39,622,066)</b>
<b>NET OPERATING RESULT EXCLUDING RATES</b>				
		<b>(23,089,963)</b>	<b>(26,290,264)</b>	<b>(22,229,569)</b>
<b>NON CASH EXPENDITURE AND REVENUE</b>				
Provision Employee Benefit (Non Current)				
Adjustment		0	(28,795)	(398,574)
Deferred Rates Adjustment		0	(4,980)	(16,348)
Write Back Non-Cash Items Depreciation		8,134,940	8,478,987	7,548,492
Contributions/Grant for the Development of Assets				
		14,181,448	8,762,083	1,162,099
		<b>(773,575)</b>	<b>(9,082,969)</b>	<b>(13,933,900)</b>
<b>ACQUISITION OF NON-CURRENT ASSETS</b>				
Purchase Buildings Assets		(15,154,425)	(987,180)	(758,406)
Purchase Infrastructure Assets		(12,082,448)	(3,158,218)	(1,950,107)
Purchase Plant & Equipment		(1,126,500)	(514,390)	(1,970,662)
Purchase Furniture & Equipment		(183,000)	(112,678)	(156,837)
Work In Progress (Uncompleted Works)		0	(9,101,840)	(1,744,041)
Proceed from Disposal of Assets		326,500	157,414	112,879
Proceeds of New Loan		5,850,000	8,065,000	960,000
Joint Venture Investment		0	166,921	64,578
Repayments Loan Capital		(692,100)	(692,052)	(1,092,938)
Transfer to Reserves		(1,749,870)	(17,224,762)	(1,855,502)
Transfer from Reserves		2,251,500	9,366,151	1,570,930
		<b>(22,560,343)</b>	<b>(14,035,634)</b>	<b>(6,820,106)</b>
<b>DEMAND FROM RESOURCES</b>				
<b>ADD SURPLUS/(DEFICIT) 1 JULY 11 B/FWD</b>		<b>(23,333,918)</b>	<b>(23,118,603)</b>	<b>(20,754,006)</b>
<b>LESS SURPLUS/(DEFICIT) 30 JUNE 12 C/FWD</b>		<b>922,458</b>	<b>(2,296,766)</b>	<b>(2,644,360)</b>
		<b>0</b>	<b>(3,005,281)</b>	<b>(2,296,766)</b>
<b>AMOUNT TO BE MADE UP FROM RATES</b>	24	<b>(22,411,460)</b>	<b>(22,410,088)</b>	<b>(21,101,600)</b>

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

CITY OF VINCENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012

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## 1. SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of these financial statements are:-

### (a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local government and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncement of the Australian Accounting Standard Boards, the Local Government Act 1995 and accompanying regulations.

The report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-assets, financial assets and liabilities.

#### Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make a judgment, 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 judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

### (b) The Local Government Reporting Entity

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

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

#### Trust Funds

As the City performs only a custodial role in respect of these monies, and because the monies cannot be used for Council purposes, they are excluded from the financial statements.

A separate statement of these monies appears at Note 19 to these financial statements. Amounts received as bonds, deposits and retention amounts controlled by Council are included in the amount disclosed as "creditors" within current liabilities.

**CITY OF VINCENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(c) Fixed Assets

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

(i) Initial Recognition

All assets are initially recognised at costs. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

(ii) Revaluation of Non Current Assets

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

(iii) Land under roads

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

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

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

CITY OF VINCENT  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Fixed Assets (Continued)

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

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

(iv) Depreciation of Non Current Assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets. Assets are depreciated from the date of the acquisition or in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period.

Major depreciation periods are:

Asset Description	Life Expectancy
Buildings	40 years
Furniture and Equipment	4 – 10 years
Plant and Equipment	5 – 15 years
Bores/Pumps	10 – 20 years
Playground Equipment	10 years
Motor Vehicles	5 – 10 years
Sealed Roads and Streets	
Clearing and earthworks	Not depreciated
Construction/road base	33 years
Formed roads (unsealed)	
Clearing and earthworks	Not depreciated
Construction/road base	33 years
Footpaths - Insitu Concrete	75 years
Parking-Sealed/Kerbed/Drained	40 years
Parking-Lighting	30 years
Rights of Way-Sealed/Kerbed/Drained	40 years
Drainage	80 years
Fencing	20 years
Park Furniture/Street Furniture	10 years

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

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

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amount included in the revaluation surplus relating to that assets are transferred to retained earnings.

CITY OF VINCENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012

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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Fixed Assets (Continued)

(v) Capitalisation Threshold

Expenditure on items of equipment under \$1,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

Signs and Litter Bins are considered immaterial and have not been capitalized.

(d) Employee Entitlements

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the municipality has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(ii) Long Service Leave (Long-term Benefits)

The provision for employees' benefits for long service leave expected to be settled more than 12 months from the reporting date represents the present value of the estimated future cash outflows to be made by the employer resulting from the employee's service to balance date. Those cash flow are discounted using market yields on national government bonds with terms of maturity that match the expected timing of cash flows.

(e) Trade and other receivables

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. Provision for impairment in receivables is raised when there is objective evidence that they will not be collectible.

(f) Leases

The Council has no obligations under finance leases at balance date. In respect of operating leases, where the lessor effectively retains substantially the entire risks and benefits incidental to ownership of the leased items, lease payments are charged to expense over the lease term.

(g) Rates, Grants, Donations and other Contributions

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

**CITY OF VINCENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(g) Rates, Grants, Donations and other Contributions (Continued)

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 5. The note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

(h) Inventories

General

Inventories are valued 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.

Inventories held from trading are classified as current even if not expected to be realised in the next 12 months.

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses

Revenue arising from the sale of property is recognised in the Income Statement as at the time of signing a binding contract of sale.

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.

(i) Interest in Joint Venture

The Council is participant with 6 other Councils, namely the Cities of Joondalup, Wanneroo, Stirling, Perth and the Towns of Cambridge and Victoria Park.

Interest in Joint Venture is accounted for by applying the equity method of accounting in the financial report. Under this method of accounting interest in a joint controlled entity is initially recorded at cost and adjusted thereafter for the post acquisition change in the venturer's share of net assets of the jointly controlled entity.

For further details relating to the Interest in Joint Venture in the Mindarie Regional Council and the Tamala Park Regional Council refer to Note 20.

(j) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the Statement of Financial Position.

**CITY OF VINCENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(k) Trade and Other Payables

They 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 and are usually paid within 30 days of recognition.

(l) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Statement of Financial Position are stated inclusive of applicable GST. 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.

(m) Borrowings

Borrowings costs are recognised as an expense when incurred except where they are directly attributed 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

(n) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.



CITY OF VINCENT  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2012

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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

Amortised cost is calculated as:

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

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current.

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Council's management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost.

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

CITY OF VINCENT  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2012

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1. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(n) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(iv) Available-for-sale financial assets

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

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

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

v) Financial liabilities

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

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in profit or loss. Any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Derecognition

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

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

CITY OF VINCENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012

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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions

Provisions are recognised when: The Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(p) Impairment

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 estimate of the recoverable amount of the asset is made in accordance with AASB 136 "Impairment of Assets" and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

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

(q) Rounding

All figures shown in the financial report have been rounded off to the nearest dollar and some minor variations between schedules may result.

(r) Comparatives

Comparative figures are, where appropriate, reclassified as to be comparable with the figures presented for the current financial year.

(s) Budget Comparative Figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the revised estimate for the relevant item of the disclosure except the rate setting statement and statement of rating information Note 24 where the original estimates are used.

CITY OF VINCENT  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2012.

Council's assessment of these new standards and interpretations is set out below:

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments	Dec 2009	1 Jan 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 1053 – Application of Tiers of Australian Accounting Standards	Jun 2010	1 Jul 2013	Nil – Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iii) ASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	Dec 2009	1 Jan 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iv) AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	Jun 2010	1 Jul 2013	Nil – None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.

CITY OF VINCENT  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title and Topic	Issued	Applicable (*)	Impact
(v)	AASB 2010 - 7 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	Dec 2010	1 Jan 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi)	AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	Dec 2010	1 Jan 2012	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
(vii)	AASB 2010 -10 – Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]	Dec 2010	1 Jan 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
(viii)	AASB 2011 - 2 Amendments to Australian Accounting Standards – Arising from the Trans – Tasman Consequence Project – Reduced Disclosure Requirements. [AASB 101 & AASB 1054]	May 2011	1 July 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2011 - 3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to ABS GFS manual and related Amendments.[AASB 1049]	May 2011	1 July 2012	"
	AASB 2011 - 6 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements. [AASB 127, 128 &131]	July 2011	1 July 2013	"

CITY OF VINCENT  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(ix) AASB 10 – Consolidated Financial Statements AASB 11 – Joint Arrangements AASB 12 – Disclosure of Interests on Other Entities AASB 128 – Investments in Associates and Joint Ventures AASB 2011 – 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 131, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16, & 17]	Aug 2011	1 Jan 2013	Nil – None of these except for AASB 128, are expected to have significant application on the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.
(x) AASB 13 – Fair Value Measurement AASB 2011 – 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	Sept 2011	1 Jan 2013	AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 requires: <ul style="list-style-type: none"> <li>- Inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and</li> <li>- Enhances disclosures regarding all assets and liabilities (including, but not limited to financial assets and financial liabilities) measured at fair value.</li> </ul>

CITY OF VINCENT  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (t) New Accounting Standards and Interpretations for Application in Future Periods  
 (continued)

Title and Topic	Issued	Applicable (*)	Impact
			AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which present in existing standards. The amendments to the legislation requires the phasing in of fair value in relation to fixed assets over three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.
(xi) AASB 2011 – 9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	Sept 2011	1 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(xii) AASB 119 – Employee Benefits AASB 2010 – 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 10, 124, 134, 1049 & 2011 – 8 and Interpretation 14]	Sept 2011	1 Jan 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation termination benefits.

