

TOWN OF EAST FREMANTLE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

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TOWN OF EAST FREMANTLE

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Town of East Fremantle being the annual financial report and other information for the financial year ended 30th June 2007 are in my opinion properly drawn up to present fairly the financial position of the Town of East Fremantle at 30th June 2007 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and regulations under that Act.

Signed on the 19th day of October 2007.

Stuart Wearne
Chief Executive Officer

TOWN OF EAST FREMANTLE
INCOME STATEMENT (BY FUNCTION/ACTIVITY)
FOR THE YEAR ENDED 30TH JUNE 2007

	NOTE	2007 \$	2007 Budget \$	2006 \$
OPERATING REVENUE				
Governance		32,328	18,200	27,176
General Purpose Funding		4,231,531	4,157,401	3,873,790
Law, Order, Public Safety		17,433	17,760	18,999
Health		4,629	2,603	1,852
Education and Welfare		519,151	487,695	462,749
Housing		44,170	42,000	41,158
Community Amenities		276,417	279,500	142,478
Recreation and Culture		170,526	173,982	154,694
Transport		285,649	218,509	268,377
Economic Services		239,842	117,130	135,035
Other Property and Services		79,281	91,247	107,833
		<u>5,900,957</u>	<u>5,606,027</u>	<u>5,234,141</u>
OPERATING EXPENSES (Excluding borrowing costs)				
Governance		485,948	465,693	404,997
General Purpose Funding		194,270	175,715	172,041
Law, Order, Public Safety		112,680	113,920	98,288
Health		84,559	96,827	57,563
Education and Welfare		607,373	554,087	554,355
Housing		36,159	30,356	25,808
Community Amenities		1,471,043	1,588,125	1,164,593
Recreation & Culture		1,004,418	1,160,843	995,797
Transport		1,165,733	1,297,203	1,160,778
Economic Services		185,047	142,504	132,678
Other Property and Services		197,168	151,706	203,095
		<u>5,544,398</u>	<u>5,776,979</u>	<u>4,969,993</u>
Surplus/(Deficit)		356,559	(170,952)	264,148
BORROWING COSTS				
Governance		12,509	12,517	13,372
Community Amenities		6,424	6,525	7,450
Recreation & Culture		17,182	17,181	19,424
Transport		35,295	35,295	38,786
		<u>71,410</u>	<u>71,518</u>	<u>79,032</u>
GRANTS/CONTRIBUTIONS FOR THE DEVELOPMENT OF ASSETS				
Education and Welfare		54,050	0	0
Community Amenities		0	0	341,553
Recreation & Culture		0	9,000	10,730
Transport		0	176,967	30,750
		<u>54,050</u>	<u>185,967</u>	<u>383,033</u>
DISPOSAL OF ASSETS				
Proceeds of Sale		79,308	115,000	62,571
Book Value		68,432	95,806	37,212
		<u>10,876</u>	<u>19,194</u>	<u>25,359</u>
NET RESULT	2 (b)	<u>350,075</u>	<u>(37,309)</u>	<u>593,508</u>

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

TOWN OF EAST FREMANTLE

BALANCE SHEET

AS AT 30TH JUNE 2007

	NOTE	2007 \$	2006 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,240,942	1,874,775
Trade and Other Receivables	4	140,791	117,586
TOTAL CURRENT ASSETS		<u>2,381,733</u>	<u>1,992,361</u>
NON-CURRENT ASSETS			
Trade and Other Receivables	4	119,397	133,093
Property, Plant and Equipment	6	8,147,541	8,260,712
Infrastructure	7	9,189,190	8,985,377
TOTAL NON-CURRENT ASSETS		<u>17,456,128</u>	<u>17,379,182</u>
TOTAL ASSETS		<u>19,837,861</u>	<u>19,371,543</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	1,293,588	1,105,405
Short Term Borrowings	9	134,874	131,839
Provisions	10	170,861	131,133
TOTAL CURRENT LIABILITIES		<u>1,599,323</u>	<u>1,368,377</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	869,167	1,004,045
Provisions	10	90,670	70,496
TOTAL NON-CURRENT LIABILITIES		<u>959,837</u>	<u>1,074,541</u>
TOTAL LIABILITIES		<u>2,559,160</u>	<u>2,442,918</u>
NET ASSETS		<u>17,278,700</u>	<u>16,928,624</u>
EQUITY			
Retained Surplus		17,040,445	16,481,562
Reserves - Cash Backed	11	238,255	447,062
TOTAL EQUITY		<u>17,278,700</u>	<u>16,928,624</u>

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

TOWN OF EAST FREMANTLE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2007

	NOTE	2007 \$	2006 \$
RETAINED SURPLUS			
Balance as at 1 July 2006		16,481,563	15,727,072
Net Result		350,075	593,508
Transfer from/(to) Reserves		<u>208,807</u>	<u>160,983</u>
Balance as at 30 June 2007		<u>17,040,445</u>	<u>16,481,563</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2006		447,062	608,047
Amount Transferred (to)/from Retained Surplus		<u>(208,807)</u>	<u>(160,985)</u>
Balance as at 30 June 2007	11	<u>238,255</u>	<u>447,062</u>
TOTAL EQUITY		<u>17,278,700</u>	<u>16,928,624</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 2007

