
TOWN OF EAST FREMANTLE



2009/2010 BUDGET

For the year ending 30th June 2010

TOWN OF EAST FREMANTLE
BUDGET
FOR THE YEAR ENDED 30th JUNE 2010

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TOWN OF EAST FREMANTLE

INCOME STATEMENT

BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2010

	NOTE	2009/10 Budget \$	2008/09 Actual \$	2008/09 Budget \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	8	4,795,777	4,538,173	4,539,469
Grants and Subsidies		770,570	514,533	770,539
Contributions Reimbursements and Donations		66,641	449,499	89,848
Fees and Charges	11	893,327	981,399	942,207
Interest Earnings	2(a)	107,000	287,474	252,000
Other Revenue		166,700	27,221	162,930
		<u>6,800,015</u>	<u>6,798,299</u>	<u>6,756,993</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(2,220,359)	(1,750,617)	(2,030,872)
Materials and Contracts		(3,075,660)	(2,580,115)	(3,240,619)
Utilities		(275,031)	(226,818)	(233,706)
Depreciation	2(a)	(670,670)	(673,073)	(673,073)
Interest Expenses	2(a)	(45,603)	(83,633)	(54,269)
Insurance		(184,700)	(175,908)	(192,489)
Other Expenditure		(99,500)	(82,141)	(99,400)
		<u>(6,571,523)</u>	<u>(5,572,305)</u>	<u>(6,524,428)</u>
Grants and Subsidies - Non-operating		424,862	138,455	346,662
Contributions - Non-operating		-	-	-
Profit on Asset Disposals	4	40,170	31,752	26,800
Loss on Asset Disposals	4	-	-	(1,800)
NET RESULT		<u>693,524</u>	<u>1,396,201</u>	<u>604,227</u>

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

TOWN OF EAST FREMANTLE

INCOME STATEMENT

BY PROGRAM

FOR THE YEAR ENDED 30TH JUNE 2010

	NOTE	2009/10 Budget \$	2008/09 Actual \$	2008/09 Budget \$
REVENUES FROM OPERATING ACTIVITIES (Refer Notes 1,2,8 to 13)				
Governance		14,200	24,875	17,200
General Purpose Funding		5,177,117	5,061,778	5,055,669
Law, Order, Public Safety		17,000	33,716	19,400
Health		2,540	2,340	2,240
Education and Welfare		603,037	593,477	582,146
Housing		55,380	48,371	55,380
Community Amenities		173,570	163,056	162,950
Recreation and Culture		272,361	240,637	276,594
Transport		258,500	435,552	290,000
Economic Services		148,030	135,145	150,760
Other Property and Services		78,280	59,353	144,654
		<u>6,800,015</u>	<u>6,798,300</u>	<u>6,756,993</u>
EXPENSES FROM OPERATING ACTIVITIES (Refer Notes 1,2 & 14)				
Governance		(495,118)	(519,914)	(504,297)
General Purpose Funding		(210,695)	(186,362)	(194,769)
Law, Order, Public Safety		(148,240)	(111,182)	(135,961)
Health		(101,630)	(68,050)	(103,514)
Education and Welfare		(680,386)	(626,593)	(655,701)
Housing		(35,010)	(32,570)	(35,085)
Community Amenities		(1,777,799)	(1,247,149)	(1,629,486)
Recreation & Culture		(1,275,619)	(1,085,702)	(1,296,274)
Transport		(1,492,078)	(1,518,477)	(1,555,395)
Economic Services		(172,815)	(155,905)	(175,914)
Other Property and Services		(136,530)	33,867	(183,763)
		<u>(6,525,920)</u>	<u>(5,518,037)</u>	<u>(6,470,159)</u>
BORROWING COSTS EXPENSE (Refer Notes 2 & 5)				
Governance		(9,053)	(10,290)	(10,290)
Community Amenities		(2,211)	(3,531)	(3,531)
Recreation & Culture		(10,889)	(12,805)	(12,805)
Transport		(23,450)	(27,643)	(27,643)
		<u>(45,603)</u>	<u>(54,269)</u>	<u>(54,269)</u>
NON-OPERATING GRANTS, SUBSIDIES CONTRIBUTIONS				
Education & Welfare		40,700	-	-
Recreation & Culture		37,500	119,000	-
Transport		346,662	19,455	346,662
		<u>424,862</u>	<u>138,455</u>	<u>346,662</u>
PROFIT/(LOSS) ON DISPOSAL OF ASSETS (Refer Note 4)				
Governance		4,240	-	-
Law, Order & Public Safety		-	-	1,000
Health		4,940	-	-
Education & Health		15,000	-	-
Community Amenities		-	962	(1,000)
Recreation & Culture		12,000	11,960	-
Transport		3,100	18,830	25,000
Economic Services		890	-	-
		<u>40,170</u>	<u>31,752</u>	<u>25,000</u>
NET RESULT		<u>693,524</u>	<u>1,396,201</u>	<u>604,227</u>

