

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2006

	2006	2005
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings -		
Cost	10,799,974	10,383,659
Less Accumulated Depreciation	<u>(3,065,436)</u>	<u>(2,810,651)</u>
	7,734,538	7,573,008
Furniture and Equipment - Cost	462,161	442,989
Less Accumulated Depreciation	<u>(382,370)</u>	<u>(362,675)</u>
	79,791	80,314
Plant and Equipment - Cost	1,544,494	1,485,920
Less Accumulated Depreciation	<u>(1,098,111)</u>	<u>(1,028,820)</u>
	446,383	457,100
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>8,260,712</u>	<u>8,110,422</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	7,573,008	416,315		(254,783)	7,734,540
FURNITURE & EQUIPMENT	80,314	19,172		(19,696)	79,790
PLANT & EQUIPMENT	457,100	165,139	(37,212)	(138,645)	446,382
TOTAL	8,110,422	600,626	(37,212)	(413,124)	8,260,712

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FOR THE YEAR ENDED 30TH JUNE 2006

	2006	2005
	\$	\$
7. INFRASTRUCTURE		
Streets at Cost	486,845	635,536
Less Accumulated Depreciation	<u>(47,404)</u>	<u>(37,004)</u>
	<u>439,441</u>	<u>598,532</u>
Reserves at Cost	780,689	719,224
Less Accumulated Depreciation	<u>(52,197)</u>	<u>(37,125)</u>
	<u>728,492</u>	<u>682,099</u>
Rivers at Cost	181,011	181,011
Less Accumulated Depreciation	<u>(38,594)</u>	<u>(34,275)</u>
	<u>142,417</u>	<u>146,736</u>
Roads at Cost	5,470,028	5,370,567
Less Accumulated Depreciation	<u>(874,215)</u>	<u>(764,884)</u>
	<u>4,595,813</u>	<u>4,605,683</u>
Paths at Cost	1,523,688	1,180,053
Less Accumulated Depreciation	<u>(202,940)</u>	<u>(175,732)</u>
	<u>1,320,748</u>	<u>1,004,321</u>
Signs at Cost	85,453	83,653
Less Accumulated Depreciation	<u>(53,720)</u>	<u>(46,234)</u>
	<u>31,733</u>	<u>37,419</u>

Irrigation at Cost	359,564	340,750
Less Accumulated Depreciation	<u>(80,350)</u>	<u>(67,016)</u>
	<u>279,214</u>	<u>273,734</u>
Parks at Cost	517,673	302,014
Less Accumulated Depreciation	<u>(86,493)</u>	<u>(66,866)</u>
	<u>431,180</u>	<u>235,148</u>
Car Parks at Cost	387,045	387,045
Less Accumulated Depreciation	<u>(69,769)</u>	<u>(62,027)</u>
	<u>317,276</u>	<u>325,018</u>
Drains at Cost	758,868	751,377
Less Accumulated Depreciation	<u>(59,805)</u>	<u>(51,342)</u>
	<u>699,063</u>	<u>700,035</u>
TOTAL INFRASTRUCTURE	<u>8,985,377</u>	<u>8,608,725</u>

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

INFRASTRUCTURE

7. (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	598,532	11,450	(160,141)	(10,400)	439,441
RESERVES	682,098	204,594	(143,129)	(15,071)	728,492
RIVERS	146,736	-	-	(4,319)	142,417
ROADS	4,605,683	99,462	-	(109,331)	4,595,814
PATHS	1,004,323	183,494	160,138	(27,207)	1,320,748
SIGNS	37,419	1,800	-	(7,486)	31,733
DRAINS	700,035	7,490	-	(8,463)	699,062
IRRIGATION	273,734	49,904	(31,090)	(13,334)	279,214
PARKS	235,148	41,439	174,222	(19,627)	431,182
CAR PARKS	325,018	-	-	(7,742)	317,276
	8,608,724	599,633	-	(222,980)	8,985,377

