

TOWN OF EAST FREMANTLE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30th JUNE 2012

| | NOTE | 2011/12 Budget \$ | 2010/11 Actual \$ | 2010/11 Budget \$ |
|--|------|-------------------------|-------------------------|-------------------------|
| REVENUE | | | | |
| Rates | 8 | 5,371,774 | 5,107,562 | 5,104,693 |
| Operating Grants, Subsidies and Contributions | | 824,581 | 911,447 | 779,944 |
| Fees and Charges | 11 | 1,077,478 | 1,057,232 | 1,076,480 |
| Interest Earnings | 2(a) | 240,000 | 308,000 | 162,000 |
| Other Revenue | | 57,292 | 103,744 | 108,200 |
| | | <u>7,571,125</u> | <u>7,487,985</u> | <u>7,231,317</u> |
| EXPENSES | | | | |
| Employee Costs | | (2,743,512) | (2,532,777) | (2,695,372) |
| Materials and Contracts | | (3,102,621) | (3,257,191) | (3,275,369) |
| Utility Charges | | (293,510) | (268,150) | (190,500) |
| Depreciation | 2(a) | (695,471) | (687,341) | (702,205) |
| Interest Expenses | 2(a) | (28,592) | (30,541) | (35,827) |
| Insurance Expenses | | (221,140) | (210,610) | (201,180) |
| Other Expenditure | | (102,000) | (112,636) | (99,900) |
| | | <u>(7,186,846)</u> | <u>(7,099,246)</u> | <u>(7,200,353)</u> |
| Non-Operating Grants, Subsidies and Contributions | | 993,776 | 601,907 | 787,922 |
| Profit on Asset Disposals | 4 | 48,559 | 46,000 | 46,000 |
| Loss on Asset Disposals | 4 | <u>(2,063)</u> | <u>(1,470)</u> | <u>(1,470)</u> |
| NET RESULT | | 1,424,551 | 1,035,176 | 863,416 |
| Other Comprehensive Income | | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL COMPREHENSIVE INCOME | | <u>1,424,551</u> | <u>1,035,176</u> | <u>863,416</u> |

Please note, Other Comprehensive Income (if any) is impacted upon by external forces and is not able to be reliably estimated.

It is anticipated, in all instances, any other comprehensive income will relate to non-cash transactions and as such, have no impact on this budget document.

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

TOWN OF EAST FREMANTLE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30th JUNE 2012

| | NOTE | 2011/12 Budget \$ | 2010/11 Actual \$ | 2010/11 Budget \$ |
|---|------|-------------------------|-------------------------|-------------------------|
| REVENUE (Refer Notes 1,2,8 to 13) | | | | |
| Governance | | 15,200 | 63,697 | 23,200 |
| General Purpose Funding | | 5,921,073 | 5,705,153 | 5,549,293 |
| Law, Order, Public Safety | | 18,300 | 21,160 | 18,600 |
| Health | | 25,640 | 4,350 | 3,140 |
| Education and Welfare | | 603,130 | 639,206 | 649,130 |
| Housing | | 70,720 | 65,000 | 74,360 |
| Community Amenities | | 189,543 | 202,400 | 224,400 |
| Recreation and Culture | | 275,497 | 321,545 | 292,214 |
| Transport | | 267,200 | 255,384 | 250,000 |
| Economic Services | | 158,730 | 150,230 | 136,780 |
| Other Property and Services | | 51,200 | 59,860 | 10,200 |
| | | <u>7,596,233</u> | <u>7,487,985</u> | <u>7,231,317</u> |
| EXPENSES EXCLUDING | | | | |
| FINANCE COSTS (Refer Notes 1,2 & 14) | | | | |
| Governance | | (669,698) | (265,991) | (587,808) |
| General Purpose Funding | | (228,839) | (475,925) | (270,571) |
| Law, Order, Public Safety | | (161,060) | (169,671) | (155,600) |
| Health | | (129,346) | (119,461) | (112,734) |
| Education and Welfare | | (698,462) | (684,072) | (678,756) |
| Housing | | (29,210) | (38,192) | (35,110) |
| Community Amenities | | (1,955,785) | (1,872,649) | (1,876,869) |
| Recreation & Culture | | (1,372,104) | (1,453,387) | (1,487,630) |
| Transport | | (1,674,189) | (1,699,939) | (1,731,903) |
| Economic Services | | (176,069) | (190,606) | (168,945) |
| Other Property and Services | | (88,600) | (93,526) | (58,600) |
| | | <u>(7,183,362)</u> | <u>(7,063,419)</u> | <u>(7,164,526)</u> |
| FINANCE COSTS (Refer Notes 2 & 5) | | | | |
| Governance | | (6,306) | (7,728) | (7,728) |
| Community Amenities | | (1,365) | (1,802) | (1,802) |
| Recreation & Culture | | (6,658) | (8,845) | (8,845) |
| Transport | | (14,263) | (17,451) | (17,452) |
| | | <u>(28,592)</u> | <u>(35,827)</u> | <u>(35,827)</u> |
| NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS | | | | |
| Welfare | | 120,000 | 139,579 | 85,000 |
| Recreation | | 527,500 | 0 | 273,844 |
| Transport | | 346,276 | 462,328 | 429,078 |
| | | <u>993,776</u> | <u>601,907</u> | <u>787,922</u> |
| PROFIT/(LOSS) ON DISPOSAL OF ASSETS (Refer Note 4) | | | | |
| | | 46,496 | 44,530 | 44,530 |
| | | <u>46,496</u> | <u>44,530</u> | <u>44,530</u> |
| NET RESULT | | <u>1,424,551</u> | <u>1,035,176</u> | <u>863,416</u> |
| Other Comprehensive Income | | 0 | 0 | 0 |
| TOTAL COMPREHENSIVE INCOME | | <u>1,424,551</u> | <u>1,035,176</u> | <u>863,416</u> |