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

TOWN OF EAST FREMANTLE

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2010

	NOTE	2009/10 Budget \$	2008/09 Actual \$	2008/09 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		4,795,777	4,538,173	4,539,469
Grants and Subsidies - operating		770,570	514,533	770,539
Contributions, Reimbursements & Donations		66,641	449,499	89,848
Fees and Charges		893,327	981,399	942,207
Interest Earnings		107,000	287,474	252,000
Other		166,700	27,221	162,930
		<u>6,800,015</u>	<u>6,798,299</u>	<u>6,756,993</u>
Payments				
Employee Costs		(2,220,359)	(1,850,617)	(2,030,872)
Materials and Contracts		(3,075,660)	(2,737,209)	(3,240,619)
Utilities (gas, electricity, water, etc)		(275,031)	(226,818)	(233,706)
Insurance		(184,700)	(175,908)	(192,489)
Interest		(45,603)	(83,633)	(54,269)
Other		(99,500)	(82,141)	(99,400)
		<u>(5,900,853)</u>	<u>(5,156,326)</u>	<u>(5,851,355)</u>
Net Cash Provided By Operating Activities	15(b)	<u>899,162</u>	<u>1,641,973</u>	<u>905,638</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment	3	(1,129,100)	(321,898)	(521,689)
Payments for Construction of Infrastructure	3	(1,171,364)	(860,258)	(1,463,156)
Grants/Contributions for the Development of Assets		424,862	138,455	346,662
Proceeds from Sale of Plant & Equipment	4	<u>117,000</u>	<u>-</u>	<u>69,000</u>
Net Cash Used in Investing Activities		<u>(1,758,602)</u>	<u>(1,043,701)</u>	<u>(1,569,183)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(126,051)	(137,891)	(137,891)
Proceeds from Self Supporting Loans		3,980	5,141	5,141
Proceeds from New Debentures	5	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Provided By (Used In) Financing Activities		<u>(122,071)</u>	<u>(132,750)</u>	<u>(132,750)</u>
Net Increase (Decrease) in Cash Held		<u>(981,511)</u>	<u>465,522</u>	<u>(796,295)</u>
Cash at Beginning of Year		<u>3,860,000</u>	<u>3,394,478</u>	<u>3,384,327</u>
Cash at End of Year	15(a)	<u><u>2,878,489</u></u>	<u><u>3,860,000</u></u>	<u><u>2,588,032</u></u>