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2006

	2006	2005
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	382,375	481,220
Accrued Interest on Loans	4,341	5,331
Accrued Salaries and Wages	22,390	4,891
Income received in Advance	0	3,707
Bonds & Deposits	326,390	269,343
Transport Tramway Trust	139,649	0
Trust Fund	230,260	0
	1,105,405	764,492
	1,105,405	764,492
9. BORROWINGS		
Current		
Loans	131,839	164,331
Non-Current		
Loans	1,004,045	1,095,300
TOTAL BORROWINGS	1,135,884	1,259,631
	1,135,884	1,259,631

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Current

Provision for Annual Leave

88,647

93,776

Provision for Long Service Leave

42,486

23,855

131,133

117,631

Non-Current

Provision for Long Service Leave

70,496

101,328

70,496

101,328

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

11. RESERVES - CASH BACKED	2006 \$	2006 Budget \$	2005 \$
(a) Specified Area Reserve			
Opening Balance	1,154	1,153	20,518
Amount Set Aside / Transfer to Reserve	491	0	1,154
Amount Used / Transfer from Reserve	0	0	(20,519)
	1,644	1,153	1,153
(b) Plant Replacement Reserve			
Opening Balance	28	28	28
Amount Set Aside / Transfer to Reserve	1	0	0
Amount Used / Transfer from Reserve	0	0	0
	29	28	28
(c) Staff Leave Reserve			
Opening Balance	83,281	83,282	78,867
Amount Set Aside / Transfer to Reserve	4,086	3,850	4,415
Amount Used / Transfer from Reserve	0	0	0
	87,367	87,132	83,282
(d) Office Reserve			
Opening Balance	15,070	15,070	14,281
Amount Set Aside / Transfer to Reserve	735	850	789
Amount Used / Transfer from Reserve	0	0	0
	15,805	15,920	15,070

(e) Town Planning Reserve

Opening Balance	14,671	558	20,892
Amount Set Aside / Transfer to Reserve	874	0	1,166
Amount Used / Transfer from Reserve	0	0	(7,386)
	<u>15,545</u>	<u>558</u>	<u>14,672</u>

(f) Leeuwin Reserve

Opening Balance	26,864	26,864	25,424
Amount Set Aside / Transfer to Reserve	1,324	1,350	1,440
Amount Used / Transfer from Reserve	0	0	0
	<u>28,188</u>	<u>28,214</u>	<u>26,864</u>

(g) Centennial Reserve

Opening Balance	2,565	2,564	2,594
Amount Set Aside / Transfer to Reserve	126	90	137
Amount Used / Transfer from Reserve	0	0	0
	<u>2,691</u>	<u>2,654</u>	<u>2,731</u>

(h) ARC/ Legal Costs Reserve

Opening Balance	430,210	429,255	542,667
Amount Set Aside / Transfer to Reserve	25,771	55,000	30,674
Amount Used / Transfer from Reserve	(196,117)	(426,899)	(143,130)
	<u>259,864</u>	<u>57,356</u>	<u>430,211</u>

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

	2006 \$	2006 Budget \$	2005 \$
11. RESERVES - CASH BACKED (Continued)			
(i) Long Service Leave Reserve			
Opening Balance	27,222	27,221	25,639
Amount Set Aside / Transfer to Reserve	1,391	1,600	1,582
Amount Used / Transfer from Reserve	0	0	0
	<u>28,613</u>	<u>28,821</u>	<u>27,221</u>
(j) Asbestos Removal Reserve			
Opening Balance	6,815	6,815	6,472
Amount Set Aside / Transfer to Reserve	327	380	343
Amount Used / Transfer from Reserve	0	(6,000)	0
	<u>7,142</u>	<u>1,195</u>	<u>6,815</u>
(k) General Reserve			
Opening Balance	167	166	0
Amount Set Aside / Transfer to Reserve	5	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>172</u>	<u>166</u>	<u>0</u>
Total Cash Backed Reserves	<u><u>447,060</u></u>	<u><u>223,197</u></u>	<u><u>608,047</u></u>

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

Specified Area Rate Reserve

- a Statutory requirement to transfer surplus funds from Specified Area Rates to a Reserve Fund

Plant Reserve

- to be used for the purchase of major plant

Annual Leave Reserve

- to be used to fund accrued annual leave requirements

Office Reserve

- to be used for the purchase of major office equipment

Long Service Leave Reserve

- to be used to fund long service leave entitlements of staff.