Please note, Other Comprehensive Income (if any) is impacted upon by external forces and is not able to be reliably estimated.

It is anticipated, in all instances, any other comprehensive income will relate to non-cash transactions and as such, have no impact on this budget document.

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

TOWN OF EAST FREMANTLE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30th JUNE 2012

| | NOTE | 2011/12 Budget \$ | 2010/11 Actual \$ | 2010/11 Budget \$ |
|--|-------|-------------------------|-------------------------|-------------------------|
| Cash Flows From Operating Activities | | | | |
| Receipts | | | | |
| Rates | | 5,371,774 | 5,107,562 | 5,104,693 |
| Operating Grants, Subsidies and Contributions | | 824,581 | 911,447 | 779,944 |
| Fees and Charges | | 1,077,478 | 1,057,232 | 1,076,480 |
| Service Charges | | 0 | 0 | 0 |
| Interest Earnings | | 240,000 | 308,000 | 162,000 |
| Other | | 57,292 | 103,744 | 108,200 |
| | | <u>7,571,125</u> | <u>7,487,985</u> | <u>7,231,317</u> |
| Payments | | | | |
| Employee Costs | | (2,743,512) | (2,532,777) | (2,695,372) |
| Materials and Contracts | | (3,102,621) | (3,650,327) | (3,275,369) |
| Utility Charges | | (293,510) | (4,300) | (190,500) |
| Insurance Expenses | | (221,140) | (81,324) | (201,180) |
| Interest Expenses | | (28,592) | (30,541) | (35,827) |
| Other | | (102,000) | (112,636) | (99,900) |
| | | <u>(6,491,375)</u> | <u>(6,411,905)</u> | <u>(6,498,148)</u> |
| Net Cash Provided By Operating Activities | 15(b) | <u>1,079,750</u> | <u>1,076,080</u> | <u>733,169</u> |
| Cash Flows from Investing Activities | | | | |
| Payments for Purchase of Property, Plant & Equipment | 3 | (2,112,950) | (280,386) | (1,934,925) |
| Payments for Construction of Infrastructure | 3 | (2,500,978) | (1,764,279) | (2,032,026) |
| Non-Operating Grants, Subsidies and Contributions used for the Development of Assets | | 993,776 | 601,907 | 787,922 |
| Proceeds from Sale of Plant & Equipment | 4 | 149,000 | 14,000 | 85,000 |
| Proceeds from Advances | | | | |
| Net Cash Used in Investing Activities | | <u>(3,471,152)</u> | <u>(1,428,758)</u> | <u>(3,094,029)</u> |
| Cash Flows from Financing Activities | | | | |
| Repayment of Debentures | 5 | (143,067) | (123,087) | (123,088) |
| Proceeds from Self Supporting Loans | | | | |
| Proceeds from New Debentures | 5 | <u>1,200,000</u> | <u>0</u> | <u>1,200,000</u> |
| Net Cash Provided By (Used In) Financing Activities | | <u>1,056,933</u> | <u>(123,087)</u> | <u>1,076,912</u> |
| Net Increase (Decrease) in Cash Held | | <u>(1,334,469)</u> | <u>(475,765)</u> | <u>(1,283,948)</u> |
| Cash at Beginning of Year | | 4,017,353 | 4,493,118 | 4,755,872 |
| Cash and Cash Equivalents at the End of the Year | 15(a) | <u><u>2,682,884</u></u> | <u><u>4,017,353</u></u> | <u><u>3,471,924</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 2012**