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

**TOWN OF EAST FREMANTLE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2010**

	NOTE	2009/10 Budget \$	2008/09 Actual \$	2008/09 Budget \$
REVENUES	1,2			
Governance		18,440	24,875	17,200
General Purpose Funding		381,340	0	516,200
Law, Order, Public Safety		17,000	33,716	20,400
Health		7,480	2,340	2,240
Education and Welfare		658,737	593,477	582,146
Housing		55,380	48,371	55,380
Community Amenities		173,570	164,018	162,950
Recreation and Culture		321,861	371,597	276,594
Transport		608,262	473,837	662,462
Economic Services		148,920	135,145	150,760
Other Property and Services		78,280	59,353	144,654
		<u>2,469,270</u>	<u>1,906,729</u>	<u>2,590,986</u>
EXPENSES	1,2			
Governance		(526,171)	(190,871)	(205,059)
General Purpose Funding		(210,695)	(525,695)	(504,297)
Law, Order, Public Safety		(180,240)	(111,182)	(135,961)
Health		(101,630)	(68,050)	(103,514)
Education and Welfare		(680,386)	(626,593)	(655,701)
Housing		(35,010)	(32,570)	(35,085)
Community Amenities		(1,873,010)	(1,250,680)	(1,634,017)
Recreation & Culture		(1,286,508)	(1,098,507)	(1,309,079)
Transport		(1,552,448)	(1,546,120)	(1,583,838)
Economic Services		(172,815)	(155,905)	(175,914)
Other Property and Services		(136,530)	33,870	(183,763)
		<u>(6,755,443)</u>	<u>(5,572,303)</u>	<u>(6,526,228)</u>
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	4	(40,170)	(31,752)	(25,000)
Depreciation on Assets	2(a)	670,670	673,073	673,073
Capital Expenditure and Revenue				
Purchase Land and Buildings	3	(851,130)	(111,000)	(262,989)
Purchase Infrastructure Assets	3	(1,171,364)	(860,258)	(1,463,156)
Purchase Plant and Equipment	3	(261,470)	(180,008)	(197,200)
Purchase Furniture and Equipment	3	(16,500)	(30,890)	(61,500)
Proceeds from Disposal of Assets	4	105,000	79,473	69,000
Repayment of Debentures	5	(126,051)	(137,891)	(137,891)
Proceeds from New Debentures	5	-	-	-
Self-Supporting Loan Principal Income		3,980	5,141	5,141
Transfers to Reserves (Restricted Assets)	6	(202,000)	(361,090)	(191,000)
Transfers to Trust (EF Tennis Club)		-	-	-
Transfers from Reserves (Restricted Assets)	6	526,820	-	86,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	857,167	939,770	904,768
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	4,556	857,167	3,473
Amount Req'd to be Raised from Rates	8	<u><u>(4,795,777)</u></u>	<u><u>(4,538,173)</u></u>	<u><u>(4,539,469)</u></u>

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

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Accounting

The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities), other mandatory professional reporting requirements, the Local Government Act 1995 (as amended) and accompanying regulations (as amended). The budget has also been prepared on the accrual basis under the convention of historical cost accounting.

(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 budget.

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

(c) 2008/09 Actual Balances

Balances shown in this budget as 2008/09 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(d) Rounding Off Figures

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

(e) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

(f) Goods and Services Tax

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

(g) Cash and Cash Equivalents

Cash and cash equivalents 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 Cash Flow Statement, 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.

(h) Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at the fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

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

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) 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.

(j) Fixed Assets

Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed includes the cost of all materials, direct labour and variable and fixed overhead.

Revaluation

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 a basis to reflect the already consumed or expired future economic benefits.

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.

Land Under Roads

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

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

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset. While such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

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

Buildings	40 years
Furniture and Equipment	10 years
Plant and Equipment	8 years
Infrastructure	Various
Mobile Equipment	5 years
Electronic Equipment	5 years
Tools	5 years

(l) Investments and Other Financial Assets

Classification

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investment was acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, revalues this designation at each reporting date.

(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 assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Investments and Other Financial Assets (Continued)

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all the financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from the financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when Council's right to receive payments is established.

Changes in the fair value of other than monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss - is removed from the equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(m) Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Impairment

In accordance with Australian Accounting Standards the Council'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 Income Statement.

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.

At the time of adopting the budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2010.

In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this budget document.

(o) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality 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.

(p) Employee Benefits

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) Annual Leave and Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

(r) 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.

(s) Superannuation

The Town of East Fremantle contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both Funds are defined contribution schemes.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent a cash refund or a reduction in the future payments is available.