Town Planning Reserve

- to be used to fund expenditure relating to Town Planning Scheme reviews

TOWN OF EAST FREMANTLE
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FOR THE YEAR ENDED 30TH JUNE 2006

11. RESERVES - CASH BACKED (Continued)

Leeuwin Reserve

- to be used for the funding of major expenditure for the boat ramp located at Centennial Reserve

Centennial Reserve

- to be used for the funding of expenditure in the Town's centennial year

Art, Recreation, Community/Legal Costs Reserve

- to be used for the funding of any major art, recreation or community project together with funding of legal costs associated with Cornell Supreme Court Judgement

Asbestos Removal Reserve

- to be used to fund any asbestos removal throughout the Town of East Fremantle

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 2006.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2006

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:

	2006 \$	2006 Budget \$	2005 \$
Cash and Cash Equivalents	<u>1,874,775</u>	<u>1,065,869</u>	<u>1,529,059</u>

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

Net Result	593,508	(53,631)	364,671
Depreciation	636,106	666,523	628,098
(Increase)/Decrease in Receivables	79,315		43,006
(Profit)/Loss on Sale of Asset	(25,359)	(34,887)	(36,027)
(Increase)/Decrease in Inventories	0	82,000	
Increase/(Decrease) in Payables	340,913	177,838	261,685
Increase/(Decrease) in Employee Provisions	(30,078)		(69,002)
Grants/Contributions for the Development of Assets	(383,033)	(374,317)	

Net Cash from Operating Activities1,211,372463,5261,192,431**(c) Borrowing Facilities****Loan Facilities**

Loan Facilities - Current

131,839

164,331

Loan Facilities - Non-Current

1,004,0451,095,300**Total Facilities in Use at Balance Date**1,135,8841,259,631**Unused Loan Facilities at Balance Date**00

TOWN OF EAST FREMANTLE
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FOR THE YEAR ENDED 30TH JUNE 2006

	2006	2005
	\$	\$
14. CAPITAL AND LEASING COMMITMENTS		
(a) Finance Lease Commitments		
Total Finance Lease Liability	<u>0</u>	<u>0</u>
(b) Operating Lease Commitments		
Total Operating Lease Liability	<u>0</u>	<u>0</u>
(c) Capital Expenditure Commitments		
Contracted for:		
Buildings	147,000	0
Payable:		
- not later than one year	147,000	0

The capital expenditure project outstanding at the end of the current reporting period represents completion of the renovation and refurbishment of Dovenby House

15. CONTINGENT LIABILITIES

Regional Resource Recovery Centre-Lending Facility

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 \$47.5 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 30/06/06 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 2.43%. The SMRC Loan Liability as at 30 June 2006 is \$43,950,388 with the Council's share of this liability being \$1,067,994. 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)

TOWN OF EAST FREMANTLE
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FOR THE YEAR ENDED 30TH JUNE 2006

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) 2005/06	2004/05
Amount of interest	\$7,082	6,516
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)	
	2005/06	2004/05
Share of Equity	(122,972)	(15,339)
Cost/profit sharing ratio	2.46%	2.47%

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 2005-2006 by the Council is \$94,125 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 was:

	(unaudited)	
	2005/06	2004/05
Share of Equity	34,770	2,116
Cost/profit sharing ratio	14.80%	7.25%