| | NOTE | 2011/12 Budget \$ | 2010/11 Actual \$ | 2010/11 Budget \$ |
|---|------|-------------------------|-------------------------|-------------------------|
| REVENUES | 1,2 | | | |
| Governance | | 15,200 | 63,697 | 23,200 |
| General Purpose Funding | | 549,299 | 601,062 | 444,600 |
| Law, Order, Public Safety | | 22,194 | 21,660 | 18,600 |
| Health | | 27,450 | 4,350 | 3,140 |
| Education and Welfare | | 723,130 | 824,785 | 649,130 |
| Housing | | 70,720 | 65,000 | 74,360 |
| Community Amenities | | 189,543 | 202,400 | 224,400 |
| Recreation and Culture | | 841,480 | 321,545 | 292,214 |
| Transport | | 616,476 | 717,712 | 1,037,922 |
| Economic Services | | 160,102 | 150,230 | 136,780 |
| Other Property and Services | | 51,200 | 59,860 | 10,200 |
| | | <u>3,266,794</u> | <u>3,032,301</u> | <u>2,914,546</u> |
| EXPENSES | 1,2 | | | |
| Governance | | (678,067) | (475,925) | (587,808) |
| General Purpose Funding | | (228,839) | (273,719) | (270,571) |
| Law, Order, Public Safety | | (161,060) | (169,671) | (155,600) |
| Health | | (129,346) | (119,461) | (112,734) |
| Education and Welfare | | (698,462) | (684,072) | (678,756) |
| Housing | | (29,210) | (38,192) | (35,110) |
| Community Amenities | | (1,957,150) | (1,875,921) | (1,876,869) |
| Recreation & Culture | | (1,378,762) | (1,462,232) | (1,487,630) |
| Transport | | (1,688,451) | (1,717,390) | (1,731,903) |
| Economic Services | | (176,069) | (190,606) | (168,945) |
| Other Property and Services | | (88,600) | (93,526) | (58,600) |
| | | <u>(7,214,016)</u> | <u>(7,100,715)</u> | <u>(7,164,526)</u> |
| Adjustments for Cash Budget Requirements: | | | | |
| Non-Cash Expenditure and Revenue | | | | |
| (Profit)/Loss on Asset Disposals | 4 | (46,496) | (44,530) | (44,530) |
| Depreciation on Assets | 2(a) | 695,471 | 702,205 | 702,205 |
| Capital Expenditure and Revenue | | | | |
| Purchase Land and Buildings | 3 | (1,627,500) | (56,214) | (1,642,711) |
| Purchase Infrastructure Assets - Roads | 3 | (2,374,121) | (1,764,279) | (1,936,048) |
| Purchase Infrastructure Assets - Parks | 3 | (126,857) | 0 | (95,978) |
| Purchase Plant and Equipment | 3 | (477,450) | (224,172) | (224,000) |
| Purchase Furniture and Equipment | 3 | (8,000) | 0 | (68,214) |
| Proceeds from Disposal of Assets | 4 | 149,000 | 14,000 | 85,000 |
| Repayment of Debentures | 5 | (143,067) | (123,087) | (123,087) |
| Proceeds from New Debentures | 5 | 1,200,000 | 0 | 1,200,000 |
| Self-Supporting Loan Principal Income | | 0 | 0 | 0 |
| Transfers to Reserves (Restricted Assets) | 6 | (228,444) | (310,286) | (207,000) |
| Transfers from Reserves (Restricted Assets) | 6 | 897,950 | 235,602 | 398,298 |
| ADD Estimated Surplus/(Deficit) July 1 B/Fwd | 7 | 664,962 | 1,200,046 | 1,103,808 |
| LESS Estimated Surplus/(Deficit) June 30 C/Fwd | 7 | 0 | 664,962 | 1,854 |
| Amount Required to be Raised from Rates | 8 | <u>(5,371,774)</u> | <u>(5,104,091)</u> | <u>(5,104,091)</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 2012**

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.

All monies held in the Trust Fund are excluded from the financial statements.

(c) 2010/11 Actual Balances

Balances shown in this budget as 2010/11 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 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.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Trade and Other Receivables

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at 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 uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

(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.

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 statement of comprehensive income 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 Council's intentions to release for sale.

(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 overheads.

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.

**TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

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.

Whilst this 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.

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

(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. Assets are depreciated from the date of 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:

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

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) 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 investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance 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 statement of financial position.

(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 for 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 of the 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.

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 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 statement of comprehensive income. 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 statement of comprehensive income as gains and losses from investment securities.

