

**TOWN OF EAST FREMANTLE
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE	2004/2005 Actual \$	2004/05 Budget \$	2003/04 Actual \$
OPERATING REVENUES			
Governance	6,835	24,500	6,349
General Purpose Funding	3,776,614	3,749,994	3,485,051
Law, Order, Public Safety	19,630	25,680	19,132
Health	5,771	2,550	1,803
Education & Welfare	498,254	476,298	448,529
Housing	38,832	36,400	31,331
Community Amenities	179,166	137,699	157,910
Recreation and Culture	163,308	137,885	137,510
Transport	280,297	141,613	110,146
Economic Services	109,239	66,845	68,418
Other Property and Services	165,892	67,000	104,014
TOTAL OPERATING REVENUE	5,243,838	4,866,464	4,570,193
OPERATING EXPENSES			
General Purpose Funding	211,604	173,717	163,045
General Administration	576,640	416,487	485,262
Law, Order, Public Safety	106,876	105,203	89,138
Health	76,636	103,760	94,959
Education and Welfare	558,740	517,457	539,678
Housing	24,548	26,852	21,703
Community Amenities	1,046,696	1,389,694	1,058,709
Recreation & Culture	921,149	1,024,479	897,683
Transport	1,157,721	1,291,698	1,152,989
Economic Services	108,915	116,979	104,942
Other Property and Services	142,986	144,440	193,297
TOTAL OPERATING EXPENSE	4,932,511	5,310,766	4,801,405
Grants/ Contributions for the Development of Assets			
Law Order & Public Safety	7,720	7,600	
Welfare		246,350	-
Recreation & Culture			12,757
Transport	9,597	58,500	138,000
	17,317	312,450	150,757
Disposal of Assets			
Proceeds of Sale	159,861	226,455	166,205
Book Value	(123,834)	(176,335)	(146,579)
Profit on Disposal	36,027	50,120	19,626
			-
			-
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	2	364,671	(81,732)
		(60,829)	

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

TOWN OF EAST FREMANTLE
STATEMENT OF FINANCIAL POSITION

AS AT THE 30 JUNE 2005

	NOTE	2004/2005	2003/2004
		\$	\$
CURRENT ASSETS			
Cash Assets	3	1,529,059	1,058,012
Receivables	4	188,232	144,666
Stock on Hand	5	-	-
Land Held for Resale	6	-	-
TOTAL CURRENT ASSETS		<u>1,717,291</u>	<u>1,202,678</u>
CURRENT LIABILITIES			
Payables	9	882,123	678,807
Interest-Bearing Liabilities	10	164,331	115,910
TOTAL CURRENT LIABILITIES		<u>1,046,454</u>	<u>794,717</u>
NET CURRENT ASSETS		<u>670,836</u>	<u>407,961</u>
NON-CURRENT ASSETS			
Receivables	4	141,763	148,424
Property, Plant and Equipment	7(a)	8,110,423	8,323,117
Infrastructure	7 (b)	8,608,725	8,370,932
TOTAL NON-CURRENT ASSETS		<u>16,860,911</u>	<u>16,842,473</u>
NON-CURRENT LIABILITIES			
Payables	9	101,328	20,110
Interest-Bearing Liabilities	10	1,095,300	1,259,876
TOTAL NON-CURRENT LIABILITIES		<u>1,196,628</u>	<u>1,279,986</u>
NET ASSETS		<u>16,335,119</u>	<u>15,970,448</u>
EQUITY			
Accumulated Surplus		15,727,072	15,233,068
Reserves - Cash Backed	11	608,047	737,380
TOTAL EQUITY		<u>16,335,119</u>	<u>15,970,448</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 30 JUNE 2005

	NOTE	2004/05 \$	2003/04 \$
ACCUMULATED SURPLUS			
Balance as at 1 July		15,233,068	14,966,539
Change in Net Assets Resulting from Operations	2	364,671	(60,829)
Transfer from/(to) Reserves		129,336	327,358
Balance as at 30 June		<u>15,727,075</u>	<u>15,233,068</u>
RESERVES - CASH BACKED			
Balance as at 1 July		737,383	1,064,738
Amount Transferred (to)/from Accumulated Surplus		(129,336)	(327,358)
Balance as at 30 June	11	<u>608,047</u>	<u>737,380</u>
TOTAL EQUITY		<u>16,335,119</u>	<u>15,970,448</u>