CITY OF VINCENT  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (t) New Accounting Standards and Interpretations for Application in Future Periods  
 (continued)

	Title and Topic	Issued	Applicable (*)	Impact
(xiii)	AASB 2011 11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	Sept 2011	1 Jul 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2011 – 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]	Nov 2011	1 Jan 2013	“
	AASB 2011 – 13 Amendments to Australian Accounting Standards – Improvements to AASB 1049	Dec 2011	1 Jul 2012	“

- (u) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

- AASB 124
- AASB 1054
- AASB 2009 - 12
- AASB 2010 - 4
- AASB 2010 - 5
- AASB 2010 - 6
- AASB 2010 - 9
- AASB 2010 -14
- AASB 2011 -1

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

- (v) Events after the Reporting Period

The Australian Government passed the Clean Energy Act 2011 on 8 November 2011 introducing a carbon pricing mechanism from 1 July 2012.

The Council does not have a direct carbon price liability as it does not fall within the group of major polluters identified by the Australian Federal Government. It will be impacted by the indirect flow-through of the carbon price via increased costs on its operations largely from cost increases in electricity, materials and waste disposal in landfills.



CITY OF VINCENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012

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## 2. COMPONENT FUNCTIONS/ACTIVITIES

In order to discharge its responsibilities to the community, the Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis reflected by the Council's Mission and Vision Statement and for each of its broad activities/programmes.

These objectives provide a framework for the future direction of the City of Vincent.

### **Council Mission Statement**

"Enhancing and celebrating our diverse Community"

### **Council Vision Statement**

Our Vision is for Vincent to be a sustainable and caring community built with vibrancy and diversity.

### **Our Purpose**

To provide and facilitate services for a safe, healthy and sustainable community

### **Our Guiding Values**

The guiding values of City of Vincent are those that describe how we want to operate, and all employees are strongly encouraged to align and work to these values.

#### **Excellence & Service**

We aim to pursue and deliver the highest possible standard of service and professionalism to the Vincent community.

#### **Honesty & Integrity**

We are honest, fair, consistent, accountable, open and transparent in our dealings with each other and are committed to building trust and mutual respect.

#### **Caring & Empathy**

We are committed to the wellbeing and needs of our employees and community and value each others views and contributions.

#### **Innovation & Diversity**

We encourage creativity, innovation and initiative to realise the vibrancy and diversity of our vision.

#### **Teamwork & Commitment**

Effective teamwork is vital to our organisation and we encourage co-operation, teamwork and commitment within and between our employees and our business partners and community.

**CITY OF VINCENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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**2. COMPONENT FUNCTIONS/ACTIVITIES (Continued)**

The Operating Statements are presented in a programme format using the following classifications:-

**GOVERNANCE**

This schedule details costs and revenues associated with Governance of the City. These include Members of Council and other costs involved in supporting members and governing the City.

**GENERAL PURPOSE FUNDING**

This schedule records detail of rate revenue and general purpose grants allocated by the WA Local Government Grants Commission as well as expenditures associated with this (rates collection, investment of funds).

**LAW, ORDER AND PUBLIC SAFETY**

This programme covers costs associated with Animal Control, Fire Prevention and other Law and Order services generally associated with Local Law control.

**HEALTH**

This programme covers Health Administration and Inspection, Child Health Clinics, Immunisation Clinics, Food Control and Pest Control Services.

**EDUCATION AND WELFARE**

The major costs here relate to staff involved in coordinating welfare, disability and youth services and donations to various community welfare groups serving the City.

**COMMUNITY AMENITIES**

This programme covers activities of household refuse and recycling, other sanitation including public litter bins and bulk rubbish collections, as well as town planning and regional development administration, protection of the environment and bus shelters and street furniture.

**RECREATION AND CULTURE**

This programme covers activities associated with public halls, recreation administration, sports grounds, parks and reserves, Beatty Park Leisure Centre, Vincent Library and cultural activities.

**TRANSPORT**

The principal operating areas here relate to maintenance of footpaths, drains, street cleaning, verges and medians, roads and kerbs, rights of way, crossovers, street trees and road reserves. Parking control and operation of car parks is also covered.

**ECONOMIC SERVICES**

This programme covers costs associated with building control and area promotion.

CITY OF VINCENT  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2012

2. COMPONENT FUNCTIONS/ACTIVITIES (Continued)

OTHER PROPERTY AND SERVICES

This programme is principally a clearing area where costs associated with public works overheads are accumulated and then subsequently dispersed to other expense areas. Other activities include plant operation costs, insurance claims and properties held for civic purposes.

ADMINISTRATION GENERAL

This schedule accumulates costs associated with executive management, financial services, administrative services and computing which cannot be directly charged to other programmes. Costs are then allocated to other programmes using Activity Based Costing techniques.

3. INTEREST EARNINGS

Interest Earnings	Revised Budget 2011/12 \$	Actual 2011/12 \$	Actual 2010/11 \$
Municipal	828,200	802,566	806,410
Reserve	700,000	784,134	510,756
	<b>1,528,200</b>	<b>1,586,700</b>	<b>1,317,166</b>

4. (a) TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY  
 YEAR ENDED 30 JUNE 2012

	Actual 2011/12 \$	Actual 2010/11 \$
General Purpose Funding	1,409,108	1,530,996
Governance	5,818,581	6,325,318
Law, Order, Public Safety	17,728	14,343
Health	7,986,293	8,245,835
Education and Welfare	4,420,719	4,232,158
Community Amenities	6,076,062	6,405,622
Recreation and Culture	108,197,650	92,917,864
Transport	78,385,144	76,352,653
Economic Services	28,182	1,206,947
Other Property and Services	5,707,147	5,489,608
	<b>218,046,614</b>	<b>202,721,344</b>

4. (b) DEPRECIATION

Depreciation expense for the financial year was charged in respect of:

	Actual 2011/12 \$	Actual 2010/11 \$
Buildings	3,303,518	2,114,109
Infrastructure Assets	3,951,840	4,358,926
Plant and Mobile Equipment	1,032,841	836,947
Office Furniture and Equipment	190,788	238,510
	<b>8,478,987</b>	<b>7,548,492</b>

CITY OF VINCENT  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2012

4. (c) DISPOSAL OF ASSETS BY CLASS  
 YEAR ENDED 30 JUNE 2012

	Budget Net Book Value \$	Actual Net Book Value \$	Budget Sale Price \$	Actual Sale Price \$	Budget Gain (Loss) \$	Actual Gain (Loss) \$
Building	0	35,180	0	0	0	(35,180)
Plant and Mobile Equipment	169,463	120,695	326,500	156,689	157,037	35,994
Furniture and Equipment	0	0	0	725	0	725
<b>Total</b>	<b>169,463</b>	<b>155,875</b>	<b>326,500</b>	<b>157,414</b>	<b>157,037</b>	<b>1,539</b>

5. CONDITIONS OVER CONTRIBUTIONS

	Actual 2011/12 \$	Actual 2010/11 \$
Grants recognised as revenues in previous reporting period and which were not expended at the close of the previous reporting period	31,340	12,151
Add: New grant which were recognised as revenue during the reporting period	137,790	170,566
<b>Total Grant available</b>	<b>169,130</b>	<b>182,717</b>

Less Grants expended during the reporting period in the manner specified by the grantor were:

Hunter Street – Ruby Street to Waugh Street	0	12,151
Doris Street – Elma Street to Bedford Street	0	21,819
Farr Avenue – Emmerson to End	0	12,202
Joel Terrace – Gardiner Street to Summer Street	0	41,604
Melrose Street – Oxford Street to Stanley Street	0	12,483
Union Street – Paddington Street to Redfern Street	0	23,247
Broome Street – Beaufort Street to Smith Street	0	27,871
<b>Total Expenditure 2010/11</b>	<b>0</b>	<b>151,377</b>

Less: Grants which were expended as revenue in a current reporting period and were expended during the current period in the manner specified by the grantor were:

Berryman Street – Egina Street to Kalgoorlie Street	32,920	0
Wasley Street – Norfolk Street to Fitzgerald Street	35,256	0
Wright Street – Broome Street to Lincoln Street	65,178	0
Kingston Street – Egina Street to Kalgoorlie Street	29,349	0
Brewer Street – Pier Street to Stirling Street	25,464	0
<b>Total Expenditure 2011/12</b>	<b>188,167</b>	<b>0</b>
Expenditure exceeded grants received	<b>(19,037)</b>	<b>0</b>