	NOTE	2007 \$	2007 Budget \$	2006 \$
Cash Flows From Operating Activities				
Receipts				
Rates		3,807,133	3,805,097	3,504,328
Grants and Subsidies - operating		696,300	664,816	635,554
Contributions, Reimbursements & Donations		141,748	67,432	141,748
Fees and Charges		1,007,523	814,344	747,525
Interest Earnings		165,780	132,804	130,641
Goods and Services Tax		310,901	0	117,585
Other		148,864	152,180	70,028
		<u>6,278,249</u>	<u>5,636,673</u>	<u>5,347,409</u>
Payments				
Employee Costs		(1,807,062)	(1,919,779)	(1,919,778)
Materials and Contracts		(2,659,255)	(2,772,342)	(1,353,731)
Utilities (gas, electricity, water, etc)		(236,435)	(253,062)	(242,651)
Insurance		(146,408)	(151,549)	(126,378)
Interest		(71,410)	(71,519)	(79,032)
Goods and Services Tax		(91,767)	0	(351,792)
Contributions & Donations		0	0	0
Other		(104,785)	(77,850)	(62,675)
		<u>(5,117,122)</u>	<u>(5,246,101)</u>	<u>(4,136,037)</u>
Net Cash Provided By (Used In)				
Operating Activities	13(b)	<u>1,161,127</u>	<u>390,572</u>	<u>1,211,372</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment	6	(368,804)	(527,300)	(600,626)
Payments for Construction of Infrastructure	7	(441,285)	(920,250)	(599,634)
Grants/Contributions for the Development of Assets		54,050	185,967	383,033
Proceeds from Sale of Plant & Equipment	20	79,308	115,000	62,571
Net Cash Provided By (Used In)				
Investing Activities		(676,731)	(1,146,583)	(754,656)
Cash Flows from Financing Activities				
Repayment of Debentures	21	(131,844)	(131,843)	(123,747)
Proceeds from Self Supporting Loans		13,615	13,616	12,747
Proceeds from New Debentures		0	0	0
Net Cash Provided By (Used In)				
Financing Activities		(118,229)	(118,227)	(111,000)
Net Increase (Decrease) in Cash Held		366,167	(874,238)	345,716
Cash at Beginning of Year		1,874,775	1,874,775	1,529,059
Cash at End of Year	13(a)	<u><u>2,240,942</u></u>	<u><u>1,000,537</u></u>	<u><u>1,874,775</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 2007

	NOTE	2007 \$	2007 Budget \$
REVENUES			
Governance		33,378	22,686
General Purpose Funding		410,185	352,304
Law, Order, Public Safety		17,433	17,760
Health		4,629	2,603
Education and Welfare		573,201	487,695
Housing		44,170	42,000
Community Amenities		278,079	283,666
Recreation and Culture		170,526	182,982
Transport		285,649	395,477
Economic Services		239,842	117,130
Other Property and Services		87,445	101,789
		<u>2,144,537</u>	<u>2,006,092</u>
EXPENSES			
Governance		(498,457)	(478,210)
General Purpose Funding		(194,270)	(175,715)
Law, Order, Public Safety		(112,680)	(113,920)
Health		(84,559)	(96,827)
Education and Welfare		(607,373)	(554,087)
Housing		(36,159)	(30,356)
Community Amenities		(1,477,467)	(1,594,650)
Recreation & Culture		(1,021,600)	(1,178,024)
Transport		(1,201,028)	(1,332,498)
Economic Services		(185,047)	(142,504)
Other Property and Services		(197,167)	(151,707)
		<u>(5,615,807)</u>	<u>(5,848,498)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(10,876)	(19,194)
Movement in Accrued Salaries		23,338	0
Movement in Provisions		59,902	0
Movement in Accrued Interest		(551)	0
Deferred Rates adjustment		(95,689)	0
Restricted Fund adjustment		3,600	0
Depreciation on Assets		651,014	633,042
Capital Expenditure and Revenue			
Purchase Land and Buildings		(187,310)	(257,500)
Purchase Infrastructure Assets - Roads		(441,285)	(920,250)
Purchase Plant and Equipment		(147,683)	(232,800)
Purchase Furniture and Equipment		(33,811)	(37,000)
Proceeds from Disposal of Assets		79,308	115,000
Repayment of Debentures		(131,844)	(131,843)
Proceeds from New Debentures		0	0
Self-Supporting Loan Principal Income		13,615	13,615
Transfers to Reserves (Restricted Assets)		(222,421)	(208,368)
Transfers to Trust (EF Tennis Club)		0	(3,600)
Transfers from Reserves (Restricted Assets)		431,227	494,664
Surplus/(Deficit) July 1 B/Fwd		549,853	591,543
(Surplus)/Deficit June 30 C/Fwd		(890,463)	0
Amount Req'd to be Raised from Rates	22	<u><u>(3,821,346)</u></u>	<u><u>(3,805,097)</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 FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards, the Local Government Act 1995 (as amended and accompanying regulations (as amended)). This report has also been prepared on the accrual basis under the convention of historical cost accounting.

Compliance with IFRSs

International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards adopted by the AASB, being AIFRSs. The financial report of the Town complies with IFRSs and interpretations adopted by the International Accounting Standards Board except as follows:

- AIFRSs include specific provisions relating to not-for-profit entities. These are not included in IFRSs.
- Australian Accounting Standard AAS27 "Financial Reporting by Local Governments" also applies and there is no equivalent standard in IFRSs.

The principal areas of non-compliance with IFRSs include:

- the recognition of non-reciprocal revenue;
- the definition of value in use for the purposes of estimating the recoverable amount of impaired assets; and
- the offsetting of asset revaluation increments and decrements on a class of asset basis rather than individual asset basis.

Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ended 30 June 2007.

Council is of the view the new standards or amendments will have no direct impact on the amounts included in the financial report although the changes may impact upon the way in which some financial information is disclosed.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of Preparation (Continued)

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

(c) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. GST receivables and payables are shown in those parts of the notes, and are shown in the Balance Sheet accordingly.

(d) Fixed Assets

Property, plant and equipment and infrastructure assets are brought to account at cost or independent or management valuation less, where applicable, any accumulated depreciation, amortisation or impairment losses.

The value of all infrastructure assets (other than land under roads) has been recorded in the Balance Sheet. Land under roads are excluded from infrastructure in accordance with legislative requirements.