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17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2006	2005
	\$	\$
Governance	1,106,673	3,170,672
Law, Order, Public Safety	5,613	30,929
Health	34,305	76,184
Education & Welfare	310,505	0
Housing	236,535	458,530
Community Amenities	1,524,312	350,400
Recreation and Culture	5,871,944	1,747,542
Transport	7,390,587	6,445,823
Economic Services	0	5,825,233
Other Property and Services	765,614	16,935
Unallocated	2,125,455	455,954
	<u>19,371,543</u>	<u>18,578,202</u>

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2006

2006 **2005** **2004**

18. FINANCIAL RATIOS

Current Ratio	1.07	1.08	1.40
Untied Cash to Trade Creditors Ratio	1.57	0.80	0.72
Debt Ratio	12.61%	12.07%	11.50%
Debt Service Ratio	3.85%	3.84%	11.23%
Gross Debt to Revenue Ratio	20.59%	24.89%	30.53%
Gross Debt to Economically Realisable Assets Ratio	10.94%	15.26%	18.10%
Rate Coverage Ratio	62.11%	65.73%	66.48%
Outstanding Rates Ratio	3.53%	4.32%	4.34%

The above rates are calculated as follows:

Current Ratio	$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Trade Creditors Ratio	$\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$
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	$\frac{\text{Gross debt}}{\text{Total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{Gross debt}}{\text{Economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{Net rate revenue}}{\text{Net rate revenue}}$

Outstanding Rates Ratio

Operating revenue

Rates outstanding

Rates collectable

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-05 \$	New Loans \$	Principal Repayments		Principal 30-Jun-06		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Administration								
Organisational Reform - 179	193,555		13,853	13853	179,702	179702	13,372	13,520
Town Hall - 187		125,000	0	6934	0	118,066	0	5,549
Community Amenities								
George Street Beautification - 173	53,614		4,482	4482	49,132	49,132	4,278	3,597
Recycling Bins - 176	71,414		16,214	16214	55,200	55,201	3,172	4,288
Recreation and Culture								
East Fremantle Tennis Club - 165 *	25,327		9,620	9620	15,707	15,708	1,582	1,582
East Fremantle Bowling Club - 167 *	33,686		3,127	3127	30,559	30,597	2,014	2,014
Foreshore/Landscaping - 169	100,080		8,367	8367	91,713	91,713	6,715	6,715
Playground Equipment - 171	57,188		4,781	4781	52,407	52,407	3,837	3,837
Automatic Reticulation - 175	78,635		6,574	6574	72,061	72,060	5,276	5,276
Transport								
Footpath Construction - 168	107,228		8,964	8964	98,264	98,264	7,194	7,194
Construction Works - 170	48,609		4,064	4,064	44,545	44,546	3,261	3,262
Local Area Traffic Management - 174	35,743		2,988	2,988	32,755	32,755	2,398	2,398
Road and Footpath Construction - 178	116,135		8,312	8,312	107,823	107,821	8,112	8,112
Road and Footpath Construction - 182	167,476		17,505	17,505	149,971	149,970	7,985	7,985
Road and Footpath Construction - 184	170,942		14,896	14,060	156,046	156,883	9,836	10,674
Road and Footpath Construction - 185		375,000	0	28,226	0	346,774	0	21,982
Drainage - 186		215,000	0	12,045	0	202,955	0	9,543
	1,259,632	715,000	123,747	170,116	1,135,885	1,804,554	79,032	117,528

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

(b) New Debentures - 2005/06

Council raised no new debenture loans during the 2005/06 financial year.

Council budgeted in 2005/06 to borrow \$715,000, however during the year, resolved not to borrow.

TOWN OF EAST FREMANTLE

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FOR THE YEAR ENDED 30TH JUNE 2006

21. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Council had no unspent debenture loans as at 30 June 2006.

(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 2005 and 30 June 2006 was \$Nil.