Closing balances of unexpended grants **0** **31,340**

CITY OF VINCENT  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2012

6. REMUNERATION OF AUDITORS

	Actual 2011/12 \$	Actual 2010/11 \$
Auditing the Financial Reports	19,636	14,040
Other Services	9,000	9,000
	<u>28,636</u>	<u>23,040</u>

7. TRADE AND OTHER RECEIVABLES

Current	Actual 2011/12 \$	Actual 2010/11 \$
Rates	60,357	99,676
Works and Services	172,512	16,839
Property Rental/Leases	66,614	106,712
Other	901,587	606,852
Accrued Income	487,464	344,223
Infringements	1,429,228	1,259,931
Less: Provision for Impairment of Receivables	(107,264)	(94,865)
	<u>3,010,498</u>	<u>2,339,368</u>
Non Current	Actual 2011/12 \$	Actual 2010/11 \$
Pensioners' Rates Deferred	206,144	216,446
Works and Services	553,159	739,901
	<u>759,303</u>	<u>956,347</u>

**Works and Services (Underground Power)**

The amount of \$553,159 related to instalments receivable from the total of Works and Services of \$4,347,193 from the City of Vincent inaugural State Underground Power Highgate East project in 2006/2007.

**Pensioners' Rates Deferred**

The amount of \$206,144 in 2011/12 relates to Council Rates deferred by pensioners in accordance with the Rates and Charges (Rebates and Deferments) Act 1992. During the 2010/11 year the deferred rates amounted to \$216,446.

CITY OF VINCENT  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2012

8. OTHER ASSETS

	Actual 2011/12 \$	Actual 2010/11 \$
<b>Current</b>		
Investments - Shares in North Perth Community Financial Services Limited	11,000	11,000
Deposits and prepayments	91,279	123,105
	<u>102,279</u>	<u>134,105</u>

Investments are made in accordance with the Western Australia Trustee Act 1962 (as amended). All investments are recorded at cost.

9 (a) TRADE AND OTHER PAYABLES

	Actual 2011/12 \$	Actual 2010/11 \$
<b>Current</b>		
Creditors	184,883	1,098,650
Deposits and Income in Advance	523,786	536,508
Contribution Liabilities	1,463,237	1,548,662
Accrued Expenses	2,300,982	1,358,438
	<u>4,472,888</u>	<u>4,542,258</u>

9 (b) PROVISIONS

	Actual 2011/12 \$	Actual 2010/11 \$
<b>Current</b>		
Annual Leave	1,446,364	1,116,683
Long Service Leave	1,107,918	1,139,620
	<u>2,554,282</u>	<u>2,256,303</u>
<b>Non Current</b>		
Long Service Leave	256,127	284,922
	<u>256,127</u>	<u>284,922</u>

CITY OF VINCENT  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2012

10. (a) PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE ASSETS

	Actual 2011/12 \$	Actual 2010/11 \$
Land at cost	7,716,078	7,716,078
	<u>7,716,078</u>	<u>7,716,078</u>
Buildings at independent valuation	132,709,424	131,761,243
Less Accumulated Depreciation	(49,038,627)	(45,738,928)
	<u>83,670,797</u>	<u>86,022,315</u>
Roads, Footpaths and Right of Ways at management valuation	94,776,749	85,064,095
Less Accumulated Depreciation	(47,582,512)	(39,648,647)
	<u>47,194,237</u>	<u>45,415,448</u>
Drainage at cost	24,756,838	24,621,706
Less Accumulated Depreciation	(10,162,767)	(9,854,997)
	<u>14,594,071</u>	<u>14,766,709</u>
Park Development at cost	13,761,772	13,592,744
Less Accumulated Depreciation	(2,631,009)	(1,951,364)
	<u>11,130,763</u>	<u>11,641,380</u>
Car Park Development at cost	10,866,427	10,736,705
Less Accumulated Depreciation	(2,980,524)	(2,804,813)
	<u>7,885,903</u>	<u>7,931,892</u>
Other Infrastructure Assets at cost	8,937,180	8,226,928
Less Accumulated Depreciation	(3,845,413)	(3,333,878)
	<u>5,091,767</u>	<u>4,893,050</u>
Plant and Mobile Equipment at cost	9,094,169	9,268,284
Less Accumulated Depreciation	(5,639,192)	(5,174,161)
	<u>3,454,977</u>	<u>4,094,123</u>
Office Furniture and Equipment at cost	3,712,856	3,603,154
Less Accumulated Depreciation	(3,166,872)	(2,979,060)
	<u>545,984</u>	<u>624,094</u>
Work in Progress – Parks Development	991,926	294,816
Work in Progress – Roads	374,852	284,373
Work in Progress – Buildings	8,380,743	346,221
Work in Progress – Parks Furniture	549,774	498,913
Work in Progress – Footpaths	319,794	261,792
Work in Progress – Street Furniture	44,648	26,676
Work in Progress – Right of Way	32,240	31,230
Work in Progress – Parking	63,523	20
Work in Progress – Drainage	10,967	0
Work in Progress – Parks Reticulation	77,414	0
Total Work in Progress	<u>10,845,881</u>	<u>1,744,041</u>
<b>Total Property, Plant and Equipment and Infrastructure Assets</b>	<b><u>192,130,458</u></b>	<b><u>184,849,130</u></b>

CITY OF VINCENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012

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10. (a) **PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE ASSETS**

**Revaluation of Property, Plant and Equipment and Infrastructure Assets**

Land is recorded in the financial statements at cost.

The revaluation of the building was undertaken by John Martin an independent Licensed Valuer from Australia Property Consultants (APC) in September 2008. The basis of valuation is recorded at current replacement value.

During the 2011/12 financial year the City moved from the Roman I to RAMM. Revaluation of the roads, Footpath and Right of Ways was undertaken by the new RAMM system. In case of roads and footpath there is no active market, resulting in the fair value being determined as the current replacement costs less accumulated depreciation to reflect the already consumed or expired future economic benefits. This approach is consistent with AASB 116.631 and AASB 116.33.

The City's policy is to depreciate on a straight-line basis which is consistent with the allowed approaches as per AASB 116.60-62.

The valuation model contained in the RAMM software calculated the depreciated replacement of the roads factoring in the age and actual condition of each section of road.

Assets at cost are subjected to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136. "Impairment of Assets".

All other classes of assets are currently carried at cost.



CITY OF VINCENT  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2012

10. (b) PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE ASSETS  
 MOVEMENT IN CARRYING AMOUNTS

Movements in the carrying amounts for each class of property, plant, equipment and infrastructure assets between the beginning and end of the current financial year.

	LAND	BUILDINGS	PLANT & EQUIPMENT	OFFICE FURNITURE & EQUIPMENT	ROADS, FOOTPATHS & ROW	DRAINAGE	PARK DEVELOPMENT	CARPARK DEVELOP	OTHER INFRASTRUCTURE ASSETS	WORK IN PROGRESS	TOTAL
Balance at beginning of year	7,716,078	86,022,315	4,094,123	624,094	45,415,448	14,766,709	11,641,380	7,931,892	4,893,050	1,744,041	184,849,130
Additions		987,180	514,390	112,678	2,014,085	135,132	169,029	129,722	710,250	9,101,840	13,874,306
Boundary Transfer											0
Transfers between assets classes											0
Revaluation increments/(decrements)					2,041,884						2,041,884
Disposals		(35,180)	(120,695)								(155,875)
Depreciation Expense		(3,303,518)	(1,032,841)	(190,788)	(2,277,180)	(307,770)	(679,646)	(175,711)	(511,533)	0	(8,478,987)
Carrying Amount at end of year	7,716,078	83,670,797	3,454,977	545,984	47,194,237	14,594,071	11,130,763	7,885,903	5,091,767	10,845,881	192,130,458

**CITY OF VINCENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012**

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**11. CASH RESERVES**

On restructuring of the City of Perth, the City of Vincent was provided with several specific cash reserves which were transferred to the City by Order of the Governor under Section 13 of the Local Government Act 1960. The City has also established other specific reserves to provide for future capital works. The specific reserves have been established for the following purposes:

**a. BEATTY PARK LEISURE CENTRE RESERVE**

This reserve was established in 1994/95 for the major upgrade and redevelopment of the Beatty Park Leisure Centre including major plant and equipment purchases. Transfers represent the before depreciation operating surplus of the Centre. The exact amount transferred will depend upon the surplus achieved.

**b. PUBLIC OPEN SPACE DEVELOPMENT RESERVE**

This reserve was established in the transfer from the City of Perth for the acquisition and development of land to provide additional public open space in the City.

**c. LOFTUS RECREATION CENTRE RESERVE**

This reserve was established in 1994/95. Contributions are made to the Council by the lessee of the Loftus Recreation Centre. These funds are held in a cash backed reserve for the purpose of replacing major items of plant and equipment or modifications to the Centre.