As of 1 July 2004, Council elected to revert to the cost basis for measuring land and buildings and all infrastructure assets (other than roads) that were being carried at a revalued amount at the immediately preceding reporting date being 30 June, 2004.

This was achieved by deeming the carrying amount of the non-current assets comprising the particular class to be their cost and complied with the requirements on application of AASB 1 "First Time Adoption of Australian Equivalents to International Financial Reporting Standards".

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 significantly from that determined using fair value at reporting date.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Inventories

General

Inventories are valued at the lower of cost and net realisable value.

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 each year and added to the asset values.

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

(f) 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
Infrastructure	Various
Plant and Equipment	8 years
Mobile Equipment	5 years
Furniture & Office Equipment	10 years
Electronic Equipment	5 years
Tools	5 years

(g) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the company, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investments

All investments are valued at cost and interest on those investments is recognised when accrued.

(i) Impairment

In accordance with Australian Accounting Standards the Town'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.

(j) 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 provision for employees' benefits for annual leave and long service leave expected to be settled more than 12 months from the reporting date represents the present value of the estimated future cash outflows to be made by the employer resulting from the employees service to balance date.

(k) 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.

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

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Superannuation

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

(m) Interest Rate Risk

The Council's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, is considered negligible for all financial instruments other than borrowings. Information on interest rate risk as it applies to borrowings is disclosed separately in this report.

(n) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to and forming part of the financial report. The Town does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Town.

(o) Fair Value

The fair value of assets and liabilities approximate their carrying values. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds fair value have not been written down as the Council intends to hold these assets to maturity.

The aggregate fair value and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the financial report.

(p) Cash

For the purposes of the Cash Flow Statement, cash includes cash on hand and at call deposits with banks and financial institutions.

(q) Realisable Assets

For the purposes of the calculation of Financial Ratios/Performance Measurements, realisable assets have been considered to be those assets which are not subject to any restrictions on realisation of use. Any liability represented by a restricted asset has been appropriately recorded separately and disclosed.

(r) Trade and Other Receivables

Trade receivables, which generally have 30- 90 day terms, are recognised in the balance sheet less any allowance for uncollectable 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 collectable.

(s) Trade and Other Payables

Trade and other payables are carried at amorised cost. They represent liabilities for goods and services provided to the Local Government prior to the end of the financial year that are unpaid and arise when the Local Government becomes obligated 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.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) 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 due balance sheet date.

Borrowing Costs

Borrowing costs are recognised as an expense when incurred.

(u) Rounding Off Figures

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

(v) Comparative Figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

2. REVENUES AND EXPENSES	NOTE	2007	2006
		\$	\$
(a) Result from Ordinary Activities			
The Result from Ordinary Activities includes:			
(i) Charging as an Expense:			
Auditors Remuneration			
Audit		11,084	9,800
Depreciation			
Buildings	6	264,454	254,785
Furniture and Equipment	6	19,101	19,696
Plant and Equipment	6	129,988	138,645
Infrastructure Assets	7	237,471	222,980
		<u>651,014</u>	<u>636,106</u>
Interest Expenses			
Debentures	21(a)	71,410	79,032
		<u>71,410</u>	<u>79,032</u>
(ii) Crediting as Revenue:			
	NOTE	2007	2006
		\$	\$
Interest Earnings			
Investments			
- Reserve Funds		30,365	13,704
- Other Funds		135,415	95,000
		<u>165,780</u>	<u>108,704</u>
		<u>165,780</u>	<u>130,641</u>

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

2. REVENUES AND EXPENSES

(b) By nature and type

	NOTE	2007 \$	2007 Budget \$	2006 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	22	3,821,346	3,805,097	3,504,328
Grants and Subsidies	28	696,300	664,816	635,554
Contributions Reimbursements and Donations		141,748	67,432	141,748
Fees and Charges	27	924,667	814,344	747,525
Interest Earnings	2(a)	165,780	132,804	130,641
Other Revenue		148,864	152,180	70,028
		<u>5,898,705</u>	<u>5,636,673</u>	<u>5,229,824</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(1,890,302)	(1,919,779)	(1,930,228)
Materials and Contracts		(2,513,202)	(2,772,342)	(1,967,638)
Utilities		(236,435)	(253,062)	(242,651)
Depreciation	2(a)	(651,014)	(633,042)	(636,106)
Interest Expenses	2(a)	(71,410)	(71,519)	(79,032)
Contributions & Donations		0	0	0
Insurance		(146,408)	(151,549)	(126,378)
Other Expenditure		(104,785)	(77,850)	(62,675)
		<u>(5,613,556)</u>	<u>(5,879,143)</u>	<u>(5,044,708)</u>
		285,149	(242,470)	185,116
GRANTS/CONTRIBUTIONS FOR THE DEVELOPMENT OF ASSETS				
Grants and Subsidies - non-operating	28	54,050	181,467	383,033
Contributions Reimbursements and Donations - non-operating		0	4,500	0
		<u>54,050</u>	<u>185,967</u>	<u>383,033</u>
DISPOSAL OF ASSETS				
Profit on Asset Disposals	20	13,128	19,194	29,675
Loss on Asset Disposals	20	(2,252)	0	(4,316)
		<u>10,876</u>	<u>19,194</u>	<u>25,359</u>
NET RESULT		<u><u>350,075</u></u>	<u><u>(37,309)</u></u>	<u><u>593,508</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 FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

2. REVENUES AND EXPENSES (Continued)

(c) Statement of Objective

The Town of East Fremantle is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

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 Staff Houses

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.

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.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

2. REVENUES AND EXPENSES (Continued)

(c) Statement of Objective (Continued)

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 and operation costs and depot maintenance.

