



City of Fremantle

a port city of consequence



CITY OF FREMANTLE

BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

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CITY OF FREMANTLE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30th JUNE 2014

	Note	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	8	(36,109,025)	(34,064,488)	(34,090,804)
Operating Grants, Subsidies and Contributions		(4,385,414)	(4,512,195)	(4,682,289)
Fees and Charges	10	(24,857,961)	(26,091,272)	(24,563,187)
Interest Earnings	2(a)	(1,910,227)	(1,791,545)	(2,140,134)
Other Revenue		(106,198)	(1,599,676)	(183,182)
		<u>(67,368,825)</u>	<u>(68,059,176)</u>	<u>(65,659,596)</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		32,239,159	30,568,601	31,690,561
Materials and Contracts		21,417,954	24,716,054	21,051,784
Utility Charges		2,112,911	1,879,438	2,110,975
Depreciation on Non-Current Assets	2(a)	8,893,459	9,136,146	8,978,014
Interest Expenses	2(a)	477,756	534,652	528,113
Insurance Expenses		858,172	682,105	716,554
Other Expenditure		1,910,537	1,520,710	1,506,803
		<u>67,909,948</u>	<u>69,037,706</u>	<u>66,582,804</u>
CAPITAL REVENUES AND PROFIT & LOSS ON ASSET DISPOSALS				
Non-Operating Grants, Subsidies and Contributions		(3,690,319)	(2,405,983)	(2,141,351)
Profit on Asset Disposals	4	(349)	-	(105,660)
Loss on Asset Disposals	4	1,485,779	3,881	477,612
		<u>(2,204,889)</u>	<u>(2,402,102)</u>	<u>(1,769,399)</u>
NET RESULT		(1,663,766)	(1,423,572)	(846,191)
Other Comprehensive Income		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>(1,663,766)</u>	<u>(1,423,572)</u>	<u>(846,191)</u>

Notes: All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss and (if any) changes on revaluation of non-current assets in accordance with the mandating of fair value measurement through Other Comprehensive Income, is impacted upon by external forces and is not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the remeasurement of financial assets at fair value, though profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated in all instances, any changes in revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

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

CITY OF FREMANTLE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30th JUNE 2014

	Note	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
REVENUE (Refer Notes 1,2,8 to 12)				
Governance		(228,128)	(310,381)	(280,103)
General Purpose Funding		(39,243,531)	(38,229,307)	(37,400,166)
Law, Order, Public Safety		(2,806,950)	(2,971,152)	(2,333,610)
Health		(435,600)	(435,185)	(365,000)
Education and Welfare		(1,909,919)	(1,901,385)	(1,894,230)
Housing		(135,180)	(112,705)	(130,000)
Community Amenities		(1,680,900)	(1,801,971)	(1,539,500)
Recreation and Culture		(4,841,396)	(6,068,474)	(5,958,632)
Transport		(10,804,481)	(11,228,690)	(10,188,000)
Economic Services		(684,840)	(533,706)	(852,900)
Other Property and Services		(4,597,900)	(4,466,212)	(4,717,455)
		<u>(67,368,825)</u>	<u>(68,059,168)</u>	<u>(65,659,596)</u>
EXPENSES (Refer Notes 1,2 & 13)				
Governance		4,304,910	4,752,435	4,058,058
General Purpose Funding		972,752	1,065,929	941,899
Law, Order, Public Safety		4,396,660	4,151,735	3,889,464
Health		863,297	807,061	868,846
Education and Welfare		5,005,610	4,808,048	4,978,791
Housing		105,238	109,984	102,232
Community Amenities		11,628,629	11,486,496	11,095,977
Recreation & Culture		18,185,970	18,444,813	18,472,658
Transport		17,508,380	17,422,668	17,232,160
Economic Services		2,176,647	2,260,921	2,094,045
Other Property and Services		2,284,099	3,192,957	2,320,561
		<u>67,432,192</u>	<u>68,503,046</u>	<u>66,054,691</u>
FINANCE COSTS (Refer Notes 2 & 5)				
Governance		17,627	22,797	15,573
Education and Welfare		45,388	60,806	60,806
Recreation & Culture		25,373	33,634	30,557
Transport		352,441	378,043	373,251
Other Property and Services		36,927	39,372	47,926
		<u>477,756</u>	<u>534,652</u>	<u>528,113</u>
NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS				
Governance		(75,000)	-	-
Law Order Public Safety		(138,099)	(62,298)	-
Education and Welfare		-	(271,701)	(356,762)
Recreation & Culture		(2,172,771)	2,095	(382,000)
Transport		(1,304,449)	(1,767,989)	(1,102,589)
Other Property and Services		-	(306,090)	(300,000)
		<u>(3,690,319)</u>	<u>(2,405,983)</u>	<u>(2,141,351)</u>
(PROFIT)/LOSS ON DISPOSAL OF ASSETS (Refer Note 4)				
Governance		-	-	(100,000)
Law Order Public Safety		(1,006)	-	-
Education and Welfare		85,400	-	(18,398)
Housing		1,062,949	-	-
Transport		3,131	-	-
Other Property and Services		334,956	3,881	490,350
		<u>1,485,430</u>	<u>3,881</u>	<u>371,952</u>
NET RESULT		<u>(1,663,766)</u>	<u>(1,423,573)</u>	<u>(846,191)</u>
Other Comprehensive Income		-	-	-
TOTAL COMPREHENSIVE INCOME		<u><u>(1,663,766)</u></u>	<u><u>(1,423,573)</u></u>	<u><u>(846,191)</u></u>