**d. LOFTUS COMMUNITY CENTRE RESERVE**

This reserve was established in 1994/95. Contributions are made to the Council by the lessee of the Loftus Community Centre. These funds are held in a cash backed reserve for the purpose of replacing major items of plant and equipment or modifications to the Centre.

**e. PLANT AND EQUIPMENT RESERVE**

This reserve was established in April 1995 for the purchase of replacement plant and equipment associated with Council's works. An annual transfer is made to this reserve to minimise the impact of major purchases in any one year.

**f. WASTE MANAGEMENT AND PLANT EQUIPMENT RESERVE**

This reserve was established for the purpose of replacing plant and equipment associated with Council's waste management operations. An annual transfer is made to this reserve to minimise the impact of major purchases in any one year.

At the Ordinary Council meeting of the 23 October 2001 it was resolved to alter the name of this reserve to the Waste Management Plant and Equipment Reserve fund to reflect its use.

**g. LAND AND BUILDINGS ASSET ACQUISITION RESERVE**

This reserve was established from proceeds of sale of land. The purpose of the reserve is to ensure that proceeds of real assets disposed of are restricted to purchase other land and buildings for civic purposes.

**CITY OF VINCENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012**

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**11. CASH RESERVES (Continued)****h. CAPITAL RESERVE**

This was established in 1995/96 with the allocation of \$1,000,000 from the Infrastructure Account established under the City of Perth Restructuring Act. The reserve exists for future major capital works.

**i. ADMINISTRATION CENTRE RESERVE – 244 VINCENT STREET**

This reserve was established in 1996/97 for the purpose of providing for major renovation and maintenance/repairs associated with the new Administration and Civic Centre.

**j. CARPARKING DEVELOPMENT RESERVE**

This reserve was established in April 1996 for the payment of cash-in-lieu of car parking from developers and is to be used to upgrade existing car parks or the establishment of new car parks.

**k. ELECTRONIC EQUIPMENT RESERVE**

This reserve was established for the purpose of replacement and major upgrade of computing equipment owned by the City.

**l. AGED PERSONS AND SENIOR CITIZENS RESERVE**

This reserve was established in 1997/98 from a contribution from the Board of Leederville Gardens Retirement Village for the purpose of the acquisition, provision, maintenance, management or extension of the existing Leederville Gardens Village, or the purchase or construction of a similar type of village for senior citizens or provision of aged or senior citizens facilities, within the City's boundaries.

**m. LEEDERVILLE OVAL RESERVE**

This reserve was established in 1998/99 with the allocation of \$1,000,000 from the Infrastructure Account established under the City of Perth Restructuring Act. The purpose of this reserve is for the redevelopment of Leederville Oval.

At the Special Council meeting of the 30 October 2001 it was resolved to change the future use of this reserve to include the following:

*"and for works associated with the maintenance, repairs, upgrade and replacement of Leederville Oval buildings, fixtures, fittings and associated land."*

**n. LEN FLETCHER PAVILION RESERVE (ceased 2008)**

This reserve was established in 1998/99 with the allocation of \$250,000 from the Infrastructure Account established under the City of Perth Restructuring Act. The purpose of this reserve is for works associated with the renovation/ maintenance/repairs/demolition of Len Fletcher Pavilion and associated land.

At the Special Council meeting of the 30th October 2001 the following was resolved:

*Change the use of the "Len Fletcher Pavilion Reserve Fund" money and use part of the funds (if required) for the creation of the public open space and car parking, as part of the Leederville Oval and Loftus Centre redevelopment and/or State Indoor Multi-Use Sports Centre.*

**CITY OF VINCENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012**

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**11. CASH RESERVES (Continued)**

**o. HERITAGE LOAN RESERVE**

This reserve was established in 1998/99 with the allocation of \$20,000 to the newly created Heritage Loan Reserve.

The purpose of the Heritage Loan Reserve changed to the Heritage Low Interest Loan Scheme and the funds held to be applied to that new Reserve, to enable the funds to be transferred to the proposed Western Australian Municipal Association scheme.

**p. UNDERGROUND POWER RESERVE**

This reserve was established in 1998/99 with the allocation of \$20,000 for the purpose of funding Councils possible contribution to underground power projects considered by State Government.

**q. LIGHT VEHICLE FLEET RESERVE**

This reserve has been established to fund the replacement of the light vehicle fleet, which is now contracted to occur every three years. An annual transfer will be made to this reserve, which minimises the impact of the capital outlay for the light vehicle fleet in the year of the replacement of the fleet.

**r. PERTH OVAL RESERVE**

At the Special Council meeting of 30 October 2001 it was resolved to establish a new Reserve Fund for Perth Oval and associated land for the following purpose:

*"works associated with the maintenance, repairs, upgrade and replacement of Perth Oval buildings, fixtures, fittings and associated land."*

**s. STRATEGIC WASTE MANAGEMENT RESERVE**

At the Ordinary Meeting of Council, held on 23 October 2001, it was agreed to establish a new Strategic Waste Management Reserve for the following purpose:

*"Investigation and implementation of integrated waste management strategies/programmes and initiatives, (including secondary waste treatment and costs associated with the redevelopment of Lot 118 Tamala Park)."*

**t. STATE INDOOR MULTI-USE SPORTS CENTRE RESERVE**

At the Ordinary Meeting of Council, held on 23 July 2002, it was agreed to establish a new State Indoor Multi-Use Sports Centre Reserve for the following purpose:

*"For works associated with the maintenance, repairs, alterations, upgrade and replacement of the proposed State Indoor Multi-Use Sports Centre buildings, major plant and equipment, fixtures, fittings and associated land."*

**u. OFFICE BUILDING RESERVE – 246 VINCENT STREET**

At the Ordinary Meeting of Council, held on 13 May 2003, it was agreed to establish a new Office Building Reserve for the following purpose:

*"For major building upgrade/maintenance/repairs/renovation and replacement of fixtures and fittings associated with the new Office Building and Land."*

**CITY OF VINCENT  
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FOR THE YEAR ENDED 30 JUNE 2012**

**11. CASH RESERVES (Continued)****v. PERTH OVAL STAGE 2 DEVELOPMENT RESERVE (Ceased 2009)**

At the Ordinary Meeting of Council held on 26 April 2005, it was agreed to establish a new reserve for the works associated with the construction and redevelopment of Perth Oval Stage 2.

**w. HYDE PARK LAKE RESERVE**

At the Special Meeting of Council held on 12 July 2005, it was agreed to establish a reserve for works associated with the investigation, maintenance, remedial works and the rehabilitation of the Hyde Park Lakes and surrounds.

**x. PARKING FACILITY RESERVE**

At the Special Meeting of Council held on 2 July 2008, it was agreed to establish a reserve for works associated with the purchase, maintenance and operation of parking ticket machines.

**y. PARKING FUNDED SUSTAINABLE TRANSPORT INITIATIVES RESERVE**

At the Special Council Meeting held on 17 May 2011, a new Reserve was established for the provision of sustainable transport initiatives and modes and including, but not limited to, the provision and maintenance of footpaths, cycle ways and other cycling support facilities, bus shelter and other transit facilities.

**z. PARKING FUNDED CITY CENTRE AND PARKING BENEFIT DISTRICTS UPGRADE AND PROMOTION RESERVE**

At the Special Council Meeting held on 17 May 2011, it was agreed to establish a Parking Funded City Centre Parking Benefits Districts Upgrade and Promotion Reserve. This Reserve is for the provision and upgrade of infrastructure, facilities and services, both parking and non-parking, in the City of Vincent, City Centre's and the promotion of those City Centre's as well as works associated with any Parking Benefit Districts as determined by the Council.

The following reserve funds will be used, as and when the need arises:

- Administration Centre Reserve – 244 Vincent Street;
- Aged Persons and Senior Citizens Reserve;
- Capital Reserve;
- Hyde Park Lake Reserve;
- Land and Building Asset Acquisition Reserve;
- Leederville Oval Reserve;
- Office Building Reserve – 246 Vincent Street;
- Parking Facility Reserve;
- Parking Funded Sustainable Transport Initiatives Reserve; and
- Parking Funded City Centre and Parking Benefit Districts Upgrade and Promotion Reserve.
- Perth Oval Reserve;
- State Indoor Multi-Use Sports Centre Reserve;
- Strategic Waste Management Reserve;

The following reserve funds are established to minimize the impact of major expenditure on any one budget and varying levels of expenditure will occur from year to year as required:

- Beatty Park Leisure Centre Reserve;
- Car Parking Development Reserve;
- Electronic Equipment Reserve;
- Light Fleet Replacement Reserve;
- Light Vehicle Fleet Reserve;
- Loftus Community Centre Reserve;
- Loftus Recreation Centre Reserve;
- Plant and Equipment Reserve;
- Underground Power Reserve;
- Waste Management and Plant Equipment Reserve.