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

**TOWN OF EAST FREMANTLE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005**

	NOTE	2004/05 Actuals \$	2004/05 Budget \$	2003/04 Actuals \$
Cash Flows From Operating Activities				
Receipts				
Rates		3,474,232	3,339,410	3,289,781
Grants and Subsidies		803,902	673,833	801,736
Contributions, Reimbursements & Donations		166,873	27,475	164,858
Fees and Charges		692,971	498,816	524,639
Interest Earnings		122,370	124,584	125,892
Other		43,277	37,055	30,869
GST Refund		0		346,623
		<u>5,303,626</u>	<u>4,701,173</u>	<u>5,284,399</u>
Payments				
Employee Costs		(1,544,011)	(1,651,298)	(1,487,351)
Materials and Contracts		(1,560,992)	(2,125,273)	(2,563,567)
Utilities (gas, electricity, water, etc)		(321,872)	(75,315)	(255,543)
Interest		(92,537)	(181,145)	(92,629)
Contributions & Donations		(447,318)	(100,295)	(517,547)
Other		(144,464)	(3,958)	(81,701)
		<u>(4,111,194)</u>	<u>(4,137,284)</u>	<u>(4,998,339)</u>
Net Cash Provided By (Used In) Operating Activities	12(b)	<u>1,192,432</u>	<u>563,889</u>	<u>286,060</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(328,957)	(1,033,550)	(244,285)
Payments for Construction of Infrastructure		(448,069)	(758,860)	(408,349)
Grants/ Contribution Development of Assets			312,450	
Proceeds from Sale of Plant & Equipment		159,861	226,455	166,205
Net Cash Provided By (Used In) Investing Activities		<u>(617,165)</u>	<u>(1,253,505)</u>	<u>(486,429)</u>
Cash Flows from Financing Activities				
Repayment of Loans		(116,154)	(130,854)	(420,746)
Proceeds from Self Supporting Loans		11,934	15,000	11,173
Proceeds from New Loans		-	400,000	185,000
Net Cash Provided By (Used In) Financing Activities		<u>(104,220)</u>	<u>284,146</u>	<u>(224,573)</u>
Net Increase (Decrease) in Cash Held		471,048	(405,471)	(424,942)
Cash at Beginning of year		1,058,011	1,384,473	1,482,953
Cash at End of Year	12(a)	<u>1,529,059</u>	<u>979,002</u>	<u>1,058,011</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 30 JUNE 2005

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

(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.

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 18 to this financial report.

(c) 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 operating statement as at the time of signing a binding contract of sale.

(d) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives to the entity 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 over life expectancy	
Plant and Equipment		8 years
Mobile Equipment		5 years
Furniture & Office Equipment		10 years
Electronic Equipment		5 years
Tools		5 years

(e) Non-Current Assets

(i) Council has adopted the following Asset Capital threshold:-

Land & Buildings	\$ 1,000
Infrastructures	\$ 1,000
Plant & Equipment	\$ 500
Furniture & Office Equipment	\$ 500

(ii) The accounting policies adopted are consistent with those of the previous year management has resolved that each class of property, plant equipment and infrastructure assets are carried at cost less any accumulated depreciation.

Other non-current assets are measured on the cost basis. The carrying amount of non-current assets are reviewed annually by management to ensure that they are not in excess of the recoverable amount. The value of land under roads has not been recognised as an asset in the statement of financial position as at 30 June 2004.