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

**CITY OF FREMANTLE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30th JUNE 2014**

	Note	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		36,109,025	34,234,488	34,291,000
Operating Grants, Subsidies and Contributions		4,385,414	4,512,195	4,682,000
Service Charges				-
Fees and Charges		24,857,961	26,141,272	24,563,000
Interest Earnings		1,910,227	1,791,545	2,140,000
Goods and Services Tax		2,570,000	2,698,932	2,500,000
Other		106,198	1,599,676	
		<u>69,938,825</u>	<u>70,978,108</u>	<u>68,176,000</u>
Payments				
Employee Costs		(32,239,159)	(29,992,380)	(31,490,000)
Materials and Contracts		(21,305,266)	(22,945,270)	(20,973,048)
Utility Charges		(2,112,911)	(1,879,438)	(2,111,000)
Insurance Expenses		(858,172)	(682,105)	(717,000)
Interest		(477,756)	(534,562)	(528,000)
Goods and Services Tax		(3,682,688)	(3,661,488)	(3,200,000)
Other		(1,910,537)	(1,520,710)	(1,397,000)
		<u>(62,586,489)</u>	<u>(61,215,953)</u>	<u>(60,416,048)</u>
Net Cash Provided By Operating Activities	15(b)	<u>7,352,336</u>	<u>9,762,155</u>	<u>7,759,952</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment	3	(16,652,972)	(1,523,021)	(2,454,000)
Payments for Construction of Infrastructure	3	(19,201,438)	(7,124,396)	(12,406,000)
Grants/Contributions for the Development of Assets		3,690,319	2,405,983	2,141,000
Proceeds from Sale of Plant & Equipment & Property	4	14,471,500	139,172	4,697,450
Proceeds from Sale of Non Current Assets	22	-	7,161,931	7,500,000
Net Cash Used in Investing Activities		<u>(17,692,591)</u>	<u>1,059,669</u>	<u>(521,550)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(1,421,436)	(1,596,419)	(1,596,000)
Proceeds from Self Supporting Loans		134,063	237,987	-
New Loan Advances		-	(330,000)	-
Proceeds from New Debentures	5	<u>18,515,000</u>	<u>980,000</u>	<u>2,050,000</u>
Net Cash Provided By (Used In) Financing Activities		17,227,627	(708,432)	454,000
Net Increase (Decrease) in Cash Held		6,887,372	10,113,392	7,692,402
Cash at Beginning of Year		32,293,065	22,179,673	22,072,993
Cash and Cash Equivalents at the End of the Year	14(a)	<u><u>39,180,437</u></u>	<u><u>32,293,065</u></u>	<u><u>29,765,395</u></u>

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

**CITY OF FREMANTLE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30th JUNE 2014**

	Note	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
REVENUES	1,2			
Governance		(303,128)	(310,381)	(380,103)
General Purpose Funding		(3,134,506)	(4,164,819)	(3,309,362)
Law, Order, Public Safety		(2,946,055)	(3,033,450)	(2,333,610)
Health		(435,600)	(435,185)	(365,000)
Education and Welfare		(1,909,919)	(2,173,087)	(2,250,992)
Housing		(135,180)	(112,705)	(130,000)
Community Amenities		(1,680,900)	(1,801,971)	(1,539,500)
Recreation and Culture		(7,014,167)	(6,066,379)	(6,340,632)
Transport		(12,105,799)	(12,996,679)	(11,290,589)
Economic Services		(684,840)	(533,706)	(852,900)
Other Property and Services		(4,600,374)	(4,768,412)	(5,017,455)
		<u>(34,950,468)</u>	<u>(36,396,772)</u>	<u>(33,810,143)</u>
EXPENSES	1,2			
Governance		4,322,537	4,775,232	4,073,631
General Purpose Funding		972,752	1,065,929	941,899
Law, Order, Public Safety		4,396,660	4,151,735	3,889,464
Health		863,297	807,061	868,846
Education and Welfare		5,136,398	4,868,854	5,021,199
Housing		1,168,187	109,984	102,232
Community Amenities		11,628,629	11,486,496	11,095,977
Recreation & Culture		18,211,343	18,478,447	18,503,215
Transport		17,860,821	17,800,711	17,605,411
Economic Services		2,176,647	2,260,921	2,094,045
Other Property and Services		2,658,456	3,232,319	2,858,837
		<u>69,395,727</u>	<u>69,037,688</u>	<u>67,054,756</u>
Net Operating Result Excluding Rates		34,445,259	32,640,916	33,244,613
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	4	(1,485,430)	(3,881)	(371,952)
Depreciation on Assets	2(a)	(8,893,459)	(9,136,146)	(8,978,014)
		-	-	-
Capital Expenditure and Revenue				
Purchase Land and Buildings	3	15,227,873	684,601	1,196,090
Purchase Infrastructure Assets - All	3	19,863,555	7,268,802	12,405,905
Purchase Vehicles & Heavy Plant	3	661,000	520,588	1,059,680
Purchase Furniture and Plant & Equipment	3	1,246,099	253,721	165,032
Purchase Art Collection	3	18,000	32,455	18,000
Purchase Intangible Assets	3	-	31,656	15,087
Proceeds from Disposal of Assets	4	(14,471,500)	(139,172)	(4,697,450)
Repayment of Debentures	5	1,421,436	1,596,419	1,596,419
Investment in Managed Funds		-	(7,161,931)	(7,100,000)
Proceeds from New Debentures	5	(18,515,000)	(980,000)	(2,050,000)
Self-Supporting Loan Principal Income	20	(134,063)	(237,987)	(179,447)
New Loan Advances	5	-	330,000	-
Transfers to Reserves (Restricted Assets)	6	18,335,963	23,252,807	27,704,207
Transfers from Reserves (Restricted Assets)	6	(9,350,708)	(13,184,387)	(15,664,991)
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	(2,360,000)	(4,063,973)	(4,352,375)
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	(100,000)	(2,360,000)	(80,000)
Amount Required to be Raised from Rates	8	<u>36,109,025</u>	<u>34,064,488</u>	<u>34,090,804</u>

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

**CITY OF FREMANTLE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30th JUNE 2014**

	Note	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
REVENUES				
Service Charges (Underground Power)	10			-
Operating Grants and Subsidies		(4,385,414)	(4,512,195)	(4,682,289)
Capital Grants /Contributions for the development of Assets		(3,690,319)	(2,405,983)	(2,141,351)
Fees and Charges	11	(24,857,961)	(26,091,272)	(24,563,187)
Interest Earnings	2(a)	(1,910,227)	(1,791,545)	(2,140,134)
Profit on Sale of Assets	4	(349)		(105,660)
Other Revenue		(106,198)	(1,599,676)	(183,182)
		<u>(34,950,468)</u>	<u>(36,400,671)</u>	<u>(33,815,803)</u>
EXPENSES				
Employee Costs		32,239,159	30,568,601	31,690,561
Materials and Contracts		21,417,954	24,716,054	21,051,784
Depreciation on Non Current Assets	2(a)	8,893,459	9,136,146	8,978,014
Interest Expenses	2(a)	477,756	534,652	528,113
Utilities (gas, electricity, water)		2,112,911	1,879,438	2,110,975
Loss on Sale of Assets	4	1,485,779	3,881	477,612
Insurance Expenses		858,172	682,105	716,554
Other Expenditure		1,910,537	1,520,710	1,506,803
		<u>69,395,727</u>	<u>69,041,587</u>	<u>67,060,416</u>
Net Operating Result Excluding Rates		34,445,259	32,640,916	33,244,613
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	4	(1,485,430)	(3,881)	(371,952)
Depreciation on Assets	2(a)	(8,893,459)	(9,136,146)	(8,978,014)
Capital Expenditure and Revenue				
Purchase Land and Buildings	3	15,227,873	684,601	1,196,090
Purchase Infrastructure Assets - All	3	19,863,555	7,268,802	12,405,905
Purchase Vehicles & Heavy Plant	3	661,000	520,588	1,059,680
Purchase Furniture and Plant & Equipment	3	1,246,099	253,721	165,032
Purchase Art Collection	3	18,000	32,455	18,000
Purchase Intangible Assets	3	-	31,656	15,087
Proceeds from Disposal of Assets	4	(14,471,500)	(139,172)	(4,697,450)
Repayment of Debentures	5	1,421,436	1,596,419	1,596,419
Investment in Managed Funds		-	(7,161,931)	(7,100,000)
Proceeds from New Debentures	5	(18,515,000)	(980,000)	(2,050,000)
Self-Supporting Loan Principal Income	20	(134,063)	(237,987)	(179,447)
New Loan Advances	5	-	330,000	-
Transfers to Reserves (Restricted Assets)	6	18,335,963	23,252,807	27,704,207
Transfers from Reserves (Restricted Assets)	6	(9,350,708)	(13,184,387)	(15,664,991)
ADD Estimated (Surplus)/Deficit July 1 B/Fwd	7	(2,360,000)	(4,063,973)	(4,352,375)
LESS Estimated (Surplus)/Deficit June 30 C/Fwd	7	(100,000)	(2,360,000)	(80,000)
Amount Required to be Raised from Rates	8	<u>36,109,025</u>	<u>34,064,488</u>	<u>34,090,804</u>