CITY OF VINCENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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## 11. CASH RESERVES (Continued)

	Revised Budget 2011/12 \$	Actual 2011/12 \$	Actual 2010/11 \$
<b>Administration Centre Reserve</b>			
Opening Balance 1 July 2011	127,075	127,706	48,139
Transfer from Accumulated Surplus	105,829	109,733	79,931
Transfer to Accumulated Surplus	(168,850)	(123,179)	(364)
Closing Balance 30 June 2012	64,054	114,260	127,706
<b>Aged Persons and Senior Citizens Reserve</b>			
Opening Balance 1 July 2011	2,812,365	2,831,513	2,610,365
Transfer from Accumulated Surplus	120,127	264,559	221,148
Transfer to Accumulated Surplus	0	0	0
Closing Balance 30 June 2012	2,932,492	3,096,072	2,831,513
<b>Beatty Park Leisure Centre Reserve</b>			
Opening Balance 1 July 2011	2,997,652	2,933,459	2,919,414
Transfer from Accumulated Surplus	237,410	12,752,286	316,121
Transfer to Accumulated Surplus	(3,197,000)	(7,995,565)	(302,076)
Closing Balance 30 June 2012	38,062	7,690,180	2,933,459
<b>Capital Reserve</b>			
Opening Balance 1 July 2011	326,231	327,503	302,439
Transfer from Accumulated Surplus	114,942	107,666	116,164
Transfer to Accumulated Surplus	(328,900)	(328,900)	(91,100)
Closing Balance 30 June 2012	112,273	106,269	327,503
<b>Car Parking Development Reserve</b>			
Opening Balance 1 July 2011	11,125	11,176	10,571
Transfer from Accumulated Surplus	510	229,398	605
Transfer to Accumulated Surplus	0	0	0
Closing Balance 30 June 2012	11,635	240,574	11,176
<b>Office Building Reserve – 246 Vincent Street</b>			
Opening Balance 1 July 2011	320,807	341,425	254,805
Transfer from Accumulated Surplus	84,691	93,595	86,620
Transfer to Accumulated Surplus	0	0	0
Closing Balance 30 June 2012	405,498	435,020	341,425
<b>Electronic Equipment Reserve</b>			
Opening Balance 1 July 2011	95,949	62,393	42,751
Transfer from Accumulated Surplus	54,394	54,429	53,260
Transfer to Accumulated Surplus	(114,457)	(30,361)	(33,618)
Closing Balance 30 June 2012	35,886	86,461	62,393

CITY OF VINCENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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## 11. CASH RESERVES (Continued)

	Revised Budget 2011/12 \$	Actual 2011/12 \$	Actual 2010/11 \$
<b>Hyde Park Lake Reserve</b>			
Opening Balance 1 July 2011	254,904	258,178	140,164
Transfer from Accumulated Surplus	118,723	2,597,965	160,519
Transfer to Accumulated Surplus	(372,200)	(356,029)	(42,505)
Closing Balance 30 June 2012	1,427	2,500,114	258,178
<b>Land &amp; Building Asset Acquisition Reserve</b>			
Opening Balance 1 July 2011	223,316	224,222	212,085
Transfer from Accumulated Surplus	10,225	15,346	12,137
Transfer to Accumulated Surplus	0	0	0
Closing Balance 30 June 2012	233,541	239,568	224,222
<b>Leederville Oval Reserve</b>			
Opening Balance 1 July 2011	190,220	192,756	254,273
Transfer from Accumulated Surplus	53,794	58,940	56,685
Transfer to Accumulated Surplus	(98,000)	(24,549)	(118,202)
Closing Balance 30 June 2012	146,014	227,147	192,756
<b>Light Fleet Replacement Reserve</b>			
Opening Balance 1 July 2011	167,229	171,518	247,716
Transfer from Accumulated Surplus	113,661	107,630	110,554
Transfer to Accumulated Surplus	(278,500)	(276,763)	(186,752)
Closing Balance 30 June 2012	2,390	2,385	171,518
<b>Loftus Community Centre Reserve</b>			
Opening Balance 1 July 2011	12,131	12,167	8,231
Transfer from Accumulated Surplus	6,175	6,621	5,886
Transfer to Accumulated Surplus	0	0	(1,950)
Closing Balance 30 June 2012	18,306	18,788	12,167
<b>Loftus Recreation Centre Reserve</b>			
Opening Balance 1 July 2011	68,167	31,871	70,767
Transfer from Accumulated Surplus	34,374	77,250	93,862
Transfer to Accumulated Surplus	(77,900)	(68,381)	(132,758)
Closing Balance 30 June 2012	24,641	40,740	31,871
<b>Parking Facility and Equipment Reserve</b>			
Opening Balance 1 July 2011	160,559	159,471	105,389
Transfer from Accumulated Surplus	107,283	113,336	158,332
Transfer to Accumulated Surplus	(32,000)	(24,360)	(104,250)
Closing Balance 30 June 2012	235,842	248,447	159,471

CITY OF VINCENT  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2012

11. CASH RESERVES (Continued)

	Revised Budget 2011/12 \$	Actual 2011/12 \$	Actual 2010/11 \$
<b>Perth Oval Reserve</b>			
Opening Balance 1 July 2011	298,515	290,154	225,586
Transfer from Accumulated Surplus	42,707	52,570	153,732
Transfer to Accumulated Surplus	(150,550)	(72,550)	(89,164)
Closing Balance 30 June 2012	190,672	270,174	290,154
<b>Plant and Equipment Reserve</b>			
Opening Balance 1 July 2011	751,497	747,065	764,609
Transfer from Accumulated Surplus	77,416	100,834	91,147
Transfer to Accumulated Surplus	(412,000)	(52,135)	(108,691)
Closing Balance 30 June 2012	416,913	795,764	747,065
<b>State Indoor Multi Use Sport Centre Reserve</b>			
Opening Balance 1 July 2011	0	0	0
Transfer from Accumulated Surplus	30,000	40,625	0
Transfer to Accumulated Surplus	0	0	0
Closing Balance 30 June 2012	30,000	40,625	0
<b>Strategic Waste Management Reserve</b>			
Opening Balance 1 July 2011	67,791	68,067	64,383
Transfer from Accumulated Surplus	3,104	4,659	3,684
Transfer to Accumulated Surplus	0	0	0
Closing Balance 30 June 2012	70,895	72,726	68,067
<b>Underground Power Reserve</b>			
Opening Balance 1 July 2011	161,996	162,661	153,856
Transfer from Accumulated Surplus	7,418	11,133	8,805
Transfer to Accumulated Surplus	0	0	0
Closing Balance 30 June 2012	169,414	173,794	162,661
<b>Waste Management Reserve</b>			
Opening Balance 1 July 2011	397,256	371,444	604,634
Transfer from Accumulated Surplus	118,087	120,325	126,310
Transfer to Accumulated Surplus	(350,000)	0	(359,500)
Closing Balance 30 June 2012	165,343	491,769	371,444
<b>Parking Funded City Centre Upgrade Reserve</b>			
Opening Balance 1 July 2011	0	0	0
Transfer from Accumulated Surplus	154,500	152,931	0
Transfer to Accumulated Surplus	(27,000)	(13,379)	0
Closing Balance 30 June 2012	127,500	139,552	0



CITY OF VINCENT  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2012

11. CASH RESERVES (Continued)

	Revised Budget 2011/12 \$	Actual 2011/12 \$	Actual 2010/11 \$
<b>Parking Funded Transport Initiative Reserve</b>			
Opening Balance 1 July 2011	0	0	0
Transfer from Accumulated Surplus	154,500	152,931	0
Transfer to Accumulated Surplus	0	0	0
Closing Balance 30 June 2012	154,500	152,931	0
<b>TOTAL RESERVES</b>	<b>5,587,298</b>	<b>17,183,360</b>	<b>9,324,749</b>

All of the reserve accounts are supported by money held in financial institution and match the amount shown as restricted cash and restricted investments in Note 13 and Note 14 (b) to this financial report.