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Investments and Other Financial Assets (Continued)

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 and losses arising from changes in the fair value of the financial assets at fair value category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when the Council's right to receive payments is established. Changes in the fair value of other 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 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 profit or loss - is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

(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 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 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Impairment

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are assessed at each balance 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.

At the time of adopting the budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2012.

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 2012

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 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 Council 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 settled 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 2012

| | 2011/12 Budget \$ | 2010/11 Actual \$ | 2010/11 Budget \$ |
|--|-------------------------|-------------------------|-------------------------|
| 2. REVENUES AND EXPENSES | | | |
| (a) Net Result from Ordinary Activities was arrived at after: | | | |
| (i) Charging as Expenses: | | | |
| Auditors' Remuneration | | | |
| Audit | 13800 | 13000 | 13000 |
| Other | 5200 | 5200 | 4500 |
| | <u>19,000</u> | <u>18,200</u> | <u>17,500</u> |
| Depreciation | | | |
| <u>By Program</u> | | | |
| Governance | 49,000 | 49,576 | 60,000 |
| General Purpose Funding | 0 | 0 | 0 |
| Law, Order, Public Safety | 1,600 | 476 | 1,620 |
| Health | 1,241 | 1,258 | 1,260 |
| Education and Welfare | 27,000 | 25,294 | 24,850 |
| Housing | 11,500 | 10,968 | 11,900 |
| Community Amenities | 46,030 | 48,810 | 53,500 |
| Recreation and Culture | 246,100 | 253,309 | 244,600 |
| Transport | 225,000 | 224,260 | 210,260 |
| Economic Services | 0 | 0 | 0 |
| Other Property and Services | 88,000 | 89,378 | 94,215 |
| | <u>695,471</u> | <u>703,329</u> | <u>702,205</u> |
| <u>By Class</u> | | | |
| Land and Buildings | 267,490 | 280,630 | 280,000 |
| Furniture and Equipment | 21,571 | 21,799 | 22,500 |
| Plant and Equipment | 133,530 | 135,040 | 134,400 |
| Roads | 272,880 | 265,860 | 265,305 |
| Footpaths | 0 | 0 | 0 |
| Drainage | 0 | 0 | 0 |
| | <u>695,471</u> | <u>703,329</u> | <u>702,205</u> |
| Borrowing Costs (Interest) | | | |
| - Finance Lease Charges | 28,592 | 35,828 | 35,827 |
| - Debentures (refer note 5(a)) | | | |
| | <u>28,592</u> | <u>35,828</u> | <u>35,827</u> |
| Rental Charges | | | |
| - Operating Leases | 0 | 0 | 0 |
| | <u>0</u> | <u>0</u> | <u>0</u> |
| (ii) Crediting as Revenues: | | | |
| Interest Earnings | | | |
| Investments | | | |
| - Reserve Funds | 65,000 | 104,000 | 32,000 |
| - Other Funds | 175,000 | 204,000 | 130,000 |
| Other Interest Revenue (refer note 13) | | | |
| | <u>240,000</u> | <u>308,000</u> | <u>162,000</u> |

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2012

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, Council 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 2012

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 2012

**2011/12
Budget
\$**

3. ACQUISITION OF ASSETS

The following assets are budgeted to be acquired during the year:

By Program

| | |
|------------------------------------|-------------------------|
| Governance | 172,600 |
| General Purpose Funding | 0 |
| Law, Order, Public Safety | 32,500 |
| Health | 21,500 |
| Education and Welfare | 120,000 |
| Housing | 0 |
| Community Amenities | 1,553,551 |
| Recreation and Culture | 1,323,357 |
| Transport | 1,367,570 |
| Economic Services | 22,850 |
| Other Property and Services | 0 |
| | <u>4,613,928</u> |

By Class

| | |
|---|-------------------------|
| Land and Buildings | 1,627,500 |
| Infrastructure Assets - Roads | 2,374,121 |
| Infrastructure Assets - Parks and Ovals | 126,857 |
| Plant and Equipment | 477,450 |
| Furniture and Equipment | 8,000 |
| | <u>4,613,928</u> |

A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information attached to this budget document as follows:

- plant replacement programme
- other assets
- road replacement programme
- other infrastructure