(f) 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 council, 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 30 JUNE 2005

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (g) **Investments**
All investments are valued at cost and interest on those investments is recognised when accrued.
- (h) **Joint Venture**
The Council's interest in a joint venture is set out in Note 15.
- (i) **Employee Entitlements**
The provisions for employee entitlements relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:
- (i) Annual Leave Provision
The provision has been calculated at nominal amounts based on expected wages and salary rates on settlements and represents the amount the council expects to pay when the liabilities are paid resulting from employees services provided to the balance date and includes related on-costs
- (ii) Long Service Leave
The provision for employees' entitlements for long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from the employees' service to balance date.
- (iii) Sick Leave
A liability for sick leave is recognised based on the patten of claims and the use of estimations techniques for the portion which is expected to result in payment to employees. However this amount was not material at balance date and therefore not recognised in the statement of financial position and operating statement.
- (j) **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 disclosed in Note 2(d). 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.
- (k) **Superannuation**
The Town of East Fremantle contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.
- (l) **Rounding Off Figures**
All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar.
- (m) **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 30 JUNE 2005

2. OPERATING REVENUES AND EXPENSES

2004/05 **2003/04**
\$ **\$**

(a) The change in net assets from operations was arrived at after:

Auditors Remuneration

- Audit	9,990	9,475
- Other Services	-	-
	9,990	9,475

Provision for Doubtful Debts

	1,201	18,234
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Depreciation

Buildings	245,795	244,724
Plant and Equipment	152,633	170,023
Furniture and Equipment	19,390	19,965
Infrastructure	210,280	205,867
	628,098	640,579

Assets Sold

Carrying amount of non-current assets sold.	123,834	146,579
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Borrowing Costs

- Bank Overdraft	-	-
- Loans	87,167	93,637
	87,167	93,637

(ii) Crediting as Revenues:

Proceeds from the disposal of non-current assets	159,861	166,205
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Interest Earnings

	2004/05 Actual \$	2004/05 Budget \$	2003/04 Actual \$
Investments	41,699	26,371	27,708
- Reserve Funds	80,671	98,116	98,185
- Other Funds	-	-	-
	122,370	124,487	125,893

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

2. OPERATING REVENUES AND EXPENSES (Continued)

(b) Operating Revenues and Expenses	2004/05	2003/04
Classified According to Nature and Type	\$	\$
Operating Revenues		
Rates	3,430,664	3,147,722
Grants and Subsidies - operating	803,902	801,736
Contributions, Reimbursements and Donations	166,873	138,777
Profit on Asset Disposals	36,558	23,253
Fees & Charges	692,971	473,580
Interest Earnings	122,370	125,892
Other Revenue	43,839	33,241
	<u>5,297,178</u>	<u>4,744,202</u>
Operating Expenses		
Employee Costs	1,475,009	1,461,771
Materials and Contracts	1,828,007	1,751,899
Utilities (gas, electricity, water, etc)	321,872	255,543
Depreciation on Non-current Assets	628,098	640,577
Interest	87,207	92,629
Loss on Sale of Assets	531	3,627
Contributions & Donations	447,318	517,547
Other	144,464	81,441
	<u>4,932,506</u>	<u>4,805,036</u>
Operating Surplus(Deficit)	<u>364,671</u>	<u>(60,834)</u>

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

2. OPERATING REVENUES AND EXPENSES (Continued)

(c) Components of the Operating Statement by Function and Activity

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

The Activities relating to the Town's components reported in the Operating Statement are as follows:

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 Child Health Clinics.

EDUCATION AND WELFARE

Objective: To provide assistance to senior citizens, welfare and home and community care, and 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 whole of the Town including the provision of residential and commercial land and Town scaping facilities.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

2. OPERATING REVENUES AND EXPENSES (Continued)

(c) Statement of Objective (Continued)

RECREATION AND CULTURE

Objective: To establish and manage efficiently sport and recreation infrastructure and resources which will help the social wellbeing 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 Town 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.

	2004/05	2003/04
	\$	\$
(d) Conditions Over Contributions		
(1) Grants which were recognised as revenues during the year but have yet to be applied in that manner at the reporting date were:	-	-
Office Of Crime Prevention- Graffiti Program	-	7,720
Department of Health- HACCC Program	-	-
Office Of Crime Prevention- Norm McKenzie Lighting	-	6,000
(2) Grants which were recognised as revenue in a previous year and have not yet been applied in the manner specified by the grantor were:	201,350	201,350
		-
(3) Grants which were recognised as revenue in a previous year and were expended in the current year in the manner specified by the grantor were:		
Office Of Crime Prevention- Graffiti Program	-	(8,760)
	201,350	206,310