(t) Current and Non-Current Classification

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

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2010

	2009/10 Budget \$	2008/09 Actual \$	2008/09 Budget \$
2. REVENUES AND EXPENSES			
(a) Net Result from Ordinary Activities was arrived at after:			
(i) Charging as Expenses:			
Depreciation			
<u>By Program</u>			
Governance	52,500	54,105	59,600
General Purpose Funding	-	-	-
Law, Order, Public Safety	1,620	1,177	1,620
Health	1,260	1,372	1,260
Education and Welfare	24,850	24,361	24,850
Housing	8,800	8,769	8,800
Community Amenities	48,200	48,297	47,781
Recreation and Culture	144,800	253,919	238,900
Transport	197,320	197,068	186,147
Economic Services	-	-	-
Other Property and Services	91,320	84,005	104,115
	<u>570,670</u>	<u>673,073</u>	<u>673,073</u>
<u>By Class</u>			
Land and Buildings	173,300	252,068	252,068
Furniture and Equipment	24,200	19,800	19,800
Plant and Equipment	112,470	148,890	148,890
Infrastructure	260,700	252,315	252,315
	<u>570,670</u>	<u>673,073</u>	<u>673,073</u>
Borrowing Costs (Interest)			
- Finance Lease Charges	-	-	-
- Debentures (refer note 5(a))	45,603	54,269	54,269
	<u>45,603</u>	<u>54,269</u>	<u>54,269</u>
Rental Charges			
- Operating Leases	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
(ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	32,000	64,618	36,000
- Other Funds	75,000	189,733	216,000
Other Interest Revenue (refer note 13)	-	33,123	28,100
	<u>107,000</u>	<u>287,474</u>	<u>280,100</u>

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2010

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, the Town has developed a set of operational and financial objectives. These objectives have been established both on an overall basis and for each of its broad activities/programs.

Council operations as disclosed in this budget encompass the following service orientated activities/programs:

GOVERNANCE

Objective: To provide a decision making process for the efficient allocation of scarce resources

Activities: Administration and operation of facilities and services to members of Council.

Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services

GENERAL PURPOSE FUNDING

Objective: To collect revenue to allow for the provision of services.

Activities: Rating, General Purpose Government Grants and the earning of Interest.

LAW, ORDER, PUBLIC SAFETY

Objective: To provide Bushfire Prevention Services and Animal (Dog) Control services.

Activities: Supervision, Enforcement of Bushfire Act and Dog Act.

HEALTH

Objective: To provide an operational framework for good community health in conjunction with the Health Department of W.A.

Activities: Health Inspection Services regarding food quality, pest control etc and the provision of Doctor and Dental Surgery facilities and Child Health Clinics.

EDUCATION AND WELFARE

Objective: to provide assistance to senior citizens welfare and home and community care, and the provision of services including meals on wheels

HOUSING

Objective: Help to ensure that adequate housing is available to staff and the community.

Activities: Provision and maintenance of 5 rental properties

COMMUNITY AMENITIES

Objective: To provide community amenities and other infrastructure as required by the community.

Activities: Rubbish Collection and Disposal, maintenance of Rubbish Tips and recycling, administration of Town Planning Schemes for the Town including provision of residential, commercial and Townscape facilities.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2010

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

RECREATION AND CULTURE

Objective: To establish and manage efficiently sport and recreation infrastructure and resources which will help the social well being and health of the community.

Activities: The provision and maintenance in conjunction with the various communities of public halls, recreation grounds, sport pavilions and the joint operation of the City of Fremantle Library.

TRANSPORT

Objective: To provide effective and efficient transport infrastructure to the community.

Activities: Construction and maintenance of streets, roads, bridges; the cleaning and lighting of streets;

ECONOMIC SERVICES

Objective: To help promote the Shire and improve its economic wellbeing.

Activities: The regulation and provision of tourism, area promotion activities and building control.

OTHER PROPERTY & SERVICES

Objective: To provide other services etc, not elsewhere included.