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2012

4. DISPOSALS OF ASSETS

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

| <u>By Program</u> | Net Book Value | Sale Proceeds | Profit(Loss) |
|--------------------------|---------------------------|---------------------------|---------------------------|
| | 2011/12 BUDGET | 2011/12 BUDGET | 2011/12 BUDGET |
| | \$ | \$ | \$ |
| Administration | 38,063 | 36,000 | -2,063 |
| Health | 13,190 | 15,000 | 1,810 |
| Building Control | 13,628 | 15,000 | 1,372 |
| HACC | 0 | 0 | 0 |
| LOPS | 11,106 | 15,000 | 3,894 |
| Parks | 26,517 | 65,000 | 38,483 |
| Works | 0 | 3,000 | 3,000 |
| | 102,504 | 149,000 | 46,496 |

| <u>By Class</u> | Net Book Value | Sale Proceeds | Profit(Loss) |
|------------------------|---------------------------|---------------------------|---------------------------|
| | 2011/12 BUDGET | 2011/12 BUDGET | 2011/12 BUDGET |
| | \$ | \$ | \$ |
| Plant & Equipment | 102,504 | 149,000 | 46,496 |
| | 102,504 | 149,000 | 46,496 |

Summary

| | |
|---------------------------|---------------------------|
| | 2010/11 BUDGET |
| | \$ |
| Profit on Asset Disposals | 48,559 |
| Loss on Asset Disposals | (2,063) |
| | <u>46,496</u> |

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2012

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

| Particulars | Interest Rate | Maturity Date | Principal 1-Jul-11 | New Loans | Principal Repayments | | Principal Outstanding | | Interest Repayments | |
|--------------------------------------|---------------|---------------|--------------------|-----------|----------------------|-------------------|-----------------------|-------------------|---------------------|-------------------|
| | | | | | 2011/12 Budget \$ | 2010/11 Actual \$ | 2011/12 Budget \$ | 2010/11 Actual \$ | 2011/12 Budget \$ | 2010/11 Actual \$ |
| Administration | | | | | | | | | | |
| Organisational Reform - 179 | 7.11% | 27/6/2015 | 93,866 | | 21,067 | 19,646 | 72,799 | 74,220 | 6,306 | 7,728 |
| Community Amenities | | | | | | | | | | |
| George Street Beautification - 173 | 6.85% | 30/6/2014 | 21,579 | | 6,714 | 6,277 | 14,864 | 15,302 | 1,365 | 1,802 |
| Recreation and Culture | | | | | | | | | | |
| East Fremantle Bowling Club * - 167 | 6.12% | 29/7/2013 | 11,753 | | 4,490 | 4,227 | 7,263 | 7,526 | 652 | 914 |
| Foreshore/Landscaping - 169 | 6.85% | 30/6/2014 | 40,280 | | 12,533 | 11,717 | 27,747 | 28,563 | 2,548 | 3,364 |
| Playground Equipment -171 | 6.85% | 30/6/2014 | 23,017 | | 7,162 | 6,695 | 15,855 | 16,322 | 1,456 | 1,923 |
| Automatic Reticulation - 175 | 6.85% | 30/6/2014 | 31,648 | | 9,847 | 9,206 | 21,801 | 22,442 | 2,002 | 2,644 |
| Transport | | | | | | | | | | |
| Footpath Construction - 168 | 6.85% | 30/6/2014 | 43,157 | | 13,428 | 12,554 | 29,729 | 30,603 | 2,730 | 3,605 |
| Construction Works - 170 | 6.85% | 30/6/2014 | 19,564 | | 6,088 | 5,691 | 13,477 | 13,873 | 1,238 | 1,634 |
| Local Area Traffic Management -174 | 6.85% | 30/6/2014 | 14,386 | | 4,476 | 4,185 | 9,910 | 10,201 | 910 | 1,202 |
| Road and Footpath Construction - 178 | 7.11% | 27/6/2015 | 56,319 | | 12,640 | 11,787 | 43,679 | 44,532 | 3,784 | 4,637 |
| Road and Footpath Construction -182 | 4.96% | 13/6/2013 | 48,248 | | 23,530 | 11,200 | 24,719 | 37,049 | 1,960 | 1,545 |
| Road and Footpath Construction -184 | 5.88% | 22/3/2014 | 67,123 | | 21,091 | 19,903 | 46,032 | 47,220 | 3,641 | 4,829 |
| | | | 470,940 | | 143,067 | 123,087 | 327,874 | 347,853 | 28,592 | 35,826 |

All debenture repayments are to be financed by general purpose revenue.

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2012

5. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2011/12

| Particulars/Purpose | Amount Borrowed Budget | Institution | Loan Type | Term (Years) | Total Interest & Charges | Interest Rate % | Amount Used Budget | Balance Unspent \$ |
|----------------------|---------------------------|-------------|--------------|-----------------|--------------------------------|-----------------------|-----------------------|--------------------------|
| Purchase of Building | 1,200,000 | Treasury | | 20 | | | 1,200,000 | 0 |

Note: Interest Rates and total interest charges are not included as they will depend on any proposed drawdown date.