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

	2004/05	2003/04
	\$	\$
3. CASH ASSETS		
a) Cash on Hand	600	600
Cash At Bank	191,330	130,552
Term Deposits	<u>1,337,129</u>	<u>926,860</u>
	<u>1,529,059</u>	<u>1,058,012</u>
b) Unrestricted	383,235	(156,305)
Restricted	<u>1,145,824</u>	<u>1,214,317</u>
	<u>1,529,059</u>	<u>1,058,012</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Restricted Funds		
Mooring Pens	40,400	41,200
Bonds	26,683	36,038
Footpaths	269,343	198,346
Unspent Grants (refer Note 2(d))	201,350	201,350
General Funds	-	-
Reserve Accounts		
Specified Area Rate	1,154	20,518
Long Service Leave Reserve	27,222	25,640
Plant Replacement Reserve	28	28
Asbestos Reserve Account	6,815	6,472
Arts Recreation Reserve	430,209	542,666
Office Reserve	15,070	14,281
Annual Leave Reserve	83,282	78,867
T/Planning Reserve	14,672	20,892
Leeuwin Reserve	26,864	25,424
Centennial Reserve	<u>2,732</u>	<u>2,595</u>
	<u>1,145,824</u>	<u>1,214,317</u>

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

4. RECEIVABLES	2004/05	2003/04
	\$	\$
Current		
Rates Outstanding	61,049	52,649
Loan Club & Organisations	12,747	11,934
Accrued Income-ESL	3,707	1,974
Sundry Debtors	111,929	96,343
Less: Provision for Doubtful Debts	(1,201)	(18,234)
	<u>188,232</u>	<u>144,666</u>
Non-Current		
Loans - Clubs/Institutions	46,265	59,012
Rates Outstanding - Pensioners	95,498	89,412
	<u>141,763</u>	<u>148,424</u>
5. STOCK ON HAND	<u>-</u>	<u>-</u>
6. LAND HELD FOR RESALE	<u>-</u>	<u>-</u>

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

	2004/05 \$	2003/04 \$
7(a) PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	10,383,659	10,322,833
Less Accumulated Depreciation	<u>(2,810,651)</u>	<u>(2,564,856)</u>
	7,573,008	7,757,977
Furniture and Equipment - Cost	442,989	432,945
Less Accumulated Depreciation	<u>(362,675)</u>	<u>(347,556)</u>
	80,314	85,389
Plant and Equipment - Cost	1,485,920	1,458,110
Less Accumulated Depreciation	<u>(1,028,820)</u>	<u>(978,357)</u>
	457,100	479,753
	<u>8,110,423</u>	<u>8,323,119</u>
7(b) INFRASTRUCTURE		
Streets at Cost	635,536	475,395
Less Accumulated Depreciation	<u>(37,004)</u>	<u>(26,626)</u>
	598,532	448,769
Reserves at Cost	719,224	576,095
Less Accumulated Depreciation	<u>(37,125)</u>	<u>(23,329)</u>
	682,099	552,766
Rivers at Cost	181,011	181,011
Less Accumulated Depreciation	<u>(34,275)</u>	<u>(29,956)</u>
	146,736	151,055
Roads at Cost	5,370,567	5,322,082
Less Accumulated Depreciation	<u>(764,884)</u>	<u>(656,907)</u>
	4,605,683	4,665,175
Paths at Cost	1,180,053	1,180,054
Less Accumulated Depreciation	<u>(175,732)</u>	<u>(152,126)</u>
	1,004,321	1,027,928
Signs at Cost	83,653	79,433
Less Accumulated Depreciation	<u>(46,234)</u>	<u>(38,890)</u>
	37,419	40,543
Irrigation at Cost	340,750	274,346
Less Accumulated Depreciation	<u>(67,016)</u>	<u>(54,696)</u>
	273,734	219,650
Parks at Cost	302,014	296,041
Less Accumulated Depreciation	<u>(66,866)</u>	<u>(52,061)</u>
	235,148	243,980
Car Parks at Cost	387,045	387,045
Less Accumulated Depreciation	<u>(62,027)</u>	<u>(54,285)</u>
	325,018	332,760
Drains at Cost	751,377	731,658
Less Accumulated Depreciation	<u>(51,342)</u>	<u>(43,350)</u>
	700,035	688,308
	<u>8,608,725</u>	<u>8,370,934</u>
TOTALS		
Total Nett Value of Property, Plant & Equipment, and Infrastructure Assets	<u>16,719,148</u>	<u>16,694,053</u>
SUMMARY ASSET TOTALS		
Property, Plant & Equipment, and Infrastructure	22,263,799	21,717,048
Less Accumulated Depreciation	<u>(5,544,651)</u>	<u>(5,022,995)</u>
Written Down Value	<u>16,719,148</u>	<u>16,694,053</u>