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

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations.

Except for cash flow and rate setting information, the budget has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 15 to this budget document.

(c) 2012/13 Actual Balances

Balances shown in this budget as 2012/13 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(d) Rounding Off Figures

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

(e) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

(f) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to the ATO, is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

(g) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

**CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities on the statement of financial position.

(i) Trade and Other Receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

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

(j) Inventories

General

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in the statement of comprehensive income at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for resale is classified as current except where it is held as non-current based on Council's intention to release for sale.

**CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets

Each class of fixed assets is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation or impairment losses.

Mandatory Requirement to Revalue Non-Current Assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at fair value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
- (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -

- (i) that are plant and equipment; and

- (ii) that are -

- (I) land and buildings; or

- (II) infrastructure;

and

- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Land Under Control

In accordance with local Government (Financial Management) Regulation 16 (a), the Council is required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with other policies detailed in this Note.

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2013.

Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets (Continued)

Revaluation

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases in the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised as profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

Transitional Arrangement

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** methodology section as detailed above.

**CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets (Continued)

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to fair value, *AASB 13 - Fair Value Measurement* does not become applicable until the end of the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt AASB 13 (as allowed for in the standard).

As a consequence, the principles embodied in *AASB 13 - Fair Value Measurement* have been applied to this reporting period (year ended 30 June 2013).

Land Under Roads

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

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

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst this treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

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

**CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets (Continued)

Depreciation of Non-Current Assets

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

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

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

Buildings	40 Years
Furniture and Equipment	5 to 10 Years
Vehicles, Plant and Equipment	5 to 17 Years
Computer Hardware	3 to 5 Years
Intangible Assets (Computer Software)	5 Years
Intangible Assets (Business Acquisition - Visitor Centre)	Nil
Infrastructure Roads	20 to 60 years
Infrastructure Footpaths	20 years
Infrastructure Drainage	25 years
Infrastructure Parks and Reserves	15 to 30 Years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Capitalisation Threshold

Assets are capitalised at cost or where acquired for at no or nominal cost at fair value. Items whose cost or fair value is less than the thresholds below are expensed in the year of acquisition:-

Freehold Land and Buildings	No Limit
Vehicles, Plant and Equipment	\$1,000
Intangibles	\$1,000
Art Collection	No Limit
Infrastructure	\$10,000

**CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or at cost.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and
- (b) less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current. They are subsequently measured at fair value with changes to carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to the asset previously recognised in other comprehensive income, is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired.

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial instruments, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continued involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (eg AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(n) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

(o) Employee Benefits

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

(p) Borrowing Costs

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

(q) Provisions

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; and
- c) that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Current and Non-Current Classification

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

(s) Comparative Figures

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

(t) Budget Comparative Figures

Unless otherwise stated, the budget comparative figures shown in this budget document relate to the original budget estimate for the relevant item of disclosure.

CITY OF FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
2. REVENUES AND EXPENSES			
(a) Net Result from Ordinary Activities was arrived at after:			
(i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	32,750	31,400	31,000
Other Services	-	-	-
Depreciation			
<u>By Program</u>			
Governance	307,046	449,795	438,298
Law, Order, Public Safety	162,550	163,538	76,737
Health	8,789	9,107	9,094
Education and Welfare	140,992	157,854	136,131
Housing	28,207	31,440	32,503
Community Amenities	1,102	2,263	2,258
Recreation and Culture	1,518,772	1,529,402	1,329,417
Transport	5,338,717	5,341,815	5,477,171
Economic Services	6,631	7,950	4,828
Other Property and Services	1,380,653	1,442,982	1,471,577
	<u>8,893,459</u>	<u>9,136,146</u>	<u>8,978,014</u>
<u>By Class</u>			
Buildings - Freehold	117,277	138,530	140,607
Buildings - Investment	157,506	161,874	169,384
Furniture and Equipment	686,651	751,212	630,089
Fleet and Heavy Plant	552,739	579,351	569,032
Buildings - Infrastructure	1,482,083	1,482,026	1,533,261
Intangible Assets	226,512	349,619	331,622
Roads	3,770,946	3,772,600	3,921,350
Footpaths	964,786	966,164	960,961
Drainage	290,230	289,705	286,172
Parks and Reserves	644,729	645,065	435,536
	<u>8,893,459</u>	<u>9,136,146</u>	<u>8,978,014</u>
Interest Expenses (Finance Costs)			
- Debentures (<i>refer note 5(a)</i>)	477,756	534,652	528,113
	<u>477,756</u>	<u>534,652</u>	<u>528,113</u>
Rental Charges			
- Operating Leases	919,389	716,480	817,230
	<u>919,389</u>	<u>716,480</u>	<u>817,230</u>
(ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	(1,000,000)	(440,000)	(380,000)
- Other Funds	(605,000)	(1,079,855)	(1,377,134)
Other Interest Revenue (<i>refer note 12</i>)	(305,227)	(271,690)	(383,000)
	<u>(1,910,227)</u>	<u>(1,791,545)</u>	<u>(2,140,134)</u>

CITY OF FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

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

GOVERNANCE

Objective:

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

Activities:

Includes the activities of members of council and administrative support available to the council for the provision of governance of the district. Other costs relate to the task 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:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer and environmentally community.

Activities:

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

EDUCATION AND WELFARE

Objective:

To provide services to disadvantaged persons, the elderly, children and youth.

Activities:

Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre.
Provision and maintenance of home and community care programs and youth services.

HOUSING

Objective:

To provide and maintain elderly residents housing.

Activities:

Provision and maintenance of elderly residents housing.