Activities: Private Works operations, Council plant repairs, operation costs and depot maintenance.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2010**

3. ACQUISITION OF ASSETS	2009/10 Budget \$
The following assets are budgeted to be acquired during the year:	
<u>By Program</u>	
Governance	
Furniture & Equipment	16,500
Plant & Equipment	66,000
Health	
Plant & Equipment	21,000
Education & Welfare	
Plant & Equipment	55,700
Community Amenities	
Buildings	390,500
Infrastructure	-
Recreation and Culture	
Plant & Equipment	73,770
Buildings	335,630
Transport	
Plant & Equipment	24,000
Infrastructure	1,171,364
Buildings	100,000
Health	
Plant & Equipment	21,000
Other Property	
Buildings	25,000
	<u>2,300,464</u>
<u>By Class</u>	
Land and Buildings	851,130
Infrastructure Assets	1,171,364
Plant and Equipment	261,470
Furniture and Equipment	16,500
	<u>2,300,464</u>

A detailed breakdown of acquisitions on an individual asset basis can be found in the capital expenditure statement attached to this budget document.

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2010

4. DISPOSALS OF ASSETS

The following assets are budgeted to be disposed of during the year.

By Program		Net Book Value	Sale Proceeds	Profit(Loss)
		2009/10 BUDGET	2009/10 BUDGET	2009/10 BUDGET
Program	Asset	\$	\$	\$
Governance				
Ford Mondeo		21,130	25,000	3,870
Toyota Camry		15,630	16,000	370
Health				
Ford Focus		7,060	12,000	4,940
Education & Welfare				
Hyundai Shuttle		-	9,000	9,000
Toyota Camry		-	6,000	6,000
Recreation & Culture				
Toyota Utility		-	12,000	12,000
Economic Services				
Toyota Corolla		12,110	13,000	890
Transport				
Ford Falcon Utility		8,900	12,000	3,100
		-	-	-
Miscellaneous equipment		-	-	-
		64,830	105,000	40,170

By Class		Net Book Value	Sale Proceeds	Profit(Loss)
		2009/10 BUDGET	2009/10 BUDGET	2009/10 BUDGET
		\$	\$	\$
Plant & Equipment				
As per above		64,830	105,000	40,170
		64,830	105,000	40,170

Summary

**2009/10
BUDGET**
\$

Profit on Asset Disposals		40,170
Loss on Asset Disposals		-
		40,170

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2010

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

#	Particulars	Principal 2008/09	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
				2009/10 Budget \$	2008/09 Actual \$	2009/10 Budget \$	2008/09 Actual \$	2009/10 Budget \$	2008/09 Actual \$
	Administration								
179	Organisational Reform	131,876		18,320	17,084	113,556	131,876	9,053	10,290
	Community Amenities								
173	George Street Beautification	33,724		5,868	5,486	27,856	33,724	2,211	2,594
176	Recycling Bins	-		-	19,564	-	-	-	938
	Recreation and Culture								
167	East Fremantle Bowling Club *	19,961		3,980	3,747	15,981	19,961	1,160	1,394
169	Foreshore/Landscaping	62,950		10,954	10,240	51,996	62,950	4,127	4,841
171	Playground Equipment	35,972		6,259	5,851	29,713	35,972	2,359	2,766
175	Automatic Reticulation	49,461		8,606	8,046	40,855	49,461	3,243	3,804
	Transport								
168	Footpath Construction	67,446		11,736	10,972	55,710	67,446	4,422	5,187
170	Construction Works	30,574		5,320	4,974	25,254	30,574	2,004	2,351
174	Local Area Traffic Management	22,483		3,912	3,657	18,571	22,483	1,474	1,729
178	Road and Footpath Construction	79,100		10,992	10,250	68,108	79,100	5,432	6,174
182	Road and Footpath Construction	91,967		21,320	20,295	70,647	91,967	4,169	5,195
184	Road and Footpath Construction	105,809		18,783	17,725	87,026	105,809	5,949	7,006
		731,323		126,050	137,891	605,273	731,323	45,603	54,269

(b) New Debentures - 2009/10

Council does not propose raising any new loans during 2009/10.