TOWN OF EAST FREMANTLE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2005

PROPERTY, PLANT AND EQUIPMENT (cont)

7 (c) MOVEMENTS IN CARRYING AMOUNTS

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

CLASSIFICATION	OPENING BALANCE	ADDITIONS	DISPOSAL	DEPREC EXPENSE	CARRYING AMOUNT AT THE END OF THE YEAR
LAND & BUILDINGS	7,757,977	60,826	-	245,795	7,573,008
PLANT & EQUIPMENT	479,752	253,631	123,649	152,633	457,101
FURNITURE & EQUIPMENT	85,388	14,500	184	19,390	80,314
STREETS	448,769	160,140	-	10,377	598,532
RESERVES	552,765	143,130	-	13,797	682,098
RIVERS	151,055	-	-	4,319	146,736
ROADS	4,665,176	48,483	-	107,976	4,605,683
PATHS	1,027,929	-	-	23,606	1,004,323
SIGNS	40,542	4,222	-	7,345	37,419
DRAINS	688,308	19,719	-	7,992	700,035
IRRIGATION	219,651	66,403	-	12,320	273,734
PARKS	243,981	5,973	-	14,805	235,149
CAR PARKS	332,761	-	-	7,743	325,018
	16,694,053	777,026	123,833	628,098	16,719,148

8 Land & Buildings Valuation

As per the requirements of AAS36, the Council undertook a valuation of its Land and Buildings in June 2004. The valuation of \$12,296,000 was arrived at based on an independent valuation carried out by the Valuer General's Office. The valuation was undertaken on the replacement basis.

TOWN OF EAST FREMANTLE
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FOR THE YEAR ENDED 30 JUNE 2005

	2004/05	2003/04
	\$	\$
9. PAYABLES		
Current		
Sundry Creditors	481,220	216,461
Accrued Interest on Loans	5,331	6,103
Accrued Wages	4,891	-
Provision for Annual Leave	93,776	113,871
Provision for Long Service Leave	23,855	66,788
Income received in Advance	3,707	-
Bonds & Deposits	<u>269,343</u>	<u>275,584</u>
	<u>882,123</u>	<u>678,807</u>
Non Current		
Provision for Long Service Leave	<u>101,328</u>	<u>20,110</u>
	<u>101,328</u>	<u>20,110</u>
10. INTEREST-BEARING LIABILITIES		
Current		
Loans	164,331	115,910
Non-Current		
Loans	<u>1,095,300</u>	<u>1,259,876</u>
TOTAL BORROWINGS	<u>1,259,631</u>	<u>1,375,786</u>

Additional detail on borrowings is provided in Note 21.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