CITY OF FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Rubbish collection services, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes and public conveniences.

RECREATION AND CULTURE

Objective:

To establish and effectively manage infrastructure and resources which will help the social well being of the community.

Activities:

Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library and other cultural facilities.

TRANSPORT

Objective:

To provide safe, effective and efficient transport services to the community.

Activities:

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

ECONOMIC SERVICES

Objective:

To help promote the city and its economic well being.

Activities:

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of services including weed control, vermin control and standpipes. Building Control.

OTHER PROPERTY & SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

Private works operation, plant repair and operation costs and engineering operation costs.

CITY OF FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

3. ACQUISITION OF ASSETS	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
The following assets are budgeted to be acquired during the year:			
<u>By Program</u>			
Governance	539,075	385,816	487,474
General Purpose Funding	-	-	-
Law, Order, Public Safety	262,099	33,714	10,000
Health	-	-	23,000
Education and Welfare	-	244,926	293,034
Housing	-	-	35,000
Community Amenities	420,000	-	-
Recreation and Culture	10,453,384	1,800,928	5,116,915
Transport	5,760,522	4,986,969	4,259,883
Economic Services	-	20,786	30,500
Other Property and Services	19,581,447	1,318,685	4,603,988
	<u>37,016,527</u>	<u>8,791,823</u>	<u>14,859,794</u>

By Class

Land and Buildings - Freehold	15,227,873	636,939	1,072,790
Land and Buildings - Investment	1,045,602	47,662	123,300
Furniture and Equipment	1,246,099	253,721	165,032
Art Collection	18,000	32,455	18,000
Fleet and Heavy Plant	661,000	520,588	1,059,680
Land and Buildings - Infrastructure	9,934,754	1,342,635	5,386,022
Intangible Assets	-	31,656	15,087
Infrastructure - Roads	3,891,330	4,342,097	3,471,581
Infrastructure - Drainage	461,638	312,002	409,980
Infrastructure - Footpath	472,554	332,870	298,322
Infrastructure - Parks and Reserves	4,057,677	939,199	2,840,000
	<u>37,016,527</u>	<u>8,791,823</u>	<u>14,859,794</u>

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

CITY OF FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

4. DISPOSALS OF ASSETS

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

<u>By Class</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2013/14 Budget \$	2013/14 Budget \$	2013/14 Budget \$
Art Collection	-	-	-
Buildings - Infrastructure	1,399,981	-	(1,399,981)
Fleet and Heavy Plant	67,151	67,500	349
Furniture and Equipment	89,798	4,000	(85,798)
Intangible Assets	-	-	-
Investment Land and Buildings - Freehold	7,500,000	7,500,000	-
Land and Buildings - Freehold	6,900,000	6,900,000	-
	15,956,930	14,471,500	(1,485,430)

<u>By Program</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2013/14 Budget \$	2013/14 Budget \$	2013/14 Budget \$
Governance	2,200,000	2,200,000	-
Law Order Public Safety	12,994	14,000	1,006
Health	-	-	-
Education and Welfare	85,400	-	(85,400)
Housing	1,062,949	-	(1,062,949)
Recreation and Culture	-	-	-
Transport	5,796,131	5,793,000	(3,131)
Other Property and Services	6,799,456	6,464,500	(334,956)
	15,956,930	14,471,500	(1,485,430)

Summary

Profit on Asset Disposals
Loss on Asset Disposals

2013/14
BUDGET
\$
349
(1,485,779)
(1,485,430)

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2014

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal	New	Principal		Principal		Interest	
	1-Jul-13	Loans	Repayments		Outstanding		Repayments	
			2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
	\$	\$	Budget	Actual	Budget	Actual	Budget	Actual
	\$	\$	\$	\$	\$	\$	\$	\$
223 Streetscape Programme	253,644	-	33,352	31,046	220,291	253,644	16,845	19,193
225 Streets Ahead (1)	528,235	-	57,936	54,020	470,299	528,235	34,759	38,744
232 Streets Ahead Programme (2)	573,035	-	54,008	50,556	519,027	573,035	35,935	39,444
236 Streets Ahead Programme (3)	498,873	-	40,445	37,860	458,428	498,873	31,555	34,183
242 Booyembara Park	36,325	-	28,837	27,132	7,488	36,325	1,132	2,863
244 Stan Reilly Bldg Upgrade	9,644	-	7,656	7,203	1,988	9,644	301	760
245 City Blueprint Projects	65,899	-	52,314	49,222	13,584	65,899	2,054	5,194
247 City Blueprint Projects	215,498	-	92,404	87,328	123,094	215,498	9,435	14,583
248 Footpath Replacements	83,097	-	35,631	33,674	47,466	83,097	3,638	5,623
252 Footpath Replacements	79,062	-	22,681	21,341	56,380	79,062	4,104	5,465
257 City Blueprint Projects		-		64,814	-	-		
258 Footpath Replacements	101,762	-	21,383	19,984	80,379	101,762	6,151	7,573
261 Markets Upgrade		-		10,539	-	-		
265 Footpath Replacements	185,404	-	29,953	27,799	155,451	185,404	12,738	14,932
266 Heavy Plant/Vehicle Replacements	36,403	-	36,403	138,897	-	36,403		7,186
267 Local Government Software Acquisition	29,838	-	29,838	113,850	-	29,838		5,890
268 Local Government Software Acquisition	137,780	-	109,492	103,866	28,287	137,780	3,982	9,683
269 Heritage Restoration Projects	422,142	-	57,158	53,758	364,984	422,142	24,241	27,694
271 Road Asset Program	781,907	-	89,063	83,972	692,843	781,907	43,655	48,822
272 Footpath Asset Program	430,049	-	48,985	46,185	381,064	430,049	24,010	26,852
277 Road Asset Program	862,737	-	84,879	80,320	777,858	862,737	45,598	50,221
278 Footpath Asset Program	423,208	-	41,637	39,400	381,571	423,208	22,368	24,636
279 Fremantle Markets Upgrade	431,369	-	42,440	40,160	388,929	431,369	22,799	25,111
280 Road Rehabilitation & Improvement Program	562,923	-	51,512	37,077	511,411	562,923	21,192	23,443
281 Footpath Replacement Program	327,959	-	30,011	21,601	297,948	327,959	12,346	13,658
283 Fremantle Markets Upgrade	375,282	-	34,341	24,718	340,941	375,282	14,128	15,629
284 Road Asset Program	650,000		39,870	-	610,130	650,000	26,057	-
287 Leighton Beach Kiosk		1,100,000			1,100,000			
289 Road Asset Program		1,760,000			1,760,000			
290 Footpath Asset Program		355,000			355,000			
291 Drainage asset Program		300,000			300,000			
292 Wardens Cottages		1,000,000			1,000,000			
293 New Works Depot		14,000,000			14,000,000			
Sub-Total	8,102,073	18,515,000	1,172,230	1,306,322	25,444,843	8,102,073	419,023	467,382

**CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2014**

5. INFORMATION ON BORROWINGS (Continued)

(a) Debenture Repayments

Particulars	Principal 1-Jul-13	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
	\$	\$	2013/14 Budget \$	2012/13 Actual \$	2013/14 Budget \$	2012/13 Actual \$	2013/14 Budget \$	2012/13 Actual \$
Self Supporting Loans								
251 Silver Chain - Self supporting loan	868,671	-	249,206	234,474	619,465	868,671	45,088	60,045
259 UGP - Scheme Finance		-		39,814	-	-		
260 UGP - Council Contribution		-		15,808	-	-		
288 Fremantle Workers	330,000		-	-	330,000	330,000	13,645	7,224
Sub-Total	1,198,671	-	249,206	290,097	949,465	1,198,671	58,733	67,270
Consolidated Entity Loan Liability	9,300,744	18,515,000	1,421,436	1,596,419	26,394,308	9,300,744	477,756	534,652
Loans from Controlled Entity								
193 Property Purchase-Fast Eddys	453,322	-	39,236	36,276	414,085	453,322	34,764	37,724
235 Montreal Open Space Stage Three		-		2,143	-	-		
239 Booyembara Park Stages 2 & 3	5,304	-	5,304	20,550	-	5,304		677
240 Streets Ahead Program	96,797	-	7,238	6,852	89,559	96,797	5,086	5,477
250 Leisure Centre Developments	36,563	-	15,678	14,817	20,885	36,563	1,527	2,400
256 Light Vehicle Replacement	0	-			-	-		
Sub-Total from Controlled Entity	591,985	-	67,456	80,638	524,529	591,985	41,376	46,278
City of Fremantle Loan Liability	9,892,729	18,515,000	1,488,892	1,677,056	26,918,837	9,892,729	519,132	580,929

The Silver Chain self supporting debenture is repaid by a straight line principal repayment (interest not repayable) and the Fremantle Workers Club self supporting debenture is all repayable by the club.

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

**CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2014**

5. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2013/14

Particulars/Purpose	Amount Borrowed Budget \$	Loan Type	Term (Years)
287 Leighton Beach Kiosk	1,100,000	Debenture	10
289 Road Asset Program	1,760,000	Debenture	10
290 Footpath Asset Program	355,000	Debenture	10
291 Drainage Asset Program	300,000	Debenture	10
292 Wardens Cottages	1,000,000	Debenture	10
293 New Works Depot	14,000,000	Debenture	20
	18,515,000		

(c) Unspent Debentures

Particulars/Purpose	Year Raised	Amount Borrowed	Balance Unspent \$
257 Blueprint Projects	2006/2007	1,000,000	84,602
287 Fremantle Markets Upgrade	2011/2012	400,000	103,872
			188,474

It is not expected that Council will have any unspent debenture funds as at 30th June 2014.

(d) Redirection of Loan 257

The balance of Loan 257 (estimated at \$84,602) that was initially raised for Blueprint Projects is to be redirected to the Adelaide St (Parry to Queen) Road Project.

(e) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$250,000 with the National Australia Bank does exist. It is not anticipated that this facility will be required to be utilised during 2013/2014.

CITY OF FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
6. RESERVES			
Cash Backed Reserves			
(a) Investment Reserve Fund			
Opening Balance	(1,179,011)	(3,950,051)	(3,950,051)
Amount Set Aside / Transfer to Reserve	(11,377,268)	(9,228,960)	(14,290,230)
Amount Used / Transfer from Reserve	1,500,000	12,000,000	12,000,000
	<u>(11,056,279)</u>	<u>(1,179,011)</u>	<u>(6,240,281)</u>
(b) Arts and Cultural Facilities Reserve			
Opening Balance	-	(149,801)	(149,801)
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	149,801	143,122
	<u>-</u>	<u>-</u>	<u>(6,679)</u>
(d) Heritage Places Reserve			
Opening Balance	(656,472)	(505,892)	(505,892)
Amount Set Aside / Transfer to Reserve	(445,610)	(419,215)	(419,215)
Amount Used / Transfer from Reserve	1,102,082	268,635	870,000
	<u>-</u>	<u>(656,472)</u>	<u>(55,107)</u>
(f) Parking Dividend Equalisation Reserve			
Opening Balance	(2,864,155)	(2,505,540)	(2,505,541)
Amount Set Aside / Transfer to Reserve	(5,500,000)	(500,000)	(500,000)
Amount Used / Transfer from Reserve	1,220,873	141,385	410,000
	<u>(7,143,282)</u>	<u>(2,864,155)</u>	<u>(2,595,541)</u>
(g) Parks, Recreation and Facilities Reserve			
Opening Balance	(759,575)	(177,640)	(177,640)
Amount Set Aside / Transfer to Reserve	(4,390)	(581,935)	(5,690)
Amount Used / Transfer from Reserve	-	-	-
	<u>(763,965)</u>	<u>(759,575)</u>	<u>(183,330)</u>
(h) Security Services Reserve			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
(j) Service Charge – Underground Power East Scheme Reserve			
Opening Balance	-	(55,623)	(55,622)
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	55,623	55,623
	<u>-</u>	<u>-</u>	<u>1</u>
(k) Carbon Neutrality Reserve			
Opening Balance	-	(159,255)	(159,255)
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	159,255	159,255
	<u>-</u>	<u>-</u>	<u>-</u>