12. ASSET REVALUATION RESERVES

Asset revaluation reserves have arise on revaluation of the following classes of non- current assets

	Actual 2011/12 \$	Actual 2010/11 \$
<b>Buildings</b>		
Opening Balance	34,963,560	0
Revaluation Increment	0	34,963,560
Revaluation Decrement	0	0
Closing Balance	<b>34,963,560</b>	<b>34,963,560</b>
<b>Roads, Right of Ways and Footpaths</b>		
Opening Balance	18,119,594	7,042,661
Revaluation Increment	2,041,884	11,348,433
Revaluation Decrement	0	(271,500)
Closing Balance	<b>20,161,478</b>	<b>18,119,594</b>
<b>TOTAL ASSET REVALUATION RESERVES</b>	<b>55,125,038</b>	<b>53,083,154</b>

CITY OF VINCENT  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2012

13. CASH AND CASH EQUIVALENTS

	Actual 2011/12 \$	Actual 2010/11 \$
Cash on Hand	2,577	6,671
Cash at Bank	0	116,551
Short Term Investments	18,323,390	10,416,402
	<b>18,325,967</b>	<b>10,539,624</b>

The following restrictions have been imposed by regulations or other externally imposed requirements:-

	Actual 2011/12 \$	Actual 2010/11 \$
Reserves as shown in Note 11	17,183,360	9,324,749
Unspent Grants/Contributions in Note 5	0	31,340
Deposits and Income in Advance in Note 9 (a)	523,786	536,508
Total Restricted	17,707,146	9,892,597
Total Unrestricted	618,821	647,027
	<b>18,325,967</b>	<b>10,539,624</b>

CITY OF VINCENT  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2012

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO NET RESULT

	Actual 2011/12 \$	Actual 2010/11 \$
Change in Net Assets Resulting from Operations	4,883,446	110,547
Adjustment for items not involving the movement of Cash:		
Depreciation	8,478,987	7,548,492
Non cash contribution	166,921	64,578
(Gain)/Loss on Sale of Property, Plant and Equipment	(1,539)	(76,416)
	<u>13,527,815</u>	<u>7,647,201</u>
Revenues Provided by:		
Government Grants for the Development of Assets	(8,762,083)	(1,162,099)
	<u>(8,762,083)</u>	<u>(1,162,099)</u>
Change in Operating Assets and Liabilities		
Increase/(Decrease) in Provisions	269,184	26,683
Increase/(Decrease) Income Received in Advance	(86,948)	(55,626)
Increase/(Decrease) in Accrued Expenses	22,525	(94,382)
Increase/(Decrease) in Creditors	(36,722)	276,683
Decrease/(Increase) in Debtors	(543,184)	(142,197)
Decrease/(Increase) in Prepayments	31,826	(15,005)
(Increase)/Decrease in Stock on Hand	17,740	(4,269)
Increase/(Decrease) in GST Movement	112,074	(29,172)
(Increase)/Decrease in Accrued Interest	333,161	134,004
	<u>119,656</u>	<u>96,719</u>
<b>Net Cash Provided by Operating Activities</b>	<b><u>4,885,388</u></b>	<b><u>6,581,821</u></b>

(b) RECONCILIATION OF CASH

For the purposes of the Statement of Cash Flows, the City of Vincent considers cash to include cash on hand and in banks and investments net of outstanding bank overdrafts and non cash investments. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:-

	Actual 2011/12 \$	Actual 2010/11 \$
Cash on Hand	2,577	6,671
Cash at Bank	0	116,551
Short Term Borrowings	(628,021)	0
Short Term Investments	18,323,390	10,416,402
	<u>17,697,946</u>	<u>10,539,624</u>

**CITY OF VINCENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**15. SUPERANNUATION**

The City of Vincent complies with the minimum obligations under federal law and contributes in respect of its employees to one of the following superannuation plans:-

**WA LOCAL GOVERNMENT SUPERANNUATION PLAN**

The Council contributes in respect of certain of its employees to an accumulated benefit superannuation fund established in respect of all Councils in the State. In accordance with statutory requirements, the Council contributes to the WA Local Government Superannuation Plan ("the plan") amounts nominated by the Council. As such, assets are accumulated in the plan to meet members' benefits as they accrue. No liability of the Council has been recognised as at the reporting date in respect of superannuation benefits for its employees.

**CITY OF PERTH SUPERANNUATION FUND**

The Council contributes in respect of certain former City of Perth employees to a defined benefit superannuation plan. In accordance with statutory requirements, the Council contributes to the City of Perth Superannuation Fund (the Fund) amounts determined by the plan actuary Australian Super – City of Perth in respect of contributory members. In respect of non-contributory members, the Council contributes at the minimum Award/SGC contribution rate. As such, assets are accumulated in the Fund to meet members' benefits as they accrue.

At 1 July 2009 the City of Perth Superannuation Fund was transferred to Australian Super for the future Fund management. The City's Director Corporate Services is the representative for the three Cities on the Australian Super – City of Perth Superannuation Plan Consultative Committee.

The latest available audited financial report of the plan as at 30 June 2012, which was not subject to audit qualification, indicated that the assets of the plan are sufficient to meet accrued benefits.

The increased employer contribution rate of 17% has been retained during the 2011/2012 financial year.

The amount of statutory superannuation contributions paid by the Council during the reporting period was \$1,163,722. During the 2010/2011 year the contributions were \$1,091,955.

**CITY OF VINCENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**16. CONTINGENT LIABILITIES****MINDARIE REGIONAL COUNCIL**

An Ordinary Council Meeting was held at City of Vincent on the 10 August 2010 and adopted a resolution of a Confidential item 14.1 which;

Consents to the proposed withdrawal of the City of Stirling from the MRC subject to, and conditional upon, compliance with and agreement on, those matters required by the Mindarie Regional Council Establishment Agreement (as amended) and Section 699(3) of the Local Government Act 1960;

Negotiates in good faith with the City of Stirling, the MRC and the other participants in the MRC during the period until 30 April 2011, as to the adjustment of the Assets and Liabilities of the MRC, consequent upon the City of Stirling withdrawing from the MRC.

The likely financial impact of this event, if any, is not able to be determined at this stage.

Authorises the Chief Executive Officer to negotiate with the MRC and other participants in the MRC as to the adjustment of the Assets and Liabilities of the MRC (as specified in clause (iv) above) and provide a further report for the consideration of the Council; and

Advises the MRC and the other member Councils of its decision

On the 25 September 2007, a Council Meeting was held at City of Vincent to accept the Deed of Guarantee to satisfy the financial security requirements relating to the tender currently under review by the Mindarie Regional Council for the construction of a Resource Recovery Facility at Neerabup. The City's maximum exposure under the Deed of Guarantee is \$7.33 million. The Deed of Guarantee will only crystallise if:

- Mindarie Regional Council is unable to meet the payments and there is a Mindarie Regional Council default under the Resource Recovery Facility Agreement (RRFA);

- There is a Force Majeure Event.

Force Majeure Events will be limited due to insurance and can be narrowed down to the following:

- War risks, confiscations, nationalisation;
- Nuclear attacks, radiation, contamination by radio activity from nuclear waste etc;
- Sea damage, tidal wave or high water or storm surge;
- Spontaneous combustion, fermentation or any process involving application of heat.

CITY OF VINCENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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17. BORROWINGS

Loan Purpose	Loan No.	Lender	Date Advanced or Renegotiated	Duration (Years)	Maturity Date	Principal	Interest Rate %	Instalments \$	Frequency (Periods/Year)	Balance as at 1 July 2011	Budget Loan Repayment	Principal Repayment During Year Ending 30 June 2012	Interest Repayment During Year Ending 30 June 2012	Total Repayment During Year Ending 30 June 2012	Balance as at 30 June 2012	
Office Building	2	W.A. Treasury Corp	1/12/2003	15	1/12/2019	6,509,470	6.48%	43,384	12	6,459,603	43,375	60,596	416,918	477,514	6,399,007	
Lofus Centre - Belgravia	5	W.A. Treasury Corp	2/07/2007	20	1/07/2027	3,000,000	6.35%	22,099	12	2,668,202	92,547	98,598	166,594	265,192	2,569,605	
Lofus Centre UG Carpark	6	W.A. Treasury Corp	1/08/2007	5	1/08/2012	2,600,000	6.52%	117,258	2	2,349,016	77,548	82,687	151,830	234,517	2,266,329	
81 Angove Street	7	W.A. Treasury Corp	17/12/2009	10	2/12/2019	1,600,000	6.18%	18,591	12	1,472,208	127,792	135,917	87,175	223,092	1,336,291	
Parking Ticket machines	9	W.A. Treasury Corp	1/03/2011	3	1/03/2014	960,000	5.51%	32,327	12	960,000	0	314,254	59,265	373,519	645,746	
Beatty Park Redevelopment *	10	W.A. Treasury Corp	3/01/2012	20	3/01/2032	8,065,000	5.49%	56,335	12	0	0	0	0	0	8,065,000	
						22,734,470	Loan Liability				692,052	881,782	1,573,834	21,281,978		
						Accrued Interest Loan No. 2,5,6,7,9 & 10				0	333,161	0	333,161	0	333,161	
						<b>692,052</b>	<b>1,214,943</b>				<b>1,573,834</b>	<b>1,573,834</b>	<b>21,615,139</b>			
														Current	1,378,823	
														Non-Current	20,236,316	
														Total	21,615,139	

Note: The bank loans are secured by mortgages over the property and the revenue of the Council.

\* There was a new loan raised for the redevelopment of Beatty Park Leisure Centre.

CITY OF VINCENT  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2012

17. BORROWINGS (Continued)

Unspent Debentures

In January 2012 the Council raised a new loan of \$8,065,000 for the redevelopment of Beatty Park Leisure Centre. Due to the timing of the expenditure there were unspent debenture funds of \$4,331,932 as at 30 June 2012. The unspent amount was transferred to the Beatty Park Leisure Centre Reserve and it is anticipated the project will be completed and fully expended by January 2013.

Overdraft

Bank overdraft is shown as short term borrowings in current liabilities in the statement of financial position. The Council has an overdraft facility of \$2,000,000 with the Commonwealth Bank.