	2004/05 Actuals \$	2004/05 Budget \$	2003/04 Actuals \$
11. RESERVES - CASH BACKED			
(a) Specified Area Reserve			
Opening Balance	20,518	20,518	524,271
Amount Set Aside / Transfer to Reserve	1,154	1,026	20,518
Amount Used / Transfer from Reserve	<u>(20,519)</u>	<u>(20,518)</u>	<u>(524,271)</u>
	<u>1,153</u>	<u>1,026</u>	<u>20,518</u>
(b) Plant Replacement			
Opening Balance	28	28	28
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>28</u>	<u>28</u>	<u>28</u>
(c) Annual Leave Reserve			
Opening Balance	78,867	81,658	74,990
Amount Set Aside / Transfer to Reserve	4,415	3,943	3,877
Amount Used / Transfer from Reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>83,282</u>	<u>85,601</u>	<u>78,867</u>
(d) Office Reserve			
Opening Balance	14,281	15,222	13,755
Amount Set Aside / Transfer to Reserve	789	714	526
Amount Used / Transfer from Reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>15,070</u>	<u>15,936</u>	<u>14,281</u>
(e) Town Planning Reserve			
Opening Balance	20,892	21,748	19,868
Amount Set Aside / Transfer to Reserve	1,166	1,045	1,024
Amount Used / Transfer from Reserve	<u>(7,386)</u>	<u>(20,500)</u>	<u>-</u>
	<u>14,672</u>	<u>2,293</u>	<u>20,892</u>
(f) Leeuwin Reserve			
Opening Balance	25,424	24,198	24,159
Amount Set Aside / Transfer to Reserve	1,440	1,271	1,265
Amount Used / Transfer from Reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>26,864</u>	<u>25,469</u>	<u>25,424</u>
(g) Centennial Reserve			
Opening Balance	2,594	2,345	2,308
Amount Set Aside / Transfer to Reserve	137	121	286
Amount Used / Transfer from Reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,731</u>	<u>2,466</u>	<u>2,594</u>

TOWN OF EAST FREMANTLE
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FOR THE YEAR ENDED 30 JUNE 2005

	2004/05 Actuals \$	2004/05 Budget \$	2003/04 Actuals \$
11. RESERVES - CASH BACKED cont.			
(h) Art & Recreation Community Reserve			
Opening Balance	542,667	454,820	362,233
Amount Set Aside / Transfer to Reserve	30,674	19,815	180,434
Amount Used / Transfer from Reserve	(143,130)	(474,635)	-
	<u>430,211</u>	<u>-</u>	<u>542,667</u>
(i) Long Service Leave Reserve			
Opening Balance	25,639	51,713	36,956
Amount Set Aside / Transfer to Reserve	1,582	1,943	1,892
Amount Used / Transfer from Reserve	-	-	(13,210)
	<u>27,221</u>	<u>53,656</u>	<u>25,638</u>
(j) Asbestos Removal Reserve			
Opening Balance	6,472	6,772	6,170
Amount Set Aside / Transfer to Reserve	343	324	300
Amount Used / Transfer from Reserve	-	(6,000)	-
	<u>6,815</u>	<u>1,096</u>	<u>6,471</u>
(k) General Reserve			
Opening Balance		166	-
Amount Set Aside / Transfer to Reserve		21,400	
Amount Used / Transfer from Reserve	-	21,566	-
		<u>-</u>	<u>-</u>
Total Cash Backed Reserves	<u>608,047</u>	<u>209,137</u>	<u>737,380</u>

All of the cash backed reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

11. RESERVES (Continued)

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

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 Reserve

- to be used for the funding of any major art, recreation or community project

Legal Funds Reserve

-to be used for the funding of legal costs associated with the 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.

TOWN OF EAST FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

12. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2004/05 Actuals	2004/05 Budget	2003/04 Actuals
	\$	\$	\$
Cash - Unrestricted	383,235	152,275	(156,305)
Cash - Restricted	<u>1,145,824</u>	<u>826,728</u>	<u>1,214,317</u>
	<u><u>1,529,059</u></u>	<u><u>979,003</u></u>	<u><u>1,058,012</u></u>

(b) Reconciliation of Net Cash Provided By Operating Activities to Change in Net Assets Resulting from Operations

Change in Net Assets Resulting from Operations	364,671	(81,732)	(60,833)
Depreciation	628,098	666,522	640,579
(Increase)/Decrease in Receivables	43,006	(50,411)	190,747
(Profit)/Loss on Sale of Asset	(36,027)	59,974	(19,626)
(Increase)/Decrease in Stock on Hand	-	-	-
Increase/(Decrease) in Payables	261,685	281,986	(439,228)
Increase/(Decrease) in Employee Provisions	(69,002)	-	(25,580)
Grants/ Contributions for the Development of Assets	-	(312,450)	-
Net Cash from Operating Activities	<u><u>1,192,431</u></u>	<u><u>563,889</u></u>	<u><u>286,060</u></u>