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2010 nor is it expected to have unspent debenture funds as at 30th June 2011.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$100,000 is available with the Commonwealth Bank. It is not anticipated that this facility will be required to be utilised during 2011/12.

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2012

| | 2011/12 Budget \$ | 2010/11 Actual \$ | 2010/11 Budget \$ |
|--|----------------------------------|----------------------------------|----------------------------------|
| 6. RESERVES | | | |
| (a) Plant Replacement Reserve | | | |
| Opening Balance | 327,318 | 238,017 | 188,017 |
| Amount Set Aside / Transfer to Reserve | 103,347 | 115,301 | 104,814 |
| Amount Used / Transfer from Reserve | <u>(208,450)</u> | <u>(26,000)</u> | <u>(41,000)</u> |
| | <u>222,215</u> | <u>327,318</u> | <u>251,831</u> |
| (b) Staff Leave Reserve | | | |
| Opening Balance | 340,224 | 324,320 | 324,320 |
| Amount Set Aside / Transfer to Reserve | 0 | 15,904 | 7,146 |
| Amount Used / Transfer from Reserve | <u>0</u> | <u>0</u> | <u>0</u> |
| | <u>340,224</u> | <u>340,224</u> | <u>331,466</u> |
| (c) Office Reserve | | | |
| Opening Balance | 79,951 | 51,214 | 51,214 |
| Amount Set Aside / Transfer to Reserve | 27,873 | 28,737 | 26,724 |
| Amount Used / Transfer from Reserve | <u>107,824</u> | <u>79,951</u> | <u>77,938</u> |
| (c) Legal Costs Reserve | | | |
| Opening Balance | 109,813 | 104,680 | 104,680 |
| Amount Set Aside / Transfer to Reserve | 3,859 | 5,133 | |
| Amount Used / Transfer from Reserve | <u>0</u> | <u>0</u> | <u>0</u> |
| | <u>113,672</u> | <u>109,813</u> | <u>104,680</u> |
| (c) HACC Reserve | | | |
| Opening Balance | 146,292 | 139,453 | 50,702 |
| Amount Set Aside / Transfer to Reserve | 5,141 | 6,839 | |
| Amount Used / Transfer from Reserve | <u>151,433</u> | <u>146,292</u> | <u>50,702</u> |
| (c) Strategic Plan Reserve | | | |
| Opening Balance | 381,252 | 441,728 | 441,728 |
| Amount Set Aside / Transfer to Reserve | 7,960 | 17,822 | 5,494 |
| Amount Used / Transfer from Reserve | <u>(238,000)</u> | <u>(78,298)</u> | <u>(123,298)</u> |
| | <u>151,212</u> | <u>381,252</u> | <u>323,924</u> |
| (d) Civic Buildings Reserve | | | |
| Opening Balance | 824,625 | 736,076 | 659,649 |
| Amount Set Aside / Transfer to Reserve | 80,264 | 88,549 | 62,822 |
| Amount Used / Transfer from Reserve | <u>(451,500)</u> | <u>0</u> | <u>(234,000)</u> |
| | <u>453,389</u> | <u>824,625</u> | <u>488,471</u> |
| (e) Committed Funds Reserve | | | |
| Opening Balance | 0 | 236,783 | 275,446 |
| Amount Set Aside / Transfer to Reserve | 0 | 0 | 0 |
| Amount Used / Transfer from Reserve | <u>0</u> | <u>(236,783)</u> | <u>0</u> |
| | <u>0</u> | <u>0</u> | <u>275,446</u> |
| Total Reserves | <u>1,539,970</u> | <u>2,209,476</u> | <u>1,904,458</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 2012

| 6. RESERVES (Continued) | 2011/12 Budget \$ | 2010/11 Actual \$ | 2010/11 Budget \$ |
|---|----------------------------------|----------------------------------|----------------------------------|
| Summary of Transfers To Cash Backed Reserves | | | |
| Transfers to Reserves | | | |
| Plant Replacement Reserve | 103,347 | 115,301 | 104,814 |
| Staff Leave Reserve | 0 | 15,904 | 7,146 |
| Office Reserve | 27,873 | 28,737 | 26,724 |
| Legal Costs Reserve | 3,859 | 5,133 | 0 |
| HACC Reserve | 5,141 | 6,839 | 0 |
| Strategic Plan Reserve | 7,960 | 17,822 | 5,494 |
| Civic Buildings Reserve | 80,264 | 88,549 | 62,822 |
| Committed Funds Reserve | 0 | 0 | 0 |
| | <u>228,444</u> | <u>278,286</u> | <u>207,000</u> |
| Transfers from Reserves | | | |
| Plant Replacement Reserve | (208,450) | (26,000) | (41,000) |
| Staff Leave Reserve | 0 | 0 | 0 |
| Office Reserve | 0 | 0 | 0 |
| Legal Costs Reserve | 0 | 0 | 0 |
| HACC Reserve | 0 | 0 | 0 |
| Strategic Plan Reserve | (238,000) | (78,298) | (123,298) |
| Civic Buildings Reserve | (451,500) | 0 | (234,000) |
| Committed Funds Reserve | 0 | (236,783) | 0 |
| | <u>(897,950)</u> | <u>(341,081)</u> | <u>(398,298)</u> |
| Total Transfer to/(from) Reserves | <u>(669,506)</u> | <u>(62,795)</u> | <u>(191,298)</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 purchase of major plant.