TOWN OF EAST FREMANTLE

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FOR THE YEAR ENDED 30TH JUNE 2006

22. RATING INFORMATION - 2005/06 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	8.4050	2,816	33,845,838	2,823,529	22,302		2,845,831	2,807,901	40,000		2,847,901
Commercial	10.6930	98	5,635,797	540,921			540,921	602,636			602,636
							0				0
							0				0
							0				0
Sub-Totals		2,914	39,481,635	3,364,450	22,302	0	3,386,752	3,410,537	40,000	0	3,450,537
Minimum Rates	Minimum \$										
Residential	552	213	1,196,343	117,576			117,576	117,576			117,576
Commercial	690	0					0				0
							0				0
							0				0
							0				0
Sub-Totals		213	1,196,343	117,576	0	0	117,576	117,576	0	0	117,576
Specified Area Rate (refer note 23)							3,504,328				3,568,113
							0				0
Discounts (refer note 25)							3,504,328				3,568,113
							0				0
Totals							3,504,328				3,568,113

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23. SPECIFIED AREA RATE - 2005/06 FINANCIAL YEAR

Council imposed no specified area rates during the 2005/06 financial year.

24. SERVICE CHARGES - 2005/06 FINANCIAL YEAR

Council imposed no service charges during the 2005/06 financial year.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2005/06 FINANCIAL YEAR**

Council did not grant any discounts, incentives or concessions during 2005/06.

26. INTEREST CHARGES AND INSTALMENTS - 2005/06 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00		11,390	10,514
Interest on Instalments Plan	5.50		18,990	19,033
Charges on Instalment Plan	\$15/Notice		29,645	29,690
			60,025	59,237

Ratepayers had the option of paying rates by two or four equal instalments. Instalments under the latter plan were due on 23 August 2005, 15 October 2005, 10 January 2006 and 14 March 2006. Instalments under the former plan were due on the first and third dates mentioned above.

27. FEES & CHARGES	2006	2005
	\$	\$
Governance	17,940	13,599
General Purpose Funding	29,645	57,717
Law, Order, Public Safety	9,512	10,536
Health	1,852	1,814
Education & Welfare	7,646	15,749
Housing	41,145	38,544
Community Amenities	165,559	114,653
Recreation & Culture	63,066	72,815
Transport	226,170	178,422
Economic Services	126,005	84,262
Other Property & Services	58,985	104,861
	<u>747,525</u>	<u>692,972</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 2006

28. GRANT REVENUE	2006	2005
	\$	\$
By Nature and Type:		

Grants and Subsidies - operating	635,554	786,585
Grants and Subsidies - non-operating	383,033	17,317
	<u>1,018,587</u>	<u>803,902</u>

By Program:

General Purpose Funding	170,580	165,864
Law, Order, Public Sector	0	7,720
Education & Welfare	429,464	464,642
Community Amenities	347,336	32,533
Recreation and Culture	20,597	39,841
Transport	50,610	57,302
Other Property & Services	0	36,000
	<u>1,018,587</u>	<u>803,902</u>

29. COUNCILLORS' REMUNERATION

	2006	2006	2005
	Actual	Budget	Actual
	\$	\$	\$

The following fees, expenses and allowances were paid to council members and/or the president.

Meeting Fees	54,500	70,000	48,000
Mayoral Meeting Fees	12,000	12,000	12,000
Mayoral Allowance	10,000	10,000	10,000
Deputy Mayoral Allowance	1,846	3,000	2,500
Conferences & Other Expenses	4,648	6,600	2,459
	<u>82,994</u>	<u>101,600</u>	<u>74,959</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	2006	2005
\$		

100,000 - 109,999	1	1
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31. EMPLOYEE NUMBERS

2006

2005

The number of full-time equivalent
Employees at balance date

37

37

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

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 2005/06 financial year.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2005/06 financial year.