CITY OF FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
6. RESERVES (continued)			
Cash Backed Reserves (continued)			
(l) Fremantle Markets Conservation			
Opening Balance	(556,250)	(522,406)	(522,406)
Amount Set Aside / Transfer to Reserve	(150,000)	(150,000)	(150,000)
Amount Used / Transfer from Reserve	559,836	116,156	116,156
	<u>(146,414)</u>	<u>(556,250)</u>	<u>(556,250)</u>
(m) Renewable Energy Investment Reserve			
Opening Balance	(190,385)	-	-
Amount Set Aside / Transfer to Reserve	(320,840)	(301,835)	(301,835)
Amount Used / Transfer from Reserve	500,000	111,450	260,836
	<u>(11,225)</u>	<u>(190,385)</u>	<u>(40,999)</u>
(n) Leighton Precinct Maintenance			
Opening Balance	(70,862)	-	(34,961)
Amount Set Aside / Transfer to Reserve	(37,855)	(70,862)	(37,237)
Amount Used / Transfer from Reserve	-	-	-
	<u>(108,717)</u>	<u>(70,862)</u>	<u>(72,198)</u>
(o) Leisure Centre Upgrade			
Opening Balance	(1,957,104)	-	-
Amount Set Aside / Transfer to Reserve	(500,000)	(2,000,000)	(2,000,000)
Amount Used / Transfer from Reserve	2,307,104	42,896	-
	<u>(150,000)</u>	<u>(1,957,104)</u>	<u>(2,000,000)</u>
(p) Fremantle Town Hall Refurbishment			
Opening Balance	(2,000,000)	-	-
Amount Set Aside / Transfer to Reserve	-	(2,000,000)	(2,000,000)
Amount Used / Transfer from Reserve	-	-	-
	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>
(q) Cantonment Hill Master Plan			
Opening Balance	(1,997,000)	-	-
Amount Set Aside / Transfer to Reserve	-	(2,000,000)	(2,000,000)
Amount Used / Transfer from Reserve	297,000	3,000	50,000
	<u>(1,700,000)</u>	<u>(1,997,000)</u>	<u>(1,950,000)</u>
(r) Kings Square Improvements			
Opening Balance	(2,000,000)	-	-
Amount Set Aside / Transfer to Reserve	-	(2,000,000)	(2,000,000)
Amount Used / Transfer from Reserve	-	-	-
	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>
(s) Play Spaces			
Opening Balance	(920,910)	-	-
Amount Set Aside / Transfer to Reserve	-	(1,000,000)	(1,000,000)
Amount Used / Transfer from Reserve	920,910	79,090	600,000
	<u>-</u>	<u>(920,910)</u>	<u>(400,000)</u>

CITY OF FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
6. RESERVES (continued)			
Cash Backed Reserves (continued)			
(t) Sustainability Reserve			
Opening Balance	(942,903)	(1,000,000)	-
Amount Set Aside / Transfer to Reserve		-	(1,000,000)
Amount Used / Transfer from Reserve	942,903	57,097	1,000,000
	<u>-</u>	<u>(942,903)</u>	<u>-</u>
(t) Stan Reilly Property Re-Development Reserve			
Opening Balance	(2,000,000)	-	-
Amount Set Aside / Transfer to Reserve		(2,000,000)	(2,000,000)
Amount Used / Transfer from Reserve	-	-	-
	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>
Total Cash Backed Reserves	<u>(27,079,882)</u>	<u>(18,094,627)</u>	<u>(20,100,384)</u>
Reserve Totals			
Total Opening Balances	(18,094,627)	(9,026,208)	(8,061,169)
Total Amount Set Aside / Transfer to Reserve	(18,335,963)	(22,252,807)	(27,704,207)
Amount Used / Transfer from Reserve	9,350,708	13,184,388	15,664,992
Total Cash Backed Reserves	<u>(27,079,882)</u>	<u>(18,094,627)</u>	<u>(20,100,384)</u>

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

CITY OF FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
6. RESERVES (Continued)			
Summary of Transfers (to) / from Cash Backed Reserves			
Transfers to Reserves			
Investment Reserve Fund	(11,377,268)	(9,228,960)	(14,290,230)
Arts and Cultural Facilities Reserve	-	-	-
Heritage Places Reserve	(445,610)	(419,215)	(419,215)
Parking Dividend Equalisation Reserve	(5,500,000)	(500,000)	(500,000)
Parks, Recreation and Facilities Reserve	(4,390)	(581,935)	(5,690)
Security Services Reserve	-	-	-
Service Charge - Underground Power East Sch	-	-	-
Carbon Neutrality Reserve	-	-	-
Fremantle Markets Conservation	(150,000)	(150,000)	(150,000)
Renewable Investment Reserve	(320,840)	(301,835)	(301,835)
Leighton Precinct Maintenance	(37,855)	(70,862)	(37,237)
Leisure Centre Upgrade	(500,000)	(2,000,000)	(2,000,000)
Fremantle Town Hall Refurbishment	-	(2,000,000)	(2,000,000)
Cantonment Hill Master Plan	-	(2,000,000)	(2,000,000)
King Square Improvements	-	(2,000,000)	(2,000,000)
Play Spaces	-	(1,000,000)	(1,000,000)
Sustainability Reserve	-	-	(1,000,000)
Stan Reilly Property Redevelopment Reserve	-	(2,000,000)	(2,000,000)
	<u>(18,335,963)</u>	<u>(22,252,807)</u>	<u>(27,704,207)</u>
Transfers from Reserves			
Investment Reserve Fund	1,500,000	12,000,000	12,000,000
Arts and Cultural Facilities Reserve	-	149,801	143,122
Heritage Places Reserve	1,102,082	268,635	870,000
Parking Dividend Equalisation Reserve	1,220,873	141,385	410,000
Parks, Recreation and Facilities Reserve	-	-	-
Security Services Reserve	-	-	-
Service Charge - Underground Power East Sch	-	55,623	55,623
Carbon Neutrality Reserve	-	159,255	159,255
Fremantle Markets Conservation	559,836	116,156	116,156
Renewable Investment Reserve	500,000	111,450	260,836
Leighton Precinct Maintenance	-	-	-
Leisure Centre Upgrade	2,307,104	42,896	-
Fremantle Town Hall Refurbishment	-	-	-
Cantonment Hill Master Plan	297,000	3,000	50,000
King Square Improvements	-	-	-
Play Spaces	920,910	79,090	600,000
Sustainability Reserve	942,903	57,097	1,000,000
Stan Reilly Property Redevelopment Reserve	-	-	-
	<u>9,350,708</u>	<u>13,184,388</u>	<u>15,664,992</u>
Total Transfer (to) / from Reserves	<u>(8,985,255)</u>	<u>(9,068,419)</u>	<u>(12,039,215)</u>

CITY OF FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

6. 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:

(a) Strategic policy on creation and use of reserves.

On 15 December 2003, Council adopted a strategic policy on Reserve Funds. The policy classified reserves under three groupings as follows:-

- i. Indefinite or Long Term Reserves
- ii. 5 Year Plan & Asset Maintenance Reserves
- iii. Short Term Reserves to Meet External Requirements.

(b) Purpose and Source of Funding of Reserves

Indefinite or Long Term Reserves

Investment Reserve Fund

Purpose of Reserve

- Established for the purpose of realising and making investments in income producing assets. A specified list of investment properties forms part of the investments. Funds will not be withdrawn from the reserve to subsidise operating or recurrent expenditure, nor shall funds be withdrawn for the purposes of providing community facilities that do not provide a commercial rate of return, unless specifically decided otherwise by the Council.
- Council Policy SG14 Investments – Property and Other Non-Current Assets also refers.

Source of Income

- Net proceeds of sale of nominated freehold properties, unless otherwise resolved by Council.
- Net proceeds from the sale of miscellaneous parcels of land, unless otherwise resolved by Council.
- Transfer from municipal fund of principal repayment equivalent for Loan 189 (Queensgate) that was paid out in January 2005 using funds from the Investment Reserve.
- Net proceeds from the winding up of the City of Fremantle Trust Fund as per the City of Fremantle and Town of East Fremantle Trust Funds (Amendment and Expiry) Bill 2013.