	2007	2006
	\$	\$
(d) Conditions Over Contributions		
 New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.	 4,284	 126,293
 Closing balances of unexpended grants	 <u>4,284</u>	 <u>126,293</u>
 Comprises:		
Foreshore Erosion Grant (Swan River Trust)		95,543
Federal Road Grant (Auslink)	<u>4,284</u>	<u>30,750</u>
	<u>4,284</u>	<u>126,293</u>

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	1,168,563	601,524
Restricted	1,072,379	1,273,251
	<u>2,240,942</u>	<u>1,874,775</u>

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

Mooring Pens	59,200	38,800
Bonds	49,431	45,170
Footpaths	310,908	242,420
EF Tennis Club Sinking Fund	0	3,600
Unspent Grants (refer Note 2(d))	4,284	126,293
Specified Area Rate	0	1,644
Long Service Leave Reserve	0	28,613
Plant Replacement Reserve	22,530	29
Asbestos Reserve Account	0	7,142
ARC/Legal Funds Reserve	0	259,864
Office Reserve	0	15,805
Staff Leave Reserve	123,244	87,367
Civic Buildings Reserve	92,480	0
T/Planning Reserve	0	15,545
Leeuwin Reserve	0	28,188
Centennial Reserve	0	2,691
General Reserve	0	172
Nomination Deposits Trust	45	202
Tramway Trust	148,510	139,446
Trust Deposits (Left Bank & Garfield)	261,747	230,260
	<u>1,072,379</u>	<u>1,273,251</u>

4. TRADE AND OTHER RECEIVABLES

Current

Rates Outstanding	49,859	30,892
Loan Club & Organisations	8,942	13,615
Accrued Income-ESL	18,016	4,574
Sundry Debtors	64,573	69,105
Less: Provision for Doubtful Debts	(600)	(600)
	<u>140,790</u>	<u>117,586</u>

Non-Current

Loans - Clubs/Institutions	23,708	32,650
Rates Outstanding - Pensioners	95,689	100,443
	<u>119,397</u>	<u>133,093</u>

5. INVENTORIES

	<u>0</u>	<u>0</u>
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TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

	2007 \$	2006 \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	10,987,284	10,799,974
Less Accumulated Depreciation	<u>(3,329,890)</u>	<u>(3,065,436)</u>
	7,657,394	7,734,538
Furniture and Equipment - Cost	495,972	462,161
Less Accumulated Depreciation	<u>(401,472)</u>	<u>(382,370)</u>
	94,500	79,791
Plant and Equipment - Cost	1,561,590	1,544,494
Less Accumulated Depreciation	<u>(1,165,943)</u>	<u>(1,098,111)</u>
	395,647	446,383
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>8,147,541</u>	<u>8,260,712</u>

Effective from 1 July 2004, Council deemed the carrying amount of land and buildings previously carried at a revalued amount to be their cost.

This was in accordance with the exemptions on application of Australian Accounting Standard AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards". These assets, along with all other plant and equipment asset classes, are now being carried at cost. Whilst they are not subject to a policy of regular revaluation, they are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

CLASSIFICATION	OPENING BALANCE	ADDITIONS	(DISPOSALS)	DEPRECIATION EXPENSE	CARRYING AMOUNT AT END OF YEAR
LAND & BUILDINGS	7,734,540	187,310		(264,456)	7,657,394
FURNITURE & EQUIPMENT	79,790	33,811		(19,101)	94,500
PLANT & EQUIPMENT	446,382	147,683	(68,432)	(129,986)	395,647
TOTAL	8,260,712	368,804	(68,432)	(413,543)	8,147,541

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006
	\$	\$
7. INFRASTRUCTURE		
Streets at Cost	486,845	486,845
Less Accumulated Depreciation	<u>(58,067)</u>	<u>(47,404)</u>
	<u>428,778</u>	<u>439,441</u>
Reserves at Cost	780,689	780,689
Less Accumulated Depreciation	<u>(71,107)</u>	<u>(52,197)</u>
	<u>709,582</u>	<u>728,492</u>
Rivers at Cost	181,011	181,011
Less Accumulated Depreciation	<u>(42,913)</u>	<u>(38,594)</u>
	<u>138,098</u>	<u>142,417</u>
Roads at Cost	5,792,876	5,470,028
Less Accumulated Depreciation	<u>(986,077)</u>	<u>(874,215)</u>
	<u>4,806,799</u>	<u>4,595,813</u>
Paths at Cost	1,625,796	1,523,688
Less Accumulated Depreciation	<u>(233,587)</u>	<u>(202,940)</u>
	<u>1,392,209</u>	<u>1,320,748</u>
Signs at Cost	85,453	85,453
Less Accumulated Depreciation	<u>(61,341)</u>	<u>(53,720)</u>
	<u>24,112</u>	<u>31,733</u>
Irrigation at Cost	359,564	39
Less Accumulated Depreciation	<u>(95,975)</u>	<u>(80,350)</u>
	<u>263,589</u>	<u>(80,311)</u>
Parks at Cost	526,453	517,673
Less Accumulated Depreciation	<u>(108,039)</u>	<u>(86,493)</u>
	<u>418,414</u>	<u>431,180</u>
Car Parks at Cost	387,045	387,045
Less Accumulated Depreciation	<u>(77,512)</u>	<u>(69,769)</u>
	<u>309,533</u>	<u>317,276</u>
Drains at Cost	766,418	758,868
Less Accumulated Depreciation	<u>(68,341)</u>	<u>(59,805)</u>
	<u>698,077</u>	<u>699,063</u>
TOTAL INFRASTRUCTURE	<u>9,189,190</u>	<u>8,625,852</u>