18. OPERATING LEASE COMMITMENTS

At the reporting date, the City of Vincent had the following obligations under non-cancelable operating leases (these obligations are not recognised as liabilities):

	Actual 2011/12 \$	Actual 2010/11 \$
Not longer than 1 year	159,904	144,873
Longer than 1 year and not longer than 2 years	115,795	141,872
Longer than 2 years and not longer than 5 years	85,002	159,850
Longer than five years	2,244	0
	<b>362,945</b>	<b>446,595</b>

At the reporting date the City of Vincent has no obligations for other finance lease commitments.

19. TRUST FUNDS

Funds held at balance date over which the Council has no control and which are not included in the Financial Statements are as follows:

	Actual 2011/12 \$	Actual 2010/11 \$
<b>Key Deposits</b>		
Balance as at 1st July 2011	21,200	15,658
Receipts	52,950	148,590
Payments	(56,500)	(143,048)
Balance as at 30th June 2012	<b>17,650</b>	<b>21,200</b>
<b>Ground Bonds</b>		
Balance as at 1st July 2011	3,630	3,330
Receipts	6,950	3,800
Payments	(4,050)	(3,500)
Balance as at 30th June 2012	<b>6,530</b>	<b>3,630</b>

CITY OF VINCENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012

## 19. TRUST FUNDS (Continued)

	Actual 2011/12 \$	Actual 2010/11 \$
<b>Hall Deposits</b>		
Balance as at 1st July 2011	41,361	43,761
Receipts	174,900	77,450
Payments	(166,810)	(79,850)
Balance as at 30th June 2012	<u>49,451</u>	<u>41,361</u>
<b>Work Bonds</b>		
Balance as at 1st July 2011	1,563,932	1,339,663
Receipts	1,055,950	945,011
Payments	(806,844)	(720,742)
Balance as at 30th June 2012	<u>1,813,038</u>	<u>1,563,932</u>
<b>Unclaimed Monies</b>		
Balance as at 1st July 2011	23,343	22,749
Receipts	1,010	861
Payments	(73)	(267)
Balance as at 30th June 2012	<u>24,280</u>	<u>23,343</u>
<b>Planning Application Bond</b>		
Balance as at 1st July 2011	47,500	45,000
Receipts	21,500	5,000
Payments	(15,300)	(2,500)
Balance as at 30th June 2012	<u>53,700</u>	<u>47,500</u>
<b>Beatty Park Bond</b>		
Balance as at 1st July 2011	250	250
Receipts	0	250
Payments	0	(250)
Balance as at 30th June 2012	<u>250</u>	<u>250</u>
<b>Total Trust Balance</b>	<u>1,964,899</u>	<u>1,701,216</u>



CITY OF VINCENT  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2012

20. OTHER FINANCIAL ASSETS

INTEREST IN JOINT VENTURE

(a) Mindarie Regional Council

The Mindarie Regional Council was formally constituted in December 1987. The City of Vincent, along with the Cities of Perth, Wanneroo, Joondalup, Stirling and Towns of Victoria Park and Cambridge, is a member of the Mindarie Regional Council. The primary function of the Regional Council under the constitution agreement is for the orderly and efficient treatment and/or disposal of waste.

City of Vincent is a participant in the Mindarie Regional Council (MRC) and has one twelfth (1/12) equity in the land and assets of the refuse disposal facility as per the constitution amendment (dated 25 November 1996) that recognises the City as a member of the Mindarie Regional Council.

The City's interest in the joint venture calculated by the MRC as at 30 June 2012 is 8.33 % representing its one twelfth (1/12) share of the net assets of \$2,273,453.

City's interest in the assets and liabilities of MRC is as follows:

	Actual 2011/12 \$	Actual 2010/11 \$
<b>Interest in the Joint venture as at 30<sup>th</sup> June</b>	<b>2,273,453</b>	<b>2,303,526</b>
<b>Represented by share of Joint Venture entity's financial positions:</b>		
Current Assets	1,318,836	1,412,642
Non - Current Assets	3,474,394	3,425,214
Total Assets	<u>4,793,230</u>	<u>4,837,856</u>
Current Liabilities	583,611	599,444
Non - Current Liabilities	1,936,166	1,934,886
Total Liabilities	<u>2,519,777</u>	<u>2,534,330</u>
<b>Net Assets</b>	<b><u>2,273,453</u></b>	<b><u>2,303,526</u></b>

CITY OF VINCENT  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2012

20. OTHER FINANCIAL ASSETS

INTEREST IN JOINT VENTURE

(b) Tamala Park Regional Council

The Tamala Park Regional Council (TPRC) was formally constituted in February 2006. The City of Vincent along with the Cities of Joondalup, Wanneroo, Stirling, Perth and the Town's of Cambridge and Victoria Park, is a member of the Tamala Park Regional Council. The 7 participants are joint owners of Lot 118 Mindarie, which is an area of 432 hectares situated in the local authority district of Wanneroo. Part of the land is used by the Mindarie Regional Council as a refuse landfill.

The Tamala Park Regional Council has been established for the specific purpose of creating an urban development of 165 hectares immediately north of the area leased to the Mindarie Regional Council.

The City's interest in the joint venture calculated by the TPRC as at 30 June 2012 is 8.33 % representing its one twelfth (1/12) share of the net assets of \$1,259,128.

City's interest in the assets and liabilities of MRC is as follows:

	Actual 201/12 \$	Actual 2010/11 \$
<b>Interest in the Joint venture as at 30<sup>th</sup> June</b>	<b>1,259,128</b>	<b>1,395,974</b>
<b>Represented by share of Joint Venture entity's financial positions:</b>		
Current Assets	1,125,039	1,241,366
Non - Current Assets	175,606	167,797
<b>Total Assets</b>	<b>1,300,645</b>	<b>1,409,163</b>
Current Liabilities	40,695	12,102
Non - Current Liabilities	822	1,087
<b>Total Liabilities</b>	<b>41,517</b>	<b>13,189</b>
<b>Net Assets</b>	<b>1,259,128</b>	<b>1,395,974</b>

(c) Change in Equity

Interest in the joint ventures by Council in both Mindarie Regional Council (MRC) and Tamala Park Regional Council (TPRC) is accounted for by applying the equity. Under this method of accounting, interest on the jointly controlled regional council is initially recorded at cost and adjusted there after for the post acquisition change in Council share of net asset of the jointly controlled regional council. Accordingly a post acquisition change of \$30,074 was booked for MRC and post acquisition change of \$136,847 for TPRC for the 2011/2012 financial year.

CITY OF VINCENT  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2012

21. FEES AND CHARGES BY PROGRAMME

	Actual 2011/12 \$	Actual 2010/11 \$
Governance	254,440	231,100
Law Order and Public Safety	120,457	70,743
Health	292,296	254,491
Education and Welfare	85,880	57,046
Community Amenities	966,047	923,496
Recreation and Culture	3,136,359	6,386,018
Transport	6,519,699	5,182,590
Economic Services	399,487	492,259
Other Property and Services	108,577	103,120
General Administration	81	7,979
	<b>11,883,323</b>	<b>13,708,842</b>

22. GRANTS, SUBSIDIES AND CONTRIBUTION

	Actual 2011/12 \$	Actual 2010/11 \$
Grants, subsidies and contributions are included in the operating revenues in the Statement of Comprehensive Income		

**By Nature and Type**

Grants, Subsidies and Contributions - operating	1,760,026	1,241,273
Grants, Subsidies and Contributions - non operating	8,762,083	1,162,099
	<b>10,522,109</b>	<b>2,403,372</b>

Actual 2011/12 \$	Actual 2010/11 \$
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**By Programme**

General Purpose Funding	1,227,843	936,123
Governance	1,466	3,818
Law Order and Public Safety	44,464	61,643
Health	1,440	1,023
Education and Welfare	10,247	10,565
Community Amenities	227,329	6,069
Recreation and Culture	8,165,588	449,679
Economic	3,191	2,874
Transport	809,358	900,636
Other Property and Services	29,758	29,383
Administration	1,425	1,559
	<b>10,522,109</b>	<b>2,403,372</b>

CITY OF VINCENT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012

## 23. MEMBERS FEES AND ALLOWANCES

	Revised Budget 2011/12 \$	Actual 2011/12 \$	Actual 2010/11 \$
<b>Annual Meeting Fee (Section 5.99)</b>			
Mayor & Councillors (8)	70,000	70,000	69,416
	<u>70,000</u>	<u>70,000</u>	<u>69,416</u>
<b>Annual Allowance (Section 5.98 (5)(b))</b>			
Mayor	60,000	60,000	56,726
Deputy Mayor	12,000	13,750	14,205
	<u>72,000</u>	<u>73,750</u>	<u>70,931</u>
<b>Prescribed Expense Reimbursement (FM Reg 44)</b>			
Telecommunication Allowance	21,600	26,056	4,111
Travelling Expenses	1,500	2,915	2,636
Child Care	500	0	0
Stationery/Printing	1,000	1,543	1,404
Information Technology	9,000	9,000	0
Other Expenses	2,000	1,734	4,063
	<u>35,600</u>	<u>41,248</u>	<u>12,214</u>
<b>Total</b>	<u><u>177,600</u></u>	<u><u>184,998</u></u>	<u><u>152,561</u></u>