5 Year Plan & Asset Maintenance Reserves

Parks, Recreation and Facilities Reserve

Purpose of Reserve

- Finance improvements within the South Fremantle Tip Site reserve.
- Finance improvements within the Kings Square reserve.
- Finance tourism projects within the city.
- Finance facilities for sporting clubs on a self supporting loan basis in accordance with Council guidelines for such advances to clubs.
- Finance improvements within the Port & Leighton Beach reserve.
- Finance capital works and improvements at Fremantle Oval.
- Finance improvements or major refurbishments to other parks and recreation facilities within the municipality.

Source of Income

- Municipal Fund contribution as approved by Council in the Annual Budget.

Arts & Cultural Facilities Reserve

Reserve has been cancelled with adoption of 2013/2014 Budget.

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

6. RESERVES (Continued)

Heritage Places Reserve

Purpose of Reserve

- Finance the major upgrading and maintenance (including painting) to the Fremantle Town Hall.
- Conserve heritage places already owned by or vested in the Council.
- Augment external funds allocated to the City for the purpose of heritage conservation.
- Provide assistance to other owners of heritage places within the municipality where Council is satisfied that this is a proper, cost-effective and lawful use of the funds.
- To administer conservation fund appeals.
- To finance the additional costs of higher specified infrastructure improvements (e.g., footpaths, roads, landscaping, buildings, etc) to areas abutting or adjacent to heritage places where the higher specifications are incurred to maintain the area in sympathy with the heritage place.
- Purchase heritage properties within the municipality of Fremantle, which:
 - Are in a distinct need of conservation.
 - Council can conserve according to the Burra Charter principles
 - Enable Council to demonstrate the Burra Charter model of conservation for others to follow; or
 - In Council's estimation would not otherwise be conserved (restored) in accordance with Burra Charter principles.
- Finance major renewal, restoration or maintenance to heritage properties.
- Council Policy SG30 Heritage Places Reserve also refers.

Source of Income

- Municipal Fund contribution as approved by Council in the Annual Budget.
- Net sale of proceeds from sale of properties whose initial acquisition and restoration was financed from this reserve.

Security Services Reserve

Purpose of Reserve

- Finance the security service within the specified area (refer Note 2). Intended services/facilities are physical presence on the street, call out/response capability, lighting and infrastructure improvements, inspection regime plus CCTV camera monitoring.

Source of Income

- Revenue raised from a specified area rate which was not spent on the purpose within the financial year the specified area rates were raised.

Parking Dividend Equalisation Reserve

Purpose of Reserve

- Provide a smoothing out of revenue contributions to municipal operations from commercial parking activities. That is to be achieved as follows:- (a) by transferring net profits in excess of budget to the reserve, and (b) if required, when there is a material (i.e., plus 1%) net loss, transferring funds from the reserve to municipal fund to compensate for the loss.
- Fund commercial parking capital equipment and facilities or parking infringement capital equipment and facilities to the extent that the funds available in the reserve exceed 2.5% of budgeted gross parking revenue.

Source of Income

- Transfer from the municipal fund: - (i) net profit on commercial parking operations exceeding a set figure in the budget. Note: Net profit is calculated including depreciation and allocated support service costs, but excludes capital; and/or (ii) Transfer from the municipal fund amount(s) determined by Council through the Adopted Budget or Budget Review in relation to parking operations.
- Transfer from municipal fund amount(s) determined by Council through the Adopted Budget or Budget Review in relation to parking infringement operations.
- Net proceeds from sale of parking facilities as determined by Council through the Adopted Budget or Budget

CITY OF FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

6. RESERVES (Continued)

Service Charge – Underground Power East Scheme Reserve

Reserve has been cancelled with adoption of 2013/2014 Budget.

Carbon Neutrality Reserve

Reserve has been cancelled with adoption of 2013/2014 Budget.

Fremantle Markets Conservation

Purpose of Reserve

- Fund conservation works to the Fremantle Markets.

Source of Income

- Contribution by lessee on signing of new lease in June 2008.
- Increase of rent derived from the premises for the first ten years of the lease commencing in June 2008 as a minimum to assist in obtaining external funding for implementing the Conservation Plan.

Renewable Investment Reserve

Purpose of Reserve

- To purchase sufficient carbon offsets to maintain the City's carbon neutral status. Remaining funds will then be used to invest in financially attractive renewable energy projects. These projects must result in "additional" renewable energy generation. If no financially attractive renewable energy projects can be identified, the fund will accumulate that year's contribution.

Source of Income

- Accept any surplus funds which may arise from the net selling price for the O'Hara St property.

Leighton Precinct Maintenance

Purpose of Reserve

- To hold any specified area rate income raised during the financial year that were unspent at 30 June in relation to the Leighton Precinct maintenance.
- To fund the above normal costs associated with maintaining the higher standard of the landscaping of the Leighton residential area.

Source of Income

- Revenue raised from a specified area rate that was unspent at the end of the financial year, i.e., 30 June.

Leisure Centre Upgrade Reserve

Purpose of Reserve

- Provide funds for major upgrading and refurbishment works at the Fremantle Leisure Centre.

Source of Income

- Transfer from the Investment Reserve as approved by Council.
- Transfer from municipal fund amount(s) determined by Council through the Adopted Budget or Budget Review.

Fremantle Town Hall Refurbishment

Purpose of Reserve

- Provide funds for major refurbishment of the historic Fremantle Town Hall.

Source of Income

- Transfer from the Investment Reserve as approved by Council.
- Transfer from municipal fund amount(s) determined by Council through the Adopted Budget or Budget Review.

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

6. RESERVES (Continued)

Cantonment Hill Master Plan

Purpose of Reserve

- Fund capital works at Cantonment Hill in accordance with the Cantonment Hill Master Plan.

Source of Income

- Transfer from the Investment Reserve as approved by Council.
- Transfer from municipal fund amount(s) determined by Council through the Adopted Budget or Budget Review.

Kings Square Improvements

Purpose of Reserve

- Fund capital works improvements to Kings Square.

Source of Income

- Transfer from the Investment Reserve as approved by Council.
- Transfer from municipal fund amount(s) determined by Council through the Adopted Budget or Budget Review.

Play Spaces Reserve

Purpose of Reserve

- Fund capital works for play spaces, which can cover playground equipment and soft fall.

Source of Income

- Transfer from the Investment Reserve as approved by Council.
- Transfer from municipal fund amount(s) determined by Council through the Adopted Budget or Budget Review.

Sustainability Reserve

Purpose of Reserve

- Fund sustainability plus carbon neutral and/or carbon friendly initiatives.

Source of Income

- Transfer from the Investment Reserve as approved by Council.
- Transfer from municipal fund amount(s) determined by Council through the Adopted Budget or Budget Review.