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

CLASSIFICATION	OPENING BALANCE	ADDITIONS	ADJUSTMENTS	DEPRECIATION EXPENSE	CARRYING AMOUNT AT THE END OF THE YEAR
STREETS	439,441			(10,663)	428,778
RESERVES	728,492			(18,910)	709,582
RIVERS	142,417			(4,319)	138,098
ROADS	4,595,814	322,847		(111,862)	4,806,799
PATHS	1,320,748	102,108		(30,647)	1,392,209
SIGNS	31,733			(7,621)	24,112
DRAINS	699,062	7,550		(8,536)	698,076
IRRIGATION	279,214			(15,625)	263,589
PARKS	431,182	8,780		(21,547)	418,415
CAR PARKS	317,276			(7,743)	309,533
	8,985,377	441,285	-	(237,473)	9,189,190

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	334,228	382,375
Accruals	87,392	4,341
Accrued Salaries and Wages	45,728	22,390
Income received in Advance	0	0
Bonds & Deposits	415,937	326,390
Transport Tramway Trust	148,556	139,649
Trust Fund	261,747	230,260
	<u>1,293,588</u>	<u>1,105,405</u>

9. BORROWINGS

Current		
Loans	134,874	131,839
Non-Current		
Loans	869,167	1,004,045
TOTAL BORROWINGS	<u>1,004,041</u>	<u>1,135,884</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Current		
Provision for Annual Leave	144,571	88,647
Provision for Long Service Leave	26,290	42,486
	<u>170,861</u>	<u>131,133</u>
Non-Current		
Provision for Long Service Leave	90,670	70,496
	<u>90,670</u>	<u>70,496</u>

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

11. RESERVES - CASH BACKED	2007 \$	2007 Budget \$	2006 \$
(a) Specified Area Reserve			
Opening Balance	1,644	1,644	1,154
Amount Set Aside / Transfer to Reserve	21	0	491
Amount Used / Transfer from Reserve	<u>(1,665)</u>	<u>(1,644)</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>1,644</u>
(b) Plant Replacement Reserve			
Opening Balance	29	29	28
Amount Set Aside / Transfer to Reserve	22,501	52,500	1
Amount Used / Transfer from Reserve	<u>0</u>	<u>(30,000)</u>	<u>0</u>
	<u>22,530</u>	<u>22,529</u>	<u>29</u>
(c) Staff Leave Reserve			
Opening Balance	87,368	87,367	83,281
Amount Set Aside / Transfer to Reserve	35,876	33,805	4,086
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>123,244</u>	<u>121,172</u>	<u>87,367</u>
(d) Office Reserve			
Opening Balance	15,805	15,805	15,070
Amount Set Aside / Transfer to Reserve	195	0	735
Amount Used / Transfer from Reserve	<u>(16,000)</u>	<u>(15,805)</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>15,805</u>
(e) Town Planning Reserve			
Opening Balance	15,545	15,545	14,671
Amount Set Aside / Transfer to Reserve	192	0	874
Amount Used / Transfer from Reserve	<u>(15,737)</u>	<u>(15,545)</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>15,545</u>
(f) Leeuwin Reserve			
Opening Balance	28,188	28,188	26,864
Amount Set Aside / Transfer to Reserve	347	0	1,324
Amount Used / Transfer from Reserve	<u>(28,535)</u>	<u>(28,188)</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>28,188</u>
(g) Centennial Reserve			
Opening Balance	2,691	2,691	2,565
Amount Set Aside / Transfer to Reserve	33	0	126
Amount Used / Transfer from Reserve	<u>(2,724)</u>	<u>(2,691)</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>2,691</u>
(h) ARC/ Legal Costs Reserve			
Opening Balance	259,864	259,864	430,210
Amount Set Aside / Transfer to Reserve	22,222	0	25,771
Amount Used / Transfer from Reserve	<u>(282,086)</u>	<u>(259,864)</u>	<u>(196,117)</u>
	<u>0</u>	<u>0</u>	<u>259,864</u>

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

	2007 \$	2007 Budget \$	2006 \$
11. RESERVES - CASH BACKED (Continued)			
(i) Long Service Leave Reserve			
Opening Balance	28,613	28,613	27,222
Amount Set Aside / Transfer to Reserve	1,403	0	1,391
Amount Used / Transfer from Reserve	<u>(30,016)</u>	<u>(28,613)</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>28,613</u>
(j) Asbestos Removal Reserve			
Opening Balance	7,142	7,142	6,815
Amount Set Aside / Transfer to Reserve	88	0	327
Amount Used / Transfer from Reserve	<u>(7,230)</u>	<u>(7,142)</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>7,142</u>
(k) General Reserve			
Opening Balance	172	172	167
Amount Set Aside / Transfer to Reserve	12	0	5
Amount Used / Transfer from Reserve	<u>(184)</u>	<u>(172)</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>172</u>
(m) Civic Buildings Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	139,151	122,063	0
Amount Used / Transfer from Reserve	<u>(46,670)</u>	<u>(105,000)</u>	<u>0</u>
	<u>92,481</u>	<u>17,063</u>	<u>0</u>
Total Cash Backed Reserves	<u>238,255</u>	<u>160,764</u>	<u>447,060</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 accrued long service and annual leave requirements

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

The balances of the following cash reserves were transferred to Civic Buildings Reserve during 2006-07 as per the Budget: Specified Area Rate, Office, Town Planning, Leeuwin, Bi-Centennial, ARC/Legal costs and Asbestos Reserves

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

11. RESERVES - CASH BACKED (Continued)

Usage of Reserves

All Reserves are on-going and are not expected to be totally utilised within a set period as further transfers to and from the Reserve accounts are expected as the funds are utilised in this and future budgets.

12. RESERVES - ASSET REVALUATION

No asset revaluation have been undertaken up to 30 June 2007.