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2009 nor is it expected to have unspent debenture funds as at 30th June 2010.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$100,000 with the Commonwealth Bank does exist. It is not anticipated that this facility will be required to be utilised during 2009/10.

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2010

	2009/10 Budget \$	2008/09 Actual \$	2008/09 Budget \$
6. RESERVES			
Cash Backed Reserves			
(a) Plant Replacement Reserve			
Opening Balance	136,394	52,712	52,712
Amount Set Aside / Transfer to Reserve	95,000	83,682	80,000
Amount Used / Transfer from Reserve	(65,000)	-	(86,000)
	<u>166,394</u>	<u>136,394</u>	<u>46,712</u>
(b) Staff Leave Reserve			
Opening Balance	278,783	129,710	200,474
Amount Set Aside / Transfer to Reserve	32,000	149,073	36,000
Amount Used / Transfer from Reserve	-	-	-
	<u>310,783</u>	<u>278,783</u>	<u>236,474</u>
(c) Office Reserve			
Opening Balance	25,000	-	-
Amount Set Aside / Transfer to Reserve	25,000	25,000	25,000
Amount Used / Transfer from Reserve	-	-	-
	<u>50,000</u>	<u>25,000</u>	<u>25,000</u>
(d) Legal Costs Reserve			
Opening Balance	261,140	250,000	250,000
Amount Set Aside / Transfer to Reserve	-	11,140	-
Amount Used / Transfer from Reserve	-	-	-
	<u>261,140</u>	<u>261,140</u>	<u>250,000</u>
(e) HACC Reserve			
Opening Balance	24,512	23,466	51,000
Amount Set Aside / Transfer to Reserve	-	1,046	-
Amount Used / Transfer from Reserve	-	-	-
	<u>24,512</u>	<u>24,512</u>	<u>51,000</u>
(f) Strategic Plan Reserve			
Opening Balance	421,273	403,302	421,000
Amount Set Aside / Transfer to Reserve	-	17,971	-
Amount Used / Transfer from Reserve	(242,820)	-	-
	<u>178,453</u>	<u>421,273</u>	<u>421,000</u>
(g) Civic Buildings Reserve			
Opening Balance	470,509	397,331	405,088
Amount Set Aside / Transfer to Reserve	50,000	73,178	50,000
Amount Used / Transfer from Reserve	(229,000)	-	-
	<u>291,509</u>	<u>470,509</u>	<u>455,088</u>
Total Cash Backed Reserves	<u><u>1,282,791</u></u>	<u><u>1,617,611</u></u>	<u><u>1,485,274</u></u>

All of the above reserve accounts are to be supported by money held in financial institutions.

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2010

	2009/10 Budget \$	2008/09 Actual \$	2008/09 Budget \$
6. RESERVES (Continued)			
Summary of Transfers To Cash Backed Reserves			
Transfers to Reserves			
Plant Replacement Reserve	95,000	83,682	80,000
Staff Leave Reserve	32,000	149,073	36,000
Office Reserve	25,000	25,000	25,000
Legal Costs Reserve	-	11,140	-
HACC Reserve	-	1,046	-
Strategic Plan Reserve	-	17,971	-
Civic Buildings Reserve	50,000	73,178	50,000
	<u>202,000</u>	<u>361,090</u>	<u>191,000</u>
Transfers from Reserves			
Plant Replacement Reserve	(65,000)	-	(86,000)
Annual Leave Reserve	-	-	-
Office Reserve	-	-	-
Legal Costs Reserve	-	-	-
HACC Reserve	-	-	-
Strategic Plan Reserve	(242,820)	-	-
Civic Buildings Reserve	(229,000)	-	-
	<u>(536,820)</u>	<u>-</u>	<u>(86,000)</u>
Total Transfer to/(from) Reserves	<u>(334,820)</u>	<u>361,090</u>	<u>105,000</u>

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

Plant Replacement Reserve

- to be used for the replacement of major items of roadmaking plant.