Staff Leave Reserve

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

Office Reserve

- to be used to ensure that the administration computer system is maintained.

Legal Fees Reserve

- to be used to fund legal fees.

HACC Reserve

- to be used to hold any unspent HACC funds.

Strategic Plan Reserve

- to be used to fund Strategic Plan initiatives.

Civic Buildings Reserve

- to be used for the upgrade of council buildings and facilities

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2012

| | 2011/12 Budget \$ | 2010/11 Actual \$ |
|--|----------------------------------|----------------------------------|
| 7. NET CURRENT ASSETS | | |
| Composition of Estimated Net Current Asset Position | | |
| CURRENT ASSETS | | |
| Cash - Unrestricted | 401,514 | 1,020,447 |
| Cash - Restricted | 2,281,370 | 2,966,906 |
| Receivables | 215,000 | 165,000 |
| Inventories | <u>0</u> | <u>0</u> |
| | <u>2,897,884</u> | <u>4,152,353</u> |
| LESS: CURRENT LIABILITIES | | |
| Payables and Provisions | <u>(1,251,477)</u> | <u>(550,485)</u> |
| NET CURRENT ASSET POSITION | <u>1,646,407</u> | <u>3,601,868</u> |
| Less: Cash - Restricted | <u>(2,281,370)</u> | <u>(2,966,906)</u> |
| ESTIMATED SURPLUS/(DEFICIENCY) C/FWD | <u><u>0</u></u> | <u><u>634,962</u></u> |

The estimated surplus/(deficiency) c/fwd in the 2010/11 actual column represents the surplus (deficit) brought forward as at 1 July 2011.

The estimated surplus/(deficiency) c/fwd in the 2011/12 budget column represents the surplus (deficit) carried forward as at 30 June 2012.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2012

8. RATING INFORMATION - 2011/12 FINANCIAL YEAR

| RATE TYPE | Rate in \$ | Number of Properties | Rateable Value \$ | 2011/12 Budgeted Rate Revenue \$ | 2011/12 Budgeted Interim Rates \$ | 2011/12 Budgeted Back Rates \$ | 2011/12 Budgeted Total Revenue \$ | 2010/11 Actual \$ |
|----------------------------------|-------------------|-----------------------------|--------------------------|---|--|---------------------------------------|--|--------------------------|
| Differential General Rate | | | | | | | | |
| Residential | 6.434400 | 3,109 | 69,765,102 | 4,454,851 | 0 | 0 | 4,313,677 | 4,068,039 |
| Commercial | 9.309600 | 104 | 9,861,319 | 916,923 | 0 | 0 | 916,923 | 855,925 |
| Sub-Totals | | 3,213 | 79,626,421 | 5,371,774 | 0 | 0 | 5,230,600 | 4,923,964 |
| Minimum Rates | Minimum \$ | | | | | | | |
| Residential | 759 | 186 | 0 | 141,174 | 0 | 0 | 141,174 | 152,553 |
| Commercial | 935 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-Totals | | 186 | 0 | 141,174 | 0 | 0 | 141,174 | 152,553 |
| Ex-Gratia Rates | | | | | | | | |
| Specified Area Rates (Note 9) | | | | | | | 5,371,774 | 5,076,517 |
| Discounts | | | | | | | 5,371,774 | 5,076,517 |
| Totals | | | | | | | 5,371,774 | 5,076,517 |

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

The general rates detailed above for the 2011/12 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 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 2012

9. SPECIFIED AREA RATE - 2011/12 FINANCIAL YEAR

No specified area rate has been levied for the 2011/12 year.