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

13. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	2007 \$	2007 Budget \$	2006 \$
Cash and Cash Equivalents	<u>2,240,942</u>	<u>1,000,537</u>	<u>1,874,775</u>

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

Net Result	350,075	(37,309)	593,508
Depreciation	651,014	633,042	636,106
(Increase)/Decrease in Receivables	(23,124)	0	79,315
(Profit)/Loss on Sale of Asset	(10,876)	(19,194)	(25,359)
(Increase)/Decrease in Inventories	0	0	0
Increase/(Decrease) in Payables	188,185	0	340,913
Increase/(Decrease) in Employee Provisions	59,902	0	(30,078)
Grants/Contributions for the Development of Assets	<u>(54,050)</u>	<u>(185,967)</u>	<u>(383,033)</u>
Net Cash from Operating Activities	<u><u>1,161,126</u></u>	<u><u>390,572</u></u>	<u><u>1,211,372</u></u>

(c) Borrowing Facilities

Loan Facilities

Loan Facilities - Current	134,874	131,843	131,839
Loan Facilities - Non-Current	869,167	1,004,041	1,004,045
Total Facilities in Use at Balance Date	<u><u>1,004,041</u></u>	<u><u>1,135,884</u></u>	<u><u>1,135,884</u></u>
 Unused Loan Facilities at Balance Date	 <u><u>0</u></u>	 <u><u>0</u></u>	 <u><u>0</u></u>

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

14. CAPITAL AND LEASING COMMITMENTS	2007 \$	2006 \$
(a) Finance Lease Commitments		
Total Finance Lease Liability	0	0
(b) Operating Lease Commitments		
Rentworks Limited (Tractor)	37,682	54,429
Telstra (Telephone System)	11,131	15,305
Danka (Photocopier)	34,214	42,768
Volante Systems (Microsoft)	1,786	8,930
Toshiba (Photocopier)	2,614	10,474
Total Operating Lease Liability	87,427	131,906
(c) Capital Expenditure Commitments		

Council did not have any capital expenditure projects outstanding at the end of the current reporting period.

15. CONTINGENT LIABILITIES

Regional Resource Recovery Centre-Lending Facility

- (a)** Council is a participant in the Regional Resource Recovery Centre. The Project was established through the Southern Metropolitan Regional Council (SMRC) and involves the Cities of Canning, Cockburn, Fremantle, Melville & Town of East Fremantle in the development of a waste processing plant and a recyclable & green waste facility at Canning Vale.
- The Capital construction of the facility will be funded by borrowings from the Western Australian Treasury Corporation. A \$55 million lending facility has been set up for this purpose, repayable over a term of 20 years. It is noted that the SMRC as at 30/06/07 were in the process of making an application to increase the borrowing limit to \$55 million. The SMRC will receive and administer the borrowings and the project will make quarterly contributions towards repayment of these borrowings. The Council's estimated share of the project funding is based on population percentages (census figures each 5 years) over the life of the loan, currently at 2.45%. The SMRC Loan Liability as at 30 June 2007 is \$51,696,134 with the Council's share of this liability being \$1,256,216. It is estimated that once fully drawn, Council's annual contribution towards the repayment of interest and principal will be in the region of \$115,000 over the 20 year loan period. Council has guaranteed by way of agreement its share of the loan liability to the SMRC and the Western Australian Treasury Corporation (funding body)
- (b)** The SMRC participants have also guaranteed by way of security to the Western Australian Treasury Corporation, a charge over its general funds for the debenture borrowings for the SMRC Administration building at 9 Aldous Place, Booragoon. The SMRC Loan Liability as at 30 June 2007, is \$1,800,000 with the Council's share of this liability being \$32,400.

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

16. JOINT VENTURE

Southern Metropolitan Regional Council

General Funds

The Council is a member of the Southern Metropolitan Regional Council. SMRC was established in accordance with the Local Government Act 1995 and consists of seven local governments namely Cities of Canning, Cockburn, Fremantle, Melville, Rockingham & Towns of East Fremantle and Kwinana. Council's share in the net assets of the SMRC (excluding the RRRC project) as at 30 June was

	(unaudited)	
	2006/07	2005/06
Amount of interest	\$7,408	7,082
Cost/profit sharing ratio	1.80%	1.80%

The RRRC project is disclosed separately as it has a different cost/profit sharing ratio to that for the SMRC's General funds.

Regional Resource Recovery Centre (RRRC)

Cockburn, Fremantle, Melville & Town of East Fremantle. The venture was established through the SMRC as a major trading undertaking. The RRRC joint venture's principal activity is the development of a waste processing plant & green waste facility at Canning Vale.

Participating Council's are required to contribute an annual fee to cover the capital cost in the establishment of the facility and pay gate fees for each tonne of waste they deliver to the facility to cover the operating costs. The capital costs for each participating Member Council is based on the Australian Bureau of Statistics census of population statistics. Each project participant will develop equity in the project equal to the relevant proportion of the total capital loan repayments made by the project participant. The Council's interest in the equity of the Joint Venture as at 30 June (as calculated by the SMRC);

	(unaudited)	
	2006/07	2005/06
Share of Equity	(127,319)	(122,972)
Cost/profit sharing ratio	2.45%	2.46%

It is estimated that the capital cost of the project will be \$55 million to be funded by borrowings repayable by annual contributions from the five participating Local Governments. Council's portion of the Capital repayment commenced in the 2001-2002 financial years and will continue for a period of 20 years. The contribution for 2006-2007 by the Council is \$116,118 and this expenditure is reflected in Council's financial statements as an operating expense.

South West Group

The Council is a member participant in a project for the South West Management Groups with the Cities of Canning, Cockburn, Fremantle, Rockingham & Town of Kwinana.