35. BUDGET COMPARISON**2005/06
Actual
\$****2005/06
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	62571	196100
Loans raised	0	715,000
Transfers from reserves	196,117	432,899

Non Operating Expenditure

Principal Repayment of loans	123,747	164,332
Construction/purchase of assets		
Land and Buildings	416,315	741,500
Plant and Equipment	165,139	335,300
Furniture and Equipment	19,172	53,000
Infrastructure	599,634	1,114,200
Transfers to reserves	35,131	63,120

- (b)** Net Current Asset Position as at 1 July 2005

The net current position balance carried forward from the previous financial year for the purpose of the 2005/06 budget was \$657,855

The actual net current asset position balance shown in the audited financial report as at 30 June 2005 after adjustment for restricted assets was \$437,721

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2006

36. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRSs)

(a) Reconciliation of Equity at 1 July 2004

There were no material differences between Equity in the opening AIFRSs Balance Sheet and the equity in the 1 July 2004 Balance Sheet presented under previous GAAP.

(b) Reconciliation of Equity at 30 June 2005

There were no material differences between Equity in the 30 June 2005 Balance Sheet presented under AIFRSs and the equity in the 30 June 2005 Balance Sheet presented under previous GAAP.

(c) Reconciliation of Net Result for the Year Ended 30 June 2005

There were no material differences between the Net Result for the year ended 30 June 2005 presented under AIFRSs and the Net Result for the year ended 30 June 2005 presented under previous GAAP.

(d) Explanation of Material Adjustments to the Cash Flow Statement

There are no material differences between the Cash Flow Statement presented under AIFRSs and the Cash Flow Statement presented under previous GAAP.

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

37 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 \$	Non- Interest Bearing \$	Total \$
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2006 Financial Assets

Term Deposits	5.75	1,127,554		1,127,554
Cash at Bank	4	747,220		747,220
Trade Receivables			119,344	119,344
Rate Receivables			30,892	30,892
		1,874,774	150,236	2,025,010

2006 Financial Liabilities

Trade Payables			1,307,034	1,307,034
Loans	7	1,135,884		1,135,884
		1,135,884	1,307,034	2,442,918

2005 Financial Assets

Term Deposits	5	1,337,129		1,337,129
Cash at Bank	4	191,930		191,930
Trade Receivables			173,447	173,447
Rate Receivables			61,049	61,049
		<u>1,529,059</u>	<u>234,496</u>	<u>1,763,555</u>

2005 Financial Liabilities

Trade Payables			983,451	983,451
Loans	7	1,259,631		1,259,631
		<u>1,259,631</u>	<u>983,451</u>	<u>2,243,082</u>

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.

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

38 NATURE & TYPE INCOME STATEMENT

	NOTE	2006 \$	2006 Budget \$	2005 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	22	3,504,328	3,568,113	3,430,664
Grants and Subsidies	28	635,554	786,664	786,585
Contributions Reimbursements and Donations		141,748	42,683	166,873
Fees and Charges	27	747,525	702,718	692,972
Interest Earnings	2(a)	130,641	129,500	122,370
Other Revenue		<u>70,028</u>	<u>69,806</u>	<u>43,839</u>
		5,229,824	5,299,484	5,243,303
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(1,930,228)	(1,761,010)	(1,475,009)
Materials and Contracts		(1,967,638)	(2,846,199)	(1,828,007)
Utilities		(242,651)	(211,578)	(321,272)
Depreciation	2(a)	(636,106)	(666,522)	(628,098)
Interest Expenses	2(a)	(79,032)	(119,245)	(87,207)
Contributions & Donations		0	0	(447,318)
Insurance		(126,378)	(157,762)	0
Other Expenditure		<u>(62,675)</u>	<u>(3)</u>	<u>(144,464)</u>
		<u>(5,044,708)</u>	<u>(5,762,319)</u>	<u>(4,931,375)</u>
		185,116	(462,835)	311,928

Grants and Subsidies - non-operating	28	383,033	374,317	17,317
Contributions Reimbursements and Donations - non-operating		0	0	0
Profit on Asset Disposals	20	29,675	35,647	36,558
Loss on Asset Disposals	20	<u>(4,316)</u>	<u>(760)</u>	<u>(1,132)</u>
NET RESULT		<u>593,508</u>	<u>(53,631)</u>	<u>364,671</u>

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