13(a) Loan Facilities

Loan Liability - Current	164,331	115,910
Loan Liability - Non-Current	<u>1,095,300</u>	<u>1,259,876</u>
Total Facilities in Use at Balance Date	<u><u>1,259,631</u></u>	<u><u>1,375,786</u></u>

(b) Unused Loan Facilities at Balance Date

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2005

	(unaudited)	
	<u>2004/05</u>	<u>2003/04</u>
	\$	\$

13 (c) **Capital Expenditure Commitments**

Joint Venture Entity Capital Commitment

At the reporting date, Council's share of the Regional Resource Recovery Centre's capital commitment was as follows:-

Total Joint Venture RRRC Construction Contract	-	-
Council's share of this contract	-	-

14. **CONTINGENT LIABILITIES**

Nil

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 \$40 million lending facility has been set up for this purpose, repayable over a term of 20 years. 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 2.55%. The SMRC Loan Liability as at the 30 June 2005 is \$38,702,106 with the Council's share of this liability being \$983,572.

It is estimated that once fully drawn, Council's annual contribution towards the repayment of interest and principal will be in the region of \$70,000 to \$80,000 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)

15. **JOINT VENTURE**

INTEREST IN JOINT VENTURES

South West Group

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

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

	(unaudited)	
	<u>2004/05</u>	<u>2003/04</u>
Amount of interest	2,116	2,116
Cost/profit sharing ratio	7.25%	7.25%

Southern Metropolitan Regional Council (SMRC)

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 consist 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)	
	<u>2004/05</u>	<u>2003/04</u>
Amount of interest	6,516	8,044
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)

This project is undertaken on behalf of SMRC's five participating Council's being the cities of Canning, 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 & recyclable & green waste facility at Canning Vale.

Participating Councils 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 Joint Venture as at 30 June (as calculated by the SMRC):

	(unaudited)	
	<u>2004/05</u>	<u>2003/04</u>
Amount of interest	971,108	999,693
Cost/profit sharing ratio	2.55%	2.55%

It is estimated the capital cost of the project will be \$40 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 year and continue for a period of 20 years. The contribution for 2004-2005 by the council is \$ 83,345 and this expenditure is reflected in Council's financial statements as an operating expense.

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FOR THE YEAR ENDED 30 JUNE 2005

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY	2004/05	2003/04
	\$	\$
Governance	3,170,672	1,928,320
Law, Order, Public Safety	30,929	30,929
Health	76,184	76,184
Education and Welfare	458,530	458,530
Housing	350,400	350,400
Community Amenities	1,747,542	1,747,542
Recreation and Culture	6,445,823	6,445,823
Transport	5,825,233	5,825,233
Economic Services	16,935	16,935
Other Property and Services	455,954	1,165,256
	<u>18,578,202</u>	<u>18,045,152</u>

17. FINANCIAL RATIOS	2004/05	2003/04	2002/03
Current Ratio	1.08	1.40	1.09
Debt Ratio	12.07%	11.50%	14.73%
Debt Service Ratio	3.84%	11.23%	23.76%
Rate Coverage Ratio	65.73%	66.68%	66.48%
Outstanding Rates Ratio	4.32%	4.34%	3.76%

The above rates are calculated as follows:

Current Ratio equals

Purpose: To assess adequacy of working capital and the ability to satisfy short term obligations.

Current assets minus restricted current assets

Current liabilities minus liabilities associated
with restricted assets

Debt Ratio equals

Purpose: To identify exposure to debts by measuring the proportion of assets funded by creditors.

Total liabilities

Total assets

Debt Service Ratio equals

Purpose: To assess the degree to which revenues are committed to the repayment of debt.

Debt Service Cost (Principal & Interest)

Available operating revenue

Rate Coverage Ratio equals

Purpose: To assess the degree of dependence upon revenue from rates

Net rate revenue

Operating revenue

Outstanding Rates Ratio equals

Purpose: To assess the impact of uncollected rates on liquidity and the adequacy of recovery efforts.

Rates outstanding

Rates collectable