CITY OF VINCENT  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2012

24. STATEMENT OF RATING INFORMATION

	Rateable Value \$	Rate in Dollar Cents	Original Budget 2011/12 \$	Actual 2011/12 \$	Actual 2010/11 \$
<b>RATE REVENUE</b>					
<b>Gross Rental Values</b>					
General Rate					
15,784 Assessments	337,348,272	6.415	21,463,960	21,640,892	20,235,421
Minimum Rate					
766 Assessments @ \$624	6,778,326	@ 624	603,000	477,984	597,203
Interim and Back Rates					
	3,290,304	6.415	318,300	257,797	244,479
<b>Total General Rates Levied</b>	<b>349,614,437</b>		<b>22,385,260</b>	<b>22,376,673</b>	<b>21,077,103</b>
Ex Gratia Rates					
22 Assessments	518,890	6.415	31,200	33,287	29,373
	<b>350,133,327</b>		<b>22,416,460</b>	<b>22,409,960</b>	<b>21,106,476</b>
Less Rates Written Off					
			(5,000)	128	(4,876)
<b>Total Amount Made Up From Rates</b>			<b>22,411,460</b>	<b>22,410,088</b>	<b>21,101,600</b>
Plus Non Payment Penalties					
Instalment Interest @ 5.5%					
			116,000	145,928	111,373
Penalty Interest @ 11%					
			84,200	66,586	72,763
Administration Charge \$8 per instalment					
			130,650	132,463	125,624
Legal Costs Recovered					
			5,000	30,798	26,265
			<b>22,747,310</b>	<b>22,785,863</b>	<b>21,437,625</b>

Council issued rates on 18 July 2011, with payment to be made either in full by 22 August 2011 or by four instalments as provided for in the Local Government Act 1995. Administration charges and interest applied for the final three instalments.

The due dates for each instalment were:

- First Instalment 22 August 2011
- Second Instalment 24 October 2011
- Third Instalment 5 January 2012
- Fourth Instalment 8 March 2012

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25. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	Actual 2011/12 \$	Actual 2010/11 \$	Actual 2011/12 \$	Actual 2010/11 \$
<b>Financial Assets</b>				
Cash and Cash Equivalents	17,697,946	10,539,624	17,697,946	10,539,624
Receivables	3,769,800	3,295,715	3,769,800	3,295,715
	<b>21,467,746</b>	<b>13,835,339</b>	<b>21,467,746</b>	<b>13,835,339</b>
<b>Financial Liabilities</b>				
Payables	4,472,888	4,542,258	4,472,888	4,542,258
Borrowings	21,615,139	14,043,033	14,636,525	8,677,685
	<b>26,088,027</b>	<b>18,585,291</b>	<b>19,109,413</b>	<b>13,219,943</b>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings, – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

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25. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

Cash and investments are also subject to interest rate risk – the risk that movements in interest rates could affect returns. The weighted effective average interest for all the cash and cash equivalent for the year was 4.35% (2010/2011 was 4.66%).

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

SENSITIVITY ANALYSIS

	30 June 2012 \$	30 June 2011 \$
Impact of a 1.0% movement in interest rates on cash and investments		
- Equity	177,000	105,000
- Income Statement	<u>177,000</u>	<u>105,000</u>

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25. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

Council’s major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council 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 Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is monitored against benchmarks for acceptable collection performance.

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

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

The profile of the Council’s credit risk at balance date was:

	30 June 2012	30 June 2011
	\$	\$
Percentage of Rates and Annual Charges		
- Current	77%	88%
- Overdue greater than 12 months	23%	12%

	30 June 2012	30 June 2011
	\$	\$
Percentage of Other Receivables (excluded Underground Power Charge)		
- Current	80%	66%
- Overdue	20%	34%



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25. FINANCIAL RISK MANAGEMENT (Continued)

(c) 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. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

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

	Due within 1 year \$	Due between 1& 5 years \$	Due after 5 years \$	Total Contractual Cash Flows \$	Carrying values \$
<b>2012</b>					
Payables	4,472,888	0	0	4,472,888	4,472,888
Borrowings	2,152,588	12,205,604	16,997,780	31,355,972	21,615,139
	<b>6,625,476</b>	<b>12,205,604</b>	<b>16,997,780</b>	<b>35,828,860</b>	<b>26,088,027</b>
<b>2011</b>					
Payables	4,542,258	0	0	4,542,258	4,542,258
Borrowings	1,573,833	8,383,736	9,592,617	19,550,186	14,043,035
	<b>6,116,091</b>	<b>8,383,736</b>	<b>9,592,617</b>	<b>24,092,444</b>	<b>18,585,293</b>

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25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Borrowings

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

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

	<1year \$	>1>5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<b>Year Ended 30 June 2012</b>					
<b>Borrowings</b>					
<b>- Fixed Rate</b>					
Debentures	3,490,773	2,297,028	15,827,338	21,615,139	
Weighted Average Effective Interest Rate	6.43%	5.88%	5.29%		5.87%
<b>Year Ended 30 June 2011</b>					
<b>- Fixed Rate</b>					
Debentures	826,057	4,011,603	9,205,375	14,043,035	5.86%
Weighted Average Effective Interest Rate	6.35%	6.16%	5.07%		

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26. INVENTORIES

	Actual 2011/12	Actual 2010/11
	\$	\$
Stock held at the Depot	125,861	133,028
Retail Stock – Beatty Park	59,668	70,240
	<u>185,529</u>	<u>203,268</u>

27. TRADING UNDERTAKINGS, MAJOR TRADING UNDERTAKINGS AND MAJOR LAND TRANSACTIONS.

No trading or major undertakings and no major land transactions have been undertaken by the City for the year ending in the 30 June 2012.

28. EMPLOYEE NUMBERS

	Actual 2011/12	Actual 2010/11
The number of full-time equivalent Employees at balance date	<u>194</u>	<u>186</u>

29. ECONOMIC DEPENDENCY

A significant portion of revenue is received by way of grant from the State and Federal Government. The total of grant revenue from government sources is disclosed in Note 22.



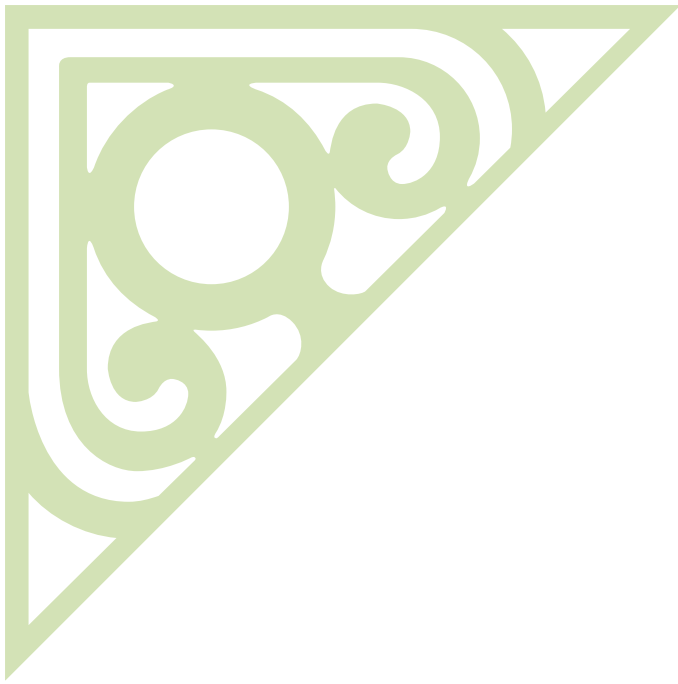
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30. FINANCIAL RATIOS OF THE ACCOUNTS

	2012	2011	2010
Current Ratio	0.46:1	0.38:1	0.34:1
Debt Ratio	13.5%	10.4%	14.2%
Outstanding Rates Ratio	0.26%	0.47%	0.27%
Rates Coverage Ratio	48.0%	53.7%	53.5%
Debt Service Ratio	4.9%	5.6%	5.3%
Untied cash to Trade Creditors Ratio	3.35:1	0.59:1	0.04:1
Gross Debt to Revenue Ratio	57.5%	36.4%	37.1%
Gross Debt to Economically Realisable Assets Ratio	17.1%	12.1%	17.3%

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{(Current Assets – Restricted Assets)}}{\text{(Current Liabilities - Liabilities associated with Restricted Assets)}}$
Debt Ratio	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$
Outstanding Rates Ratio (exclude Pensioners)	$\frac{\text{Rates Outstanding}}{\text{Rates Collectable}}$
Rates Coverage Ratio	$\frac{\text{Net Rates Revenue}}{\text{Operating Revenue}}$
Debt Service Ratio	$\frac{\text{Debt Service Cost}}{\text{Available Operating Revenue}}$
Untied cash to Trade Creditors Ratio	$\frac{\text{Untied Cash}}{\text{Unpaid Trade Creditors}}$
Gross Debt to Revenue Ratio	$\frac{\text{Gross Debt}}{\text{Total Revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{Gross Debt}}{\text{Economically Realisable Assets}}$



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