10. SERVICE CHARGES - 2011/12 FINANCIAL YEAR

No service charges have been imposed for the 2011/12 year.

| 11. FEES & CHARGES REVENUE | 2011/12 Budget \$ | 2010/11 Actual \$ |
|---------------------------------------|----------------------------------|----------------------------------|
| Governance | 12,200 | 20,200 |
| General Purpose Funding | 82,800 | 79,800 |
| Law, Order, Public Safety | 11,200 | 11,300 |
| Health | 24,640 | 2,140 |
| Education and Welfare | 10,400 | 10,400 |
| Housing | 70,720 | 74,360 |
| Community Amenities | 186,643 | 217,000 |
| Recreation & Culture | 274,945 | 291,300 |
| Transport | 235,000 | 223,000 |
| Economic Services | 158,730 | 0 |
| Other Property & Services | 10,200 | 146,980 |
| | <u>1,077,478</u> | <u>1,076,480</u> |

**12. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2011/12 FINANCIAL YEAR**

Under Council Policy 117 Council provides a concession to ratepayers who use the Leeuwin car park and boat ramp facility. There are currently 69 ratepayers utilising the concession.

No provision has been made to write off any moneys owing to Council as at 1st July 2011.

13. INTEREST CHARGES AND INSTALMENTS - 2011/12 FINANCIAL YEAR

| | 2011/12 Budget \$ | 2010/11 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 - 24 August 2011.

Payment by two equal instalments by 24 August 2011 & 28 December 2011.

Payment by four equal instalments by 24 August 2011, 26 October 2011, 28 December 2011 & 29 February 2012.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2012

| 14. COUNCILLORS' REMUNERATION | 2011/12 Budget \$ | 2010/11 Actual \$ |
|--|----------------------------------|----------------------------------|
| The following fees, expenses and allowances were paid to council members and/or the president. | | |
| Meeting Fees | 70,000 | 70,000 |
| Mayoral Allowance | 12,000 | 12,000 |
| Deputy Mayoral Allowance | 3,000 | 3,000 |
| Elected Members expense allowances | 21,600 | 21,600 |
| | <u>106,600</u> | <u>106,600</u> |

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2012

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

| | 2011/12 Budget \$ | 2010/11 Actual \$ | 2010/11 Budget \$ |
|---------------------|-------------------------|-------------------------|-------------------------|
| Cash - Unrestricted | 401,514 | 1,020,447 | 1,122,112 |
| Cash - Restricted | <u>2,281,370</u> | <u>2,966,906</u> | <u>720,800</u> |
| | <u><u>2,682,884</u></u> | <u><u>3,987,353</u></u> | <u><u>1,842,912</u></u> |

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

| | | | |
|---------------------------|-------------------------|-------------------------|-------------------------|
| Plant Replacement Reserve | 222,215 | 327,318 | 251,831 |
| Staff Leave Reserve | 340,224 | 340,224 | 331,466 |
| Office Reserve | 107,824 | 79,951 | 77,938 |
| Legal Costs Reserve | 113,672 | 109,813 | 104,680 |
| HACC Reserve | 151,433 | 146,292 | 50,702 |
| Strategic Plan Reserve | 151,212 | 381,252 | 323,924 |
| Civic Buildings Reserve | 453,389 | 824,625 | 488,471 |
| Committed Funds Reserve | 0 | 0 | 0 |
| Trust Funds | 191,400 | 181,430 | 180,000 |
| Mooring Pens | 0 | 0 | 66,000 |
| Bonds | 0 | 0 | 54,800 |
| Footpath Deposits | <u>550,000</u> | <u>576,000</u> | <u>420,000</u> |
| | <u><u>2,281,370</u></u> | <u><u>2,966,906</u></u> | <u><u>2,349,812</u></u> |

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

| | | | |
|--|-------------------------|-------------------------|-----------------------|
| Net Result | 1,424,551 | 1,035,176 | 863,416 |
| Amortisation | | | |
| Depreciation | 695,471 | 687,341 | 702,205 |
| (Profit)/Loss on Sale of Asset | (46,496) | (44,530) | (44,530) |
| (Increase)/Decrease in Receivables | 0 | 0 | 0 |
| Increase/(Decrease) in Payables | 0 | 0 | 0 |
| Increase/(Decrease) in Employee Provisions | 0 | 0 | 0 |
| Grants/Contributions for the Development of Assets | <u>(993,776)</u> | <u>(601,907)</u> | <u>(787,922)</u> |
| Net Cash from Operating Activities | <u><u>1,079,750</u></u> | <u><u>1,076,080</u></u> | <u><u>733,169</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>0</u> | <u>0</u> | <u>0</u> |
| Unused Loan Facilities at Balance Date | <u>0</u> | <u>0</u> | <u>0</u> |

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2012

16. TRUST FUNDS

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

17. MAJOR LAND TRANSACTIONS

The Town may have the opportunity to purchase the property located at 101 Canning Highway, East Fremantle WA 6158. This purchase would be subject to the preparation of a business plan.

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

There will be no major undertakings during the 2011/2012 Financial Year.