Staff Leave Reserve

- to be used to fund accrued long service and annual leave requirements

Office Reserve

- to be used to fund upgrade of IT equipment

HACC Reserve

- to be used for HACC leave and capital replacement funds

Strategic Plan Reserves

- to fund initiatives identified in the Strategic Plan

Civic Buildings Reserve

- to fund major maintenance/capital works on all Council-owned buildings

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2010

	2009/10 Budget \$	2008/09 Actual \$
7. NET CURRENT ASSETS		
(a) Composition of Estimated Net Current Asset Position		
CURRENT ASSETS		
Cash - Unrestricted	594,398	1,122,089
Cash - Restricted	2,284,091	2,737,911
Receivables	131,500	131,500
Inventories	-	-
	<u>3,009,989</u>	<u>3,991,500</u>
LESS: CURRENT LIABILITIES		
Payables and Provisions	<u>(721,342)</u>	<u>(396,422)</u>
NET CURRENT ASSET POSITION	2,288,647	3,595,078
Less: Cash - Restricted	<u>(2,284,091)</u>	<u>(2,737,911)</u>
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD	<u><u>4,556</u></u>	<u><u>857,167</u></u>

The estimated surplus/(deficiency) c/fwd in the 2008/09 actual column represents the surplus (deficit) brought forward as at 1 July 2009.

The estimated surplus/(deficiency) c/fwd in the 2009/10 budget column represents the surplus (deficit) carried forward as at 30 June 2010.

(b) Composition of Estimated Net Surplus Position as at 30 June 2009

The following projects programmed for 2008/09 but not commenced/completed have been carried forward to 2009/10

Account Name	Account Number	Amount \$
Preston Point Road		177,031
Stirling Highway Cycleway		21,800
Foreshore Erosion Control		31,600
Windsor Road Car Park		49,700
Peir Street Limestone Protection Works		50,000
Old Royal George Hotel		25,000
Lee Park		77,000
Operating Projects		152,479
General Unspent Monies		<u>272,557</u>
		<u><u>857,167</u></u>

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2010

8. RATING INFORMATION - 2009/10 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2009/10 Budgeted Rate Revenue \$	2009/10 Budgeted Interim Rates \$	2009/10 Budgeted Back Rates \$	2009/10 Budgeted Total Revenue \$	2008/09 Actual \$
Differential General Rate								
Residential	7.9485	2,901	48,355,561	3,843,542	25,000	-	3,868,542	3,652,516
Commercial	11.0186	96	7,115,379	784,015	-	-	784,015	672,970
Sub-Totals		2,997	55,470,940	4,627,557	25,000	-	4,652,557	4,325,486
Minimum Rates	Minimum \$							
Residential	682	210	1,532,960	143,220	-	-	143,220	135,200
Commercial	840	-	-	-	-	-	0	77,487
Sub-Totals		210	1,532,960	143,220	-	-	143,220	212,687
Specified Area Rates (Refer note 9)							4,795,777	4,538,173
Discounts							4,795,777	4,538,173
Totals							4,795,777	4,538,173

All land except exempt land in the Town of East Fremantle is rated according to its Gross Rental Value (GRV).

The general rates detailed above for the 2009/10 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also bearing considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of the Local Government services/facilities.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2010

9. SPECIFIED AREA RATE - 2009/10 FINANCIAL YEAR

No specified area rate has been levied for the 2009/10 year.

10. SERVICE CHARGES - 2009/10 FINANCIAL YEAR - LOCAL GOVERNMENT ACT

No service charges have been imposed for the 2009/10 year.

11. FEES & CHARGES REVENUE	2009/10 Budget \$	2008/09 Actual \$
Governance	12,200	12,344
General Purpose Funding	76,500	41,889
Law, Order, Public Safety	8,700	16,716
Health	2,040	2,340
Education and Welfare	10,307	8,957
Housing	55,380	48,371
Community Amenities	168,170	163,660
Recreation & Culture	283,200	224,540
Transport	110,000	319,742
Economic Services	148,030	92,487
Other Property & Services	18,800	50,353
	<u>893,327</u>	<u>981,399</u>

**12. DISCOUNTS, CONCESSIONS, & WRITE-OFFS
- 2009/10 FINANCIAL YEAR**

No discounts or concessions are allowed on any monies owing to Council.