Council's share in the net assets of the South West Group as at 30 June 2007 was:

	2006/07	2005/06
Share of Equity	24,645	34,770
Cost/profit sharing ratio	8.28%	14.80%

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2007	2006
	\$	\$
Governance	1,065,120	1,106,673
Law, Order, Public Safety	3,922	5,613
Health	33,047	34,305
Education & Welfare	289,209	310,505
Housing	227,776	236,535
Community Amenities	1,598,467	1,524,312
Recreation and Culture	5,916,802	5,871,944
Transport	7,456,670	7,390,587
Economic Services	0	0
Other Property and Services	745,693	765,614
Unallocated	2,501,156	2,125,455
	<u>19,837,862</u>	<u>19,371,543</u>

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

18. FINANCIAL RATIOS	2007	2006	2005
Current Ratio	2.03	1.31	1.02
Untied Cash to Trade Creditors Ratio	3.49	1.57	0.80
Debt Ratio	12.92%	12.61%	12.07%
Debt Service Ratio	3.43%	3.85%	3.84%
Gross Debt to Revenue Ratio	16.98%	20.59%	24.89%
Gross Debt to Economically Realisable Assets Ratio	9.43%	10.94%	15.26%
Rate Coverage Ratio	65.06%	62.11%	65.73%
Outstanding Rates Ratio	1.28%	0.87%	1.78%

The above rates are calculated as follows:

Current Ratio	$\frac{\text{Current assets LESS restricted current assets LESS SS Loans}}{\text{Current liabilities LESS liabilities associated with restricted assets LESS Long Term Borrowings}}$
Untied Cash to Trade Creditors Ratio	$\frac{\text{Untied cash (Unrestricted Cash)}}{\text{Unpaid trade creditors}}$
Debt Ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$
Debt Service Ratio	$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{Total Borrowings and Utilised Overdraft}}{\text{Total Revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{Total Borrowings and Utilised Overdraft}}{\text{Total Assets LESS Infrastructure Assets}}$
Rate Coverage Ratio	$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{Total Rates outstanding}}{\text{Total Rates collectable}}$

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

19. TRUST FUNDS

Council maintains a trust account containing monies it has control over. These amounts have been included in the financial report.

	Opening Balance	Receipts	Interest Received	Payments	Closing Balance
Garfield	8,281	0	538	0	8,819
Left Bank	221,979	16,521	14,429	0	252,928
Transport Tramway Funds	139,489	0	9,067	0	148,556
	369,749	16,521	24,033	0	410,303

20. DISPOSALS OF ASSETS - 2006/07 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$
Plant & Equipment						
CEO's Fairlane 1BUS159	0	23,514	0	28,000	0	4,486
EHO's Astra 1BTI677	10,842	11,137	13,364	12,000	2,522	863
Planning Astra 1BTI678	10,842	11,137	13,364	12,000	2,522	863
Town PI Falcon 1BTM365	12,132	15,697	13,182	19,000	1,050	3,303
John Deere Mower	3,123	3,931	6,990	5,000	3,867	1,069
Work Mgr Falcon 1BTM070	12,924	14,902	16,091	16,000	3,167	1,098
Ford Falcon 1BTG827	14,496	0	13,636	0	(860)	0
Ford Courier 1BRM938	0	11,992	0	16,000	0	4,008
Toyota Dual Cab 1BFM099	0	3,496	0	7,000	0	3,504
Various Small Items	4,074	0	2,682	0	(1,392)	0
	68,432	95,806	79,308	115,000	10,876	19,194

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-06 \$	New Loans \$	Principal Repayments		Principal 30-Jun-07		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Administration								
Organisational Reform - 179	179,702		14,856	14856	164,846	164,846	12,407	12,517
Community Amenities								
George Street Beautification - 173	49,132		4,794	4794	44,338	44,338	3,285	3,285
Recycling Bins - 176	55,200		17,261	17261	37,939	37,939	3,241	3,241
Recreation and Culture								
East Fremantle Tennis Club - 165 *	15,707		10,294	10294	5,413	5,413	908	908
East Fremantle Bowling Club - 167 *	30,559		3,322	3322	27,237	27,237	1,820	1,820
Foreshore/Landscaping - 169	91,713		8,950	8950	82,763	82,763	6,132	6,132
Playground Equipment - 171	52,407		5,114	5114	47,293	47,293	3,504	3,504
Automatic Reticulation - 175	72,061		7,032	7032	65,029	65,029	4,818	4,818
Transport								
Footpath Construction - 168	98,264		9,589	9589	88,675	88,675	6,570	6,570
Construction Works - 170	44,546		4,347	4,347	40,199	40,199	2,978	2,978
Local Area Traffic Management - 174	32,755		3,196	3,196	29,559	29,559	2,190	2,190
Road and Footpath Construction - 178	107,823		8,914	8,914	98,909	98,909	7,510	7,510
Road and Footpath Construction - 182	149,971		18,390	18,390	131,581	131,581	7,100	7,100
Road and Footpath Construction - 184	156,046		15,785	15,785	140,261	140,261	8,947	8,947
	1,135,885	0	131,844	131,844	1,004,042	1,004,042	71,410	71,520

(*) Self supporting loan financed by payments from third parties. All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2006/07

Council raised no new debenture loans during the 2006/07 financial year.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

21. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Council had no unspent debenture loans as at 30 June 2007.

(d) Overdraft

Council established an overdraft facility of \$100,000 in 1997 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2006 and 30 June 2007 was \$Nil.

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

22. RATING INFORMATION - 2006/07 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
Residential	8.9093	2,843	34,288,392	3,054,856	19,431	888	3,075,175	3,052,419	20,000		3,072,419
Commercial	11.3346	99	5,348,195	606,196	15,370		621,566	608,073			608,073
Sub-Totals		2,942	39,636,587	3,661,052	34,801	888	3,696,741	3,660,492	20,000	0	3,680,492
Minimum Rates	Minimum \$										
Residential	585	213	1,196,343	124,605			124,605	124,605			124,605
Commercial	731	0		0			0				0
Sub-Totals		213	1,196,343	124,605	0	0	124,605	124,605	0	0	124,605
Specified Area Rate (refer note 23)							3,821,346				3,805,097
							0				0
Discounts (refer note 25)							3,821,346				3,805,097
							0				0
Totals							3,821,346				3,805,097

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

23. SPECIFIED AREA RATE - 2006/07 FINANCIAL YEAR

Council imposed no specified area rates during the 2006/07 financial year.

24. SERVICE CHARGES - 2006/07 FINANCIAL YEAR

Council imposed no service charges during the 2006/07 financial year.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2006/07 FINANCIAL YEAR**

Council did not grant any discounts, incentives or concessions during 2006/07.

26. INTEREST CHARGES AND INSTALMENTS - 2006/07 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00		11,073	11,000
Interest on Instalments Plan	5.50		20,266	19,000
Charges on Instalment Plan	\$15/Notice		30,015	30,000
			61,354	60,000

Ratepayers had the option of paying rates by two or four equal instalments. Instalments under the latter plan were due on 4 September 2006, 6 November 2006, 8 January 2007 and 12 March 2007. Instalments under the former plan were due on the first and third dates mentioned above.

27. FEES & CHARGES

	2007 \$	2006 \$
Governance	15,106	17,940
General Purpose Funding	44,555	29,645
Law, Order, Public Safety	9,436	9,512
Health	2,017	1,852
Education & Welfare	17,752	7,646
Housing	44,170	41,145
Community Amenities	275,229	165,559
Recreation & Culture	122,132	63,066
Transport	234,382	226,170
Economic Services	89,121	126,005
Other Property & Services	70,767	58,985
	<u>924,667</u>	<u>747,525</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

28. GRANT REVENUE	2007	2006
	\$	\$
By Nature and Type:		
Grants and Subsidies - operating	696,300	635,554
Grants and Subsidies - non-operating	54,050	383,033
	<u>750,350</u>	<u>1,018,587</u>
By Program:		
General Purpose Funding	174,019	170,580
Education & Welfare	533,439	429,464
Community Amenities	2,785	347,336
Recreation and Culture	25,000	20,597
Transport	15,107	50,610
Other Property & Services	0	0
	<u>750,350</u>	<u>1,018,587</u>

29. COUNCILLORS' REMUNERATION	2007	2007	2006
	Actual	Budget	Actual
	\$	\$	\$
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	53,083	56,000	54,500
Mayoral Meeting Fees	14,000	14,000	12,000
Mayoral Allowance	12,000	12,000	10,000
Deputy Mayoral Allowance	3,000	3,000	1,846
Conferences & Other Expenses	5,438	4,000	4,648
	<u>87,521</u>	<u>89,000</u>	<u>82,994</u>

30. EMPLOYEES' REMUNERATION

Set out below, in bands of \$10,000, is the number of employees of the Town entitled to an annual salary of \$100,000 or more.

Salary Range	2007	2006
\$		
100,000 - 109,999	1	1

31. EMPLOYEE NUMBERS	2007	2006
The number of full-time equivalent Employees at balance date	<u>37</u>	<u>37</u>

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

32. ECONOMIC DEPENDENCY

A significant portion of revenue is received by way of grants from the State and Federal Government. The total of grant revenue from government sources is disclosed in Note 28.

33. MAJOR LAND TRANSACTIONS

Council did not undertake any major land transactions during the 2006/07 financial year.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2006/07 financial year.

35. BUDGET COMPARISON

	2006/07 Actual \$	2006/07 Budget \$
--	-------------------------	-------------------------

- (a) Non Operating Income and Expenditure
The following non operating income and expenditure and movements to and from reserve accounts are not included in the operating statement.

Non Operating Income

Proceeds on sale of assets	79,308	115,000
Loans raised	0	0
Transfers from reserves	431,227	494,664

Non Operating Expenditure

Principal Repayment of loans	131,844	131,843
Construction/purchase of assets		
Land and Buildings	187,310	257,500
Plant and Equipment	147,683	232,800
Furniture and Equipment	33,811	37,000
Infrastructure	441,285	930,250
Transfers to reserves	222,421	208,368

- (b) Net Current Asset Position as at 1 July 2006

The net current position balance carried forward from the previous financial year for the purpose of the 2006/07 budget was \$591,543

The actual net current asset position balance shown in the audited financial report as at 30 June 2006 after adjustment for restricted assets was \$549,853

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

36 FINANCIAL INSTRUMENTS

(a) Significant Accounting Policies

Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 of the accounts.

The following table details the Council's exposure to interest rate risk as at the reporting date.

	Average Interest Rate %	Variable Interest Rate \$	Fixed Interest Rate Maturity			Non- Interest Bearing \$	Total \$
			Less than 1 Year \$	1 to 5 Years \$	More than 5 Years \$		
2007 Financial Assets							
Term Deposits	6.34	1,050,506					1,050,506
On Call	Variable	867,212					867,212
Cash at Bank	4.00	322,624				600	323,224
Trade Receivables						114,639	114,639
Rate Receivables						49,859	49,859
		2,240,342				165,098	2,405,440
2007 Financial Liabilities							
Trade Payables						1,251,461	1,251,461
Loans	6.75		5,414	37,940	960,687		1,004,041
		0				1,251,461	2,255,502
2006 Financial Assets							
Term Deposits	5.75	1,127,554				39	1,127,593
Cash at Bank	4.00	747,220					747,220
Trade Receivables						119,344	119,344
Rate Receivables						30,892	30,892
		1,874,774				150,236	2,025,049
2006 Financial Liabilities							
Trade Payables						1,307,034	1,307,034
Loans	6.75		10,294	60,615	1,064,973		1,135,882
		0				1,307,034	2,442,916

b) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial report represents their respective net fair values determined in accordance with the accounting policies disclosed in Note 1.

c) Credit Risk Exposure

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to and forming part of the financial report. The Town does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Town.