No provision has been made to write off any moneys owing to Council as at 1st July 2009.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2010

13. INTEREST CHARGES AND INSTALMENTS - 2008/09 FINANCIAL YEAR

	2009/10 Budget \$	2008/09 Actual \$
Late payment Interest %	5.50	5.50
Instalment Charges	\$15	\$15
Special Instalment Charge	\$50	\$50

Council requires payment of rates by one of three payment plans as follows:

Payment in full by due date - 2nd September 2009.

Payment by two equal instalments by 2nd September 2009 & 6th January 2010.

Payment by four equal instalments by 2nd September 2009, 4th November 2009, 6th January 2010 & 10th March 2010.

14. COUNCILLORS' REMUNERATION

	2009/10 Budget \$	2008/09 Actual \$
The following fees, expenses and allowances were paid to council members and/or the president.		
Councillor Meeting Fees	56,000	56,854
Mayoral Meeting Fees	14,000	14,000
Mayoral Allowance	12,000	12,000
Deputy Mayoral Allowance	3,000	3,000
Expenses Reimbursed	3,250	2,514
	<u>88,250</u>	<u>88,368</u>

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2010

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	2009/10 Budget \$	2008/09 Actual \$	2008/09 Budget \$
Cash - Unrestricted	594,398	1,122,089	172,558
Cash - Restricted	<u>2,284,091</u>	<u>2,737,911</u>	<u>2,415,474</u>
	<u><u>2,878,489</u></u>	<u><u>3,860,000</u></u>	<u><u>2,588,032</u></u>

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

Plant Replacement Reserve	166,394	136,394	46,712
Staff Leave Reserve	310,783	278,783	236,474
Office Reserve	50,000	25,000	25,000
Legal Costs Reserve	261,140	261,140	250,000
HACC	24,512	24,512	51,000
Strategic Plan Reserve	178,453	421,273	421,000
Civic Buildings Reserve	291,509	470,509	455,088
Federal Infrastructure Funding	0	119,000	0
Trust Funds	488,000	488,000	448,000
Mooring Pens	71,200	71,200	59,200
Bonds	54,800	54,800	81,000
Footpath Deposits	<u>387,300</u>	<u>387,300</u>	<u>342,000</u>
	<u><u>2,284,091</u></u>	<u><u>2,737,911</u></u>	<u><u>2,415,474</u></u>

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

Net Result	693,524	1,396,201	604,227
Depreciation	670,670	673,073	673,073
(Profit)/Loss on Sale of Asset	(40,170)	(31,752)	(25,000)
(Increase)/Decrease in Receivables	-	-	-
Increase/(Decrease) in Payables	-	(207,094)	-
Increase/(Decrease) in Employee Provisions	-	(50,000)	-
Grants/Contributions for the Development of Assets	<u>(424,862)</u>	<u>(138,455)</u>	<u>(346,662)</u>
Net Cash from Operating Activities	<u><u>899,162</u></u>	<u><u>1,641,973</u></u>	<u><u>905,638</u></u>

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

Bank Overdraft limit	100,000	100,000	100,000
Bank Overdraft at Balance Date	-	-	-
Credit Card limit	-	-	-
Credit Card Balance at Balance Date	-	-	-
Total Amount of Credit Unused	<u><u>100,000</u></u>	<u><u>100,000</u></u>	<u><u>100,000</u></u>

Loan Facilities

Loan Facilities in use at Balance Date	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Unused Loan Facilities at Balance Date	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2010

16. TRUST FUNDS

Council holds no funds held at balance date over which it has no control.

17. MAJOR LAND TRANSACTIONS

There will be no major land transactions during the 2009/2010 Financial Year

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

There will be no major undertakings during the 2009/2010 Financial Year.