Stan Reilly Property Re-Development Reserve

Purpose of Reserve

- Fund capital works for the re-development of the Stan Reilly site.

Source of Income

- Transfer from the Investment Reserve as approved by Council.
- Transfer from municipal fund amount(s) determined by Council through the Adopted Budget or Budget Review.

CITY OF FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

6. RESERVES (Continued)

Revaluation Reserves

Council have a policy of annual revaluation of freehold properties and infrastructure. The amount of any revaluation adjustment at 30 June 2013 and 30 June 2014 is not known at the time of budget adoption. Any transfer to or from an asset revaluation reserve will be a non-cash transaction (treated as Other Comprehensive Income) and as such, has no impact on this budget document.

7. NET CURRENT ASSETS

Composition of Estimated Net Current Asset Position

	Note	2013/14 Budget \$	2012/13 Actual \$
CURRENT ASSETS			
Cash - Unrestricted	14(a)	11,000,555	13,004,918
Cash - Restricted	14(b)	28,179,882	19,288,147
Receivables		2,300,000	2,307,674
Inventories		165,000	164,323
		<u>41,645,437</u>	<u>34,765,062</u>
LESS: CURRENT LIABILITIES			
Payables and Provisions		<u>(15,200,000)</u>	<u>(15,225,203)</u>
NET CURRENT ASSET POSITION		26,445,437	19,539,859
Add: Non Current Debtors & Current Loan Liabilities		1,656,001	1,770,150
Less: No Current Leave & Deposit Provisions		(921,556)	(855,382)
Less: Cash - Restricted Reserves		(27,079,882)	(18,094,627)
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		<u>100,000</u>	<u>2,360,000</u>

The estimated surplus/(deficiency) c/fwd in the 2012/13 actual column represents the surplus (deficit) brought forward as at 1 July 2013.

The estimated surplus/(deficiency) c/fwd in the 2013/14 budget column represents the surplus (deficit) carried forward as at 30 June 2014.

Composition of Estimated Net Current Asset Position by Entity

City of Fremantle (Municipal)	100,000	60,000
City of Fremantle Trust Fund	<u>-</u>	<u>2,300,000</u>
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD	<u>100,000</u>	<u>2,360,000</u>

CITY OF FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

8. RATING INFORMATION - 2013/14 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2013/14 Budgeted Rate Revenue \$	2013/14 Budgeted Interim Rates \$	2013/14 Budgeted Total Revenue \$	2012/13 Actual \$
Differential Rates							
General Differential	0.07344	9,284	312,508,289	22,950,563	120,295	23,070,858	21,847,232
City Centre Commercial	0.07785	391	73,866,233	5,750,485	32,000	5,782,485	5,582,158
Residential Vacant Land	0.13893	224	6,675,260	927,393	-	927,393	1,043,372
Undeveloped CBD	0.14688	2	343,000	50,380	-	50,380	84,982
Undeveloped Commercial	0.14687	46	2,048,350	300,841	-	300,841	-
Nightclubs	0.14686	3	2,102,716	308,805	-	308,805	283,521
Sub-Totals		9,950	397,543,848	30,288,467	152,295	30,440,762	28,841,265
Minimum Rates	Minimum \$						
General Differential	1,099.00	4,727	59,808,300	5,194,973	-	5,194,973	4,937,100
City Centre Commercial	1,099.00	51	511,363	56,049	-	56,049	53,550
Residential Vacant Land	1,400.00	189	1,457,405	264,600	-	264,600	94,500
Undeveloped CBD	1,400.00	-	-	-	-	0	-
Undeveloped Commercial	1,400.00	12	61,040	16,800	-	16,800	-
Nightclubs	1,400.00	-	-	-	-	0	-
Sub-Totals		4,979	61,838,108	5,532,422	-	5,532,422	5,085,150
Property Totals		14,929	459,381,956	35,820,889		35,973,184	33,926,415
Specified Area Rates (Note 9)						135,841	138,073
						36,109,025	34,064,488
Totals						36,109,025	34,064,488

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

CITY OF FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

8. RATING INFORMATION - 2013/14 FINANCIAL YEAR (Continued)

The general rates detailed above for the 2013/14 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

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

<u>Differential Rates Advertised</u>		<u>Differential Rates Adopted</u>	
Differential Rates	Rate in \$	Differential Rates	Rate in \$
General Differential	0.07299	General Differential	0.07344
City Centre Commercial	0.07736	City Centre Commercial	0.07785
Residential Vacant Land	0.13807	Residential Vacant Land	0.13893
Undeveloped CBD	0.14596	Undeveloped CBD	0.14688
Undeveloped Commercial	0.14595	Undeveloped Commercial	0.14687
Nightclubs	0.14597	Nightclubs	0.14686
Minimum Rates	Minimum \$	Minimum Rates	Minimum \$
General Differential	1092.00	General Differential	1,099.00
City Centre Commercial	1092.00	City Centre Commercial	1,099.00
Residential Vacant Land	1092.00	Residential Vacant Land	1,400.00
Undeveloped CBD	1092.00	Undeveloped CBD	1,400.00
Undeveloped Commercial	1092.00	Undeveloped Commercial	1,400.00
Nightclubs	1092.00	Nightclubs	1,400.00

The differential rates adopted in the budget differ to the differential rates advertised as Council increased to 4.65% the general rate increase plus adjusted some of the minimum charges.

CITY OF FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

9. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value \$	2013/14 Budgeted Revenue \$	Budget Applied to Costs \$	2012/13 Actual \$
Security Levy	0.001130	GRV	87,320,284	98,666	98,666	100,188
Leighton Precinct Maintenance	0.004880	GRV	7,618,110	37,175	-	37,885
				135,841	98,666	138,073

(a) Security Service.

In 2004/2005, Council introduced a security service for a specified area of the City Centre which is recovered via a specified area rate. The area covered by the service is those areas within the following boundary:- *“the area bounded by Parry Street, South Terrace, Suffolk Street, Fishing Boat Harbour (west of Mews Road) and along the coast to Bathers Beach, Fleet Street, Phillimore Street, and Elder Place.”*

The objectives of the service are:-

- (a) Reduce anti-social behaviour on the street, e.g. theft, vandalism, graffiti
- (b) Reduce noise and disturbance for residents
- (c) Reduce illegal drug and street drinking activity
- (d) Better monitor and respond to impacts of licensed premises
- (e) Achieve safer, smoother access and transport solutions at “night hotspot times”

The services/facilities that it is intended to provide are:-

- Physical presence on the street
- Call out/response capability
- Lighting & Infrastructure Improvements
- Inspection regime
- Installation, maintenance and/or monitoring of security cameras

(b) Leighton Precinct Maintenance

To fund the above normal costs associated with maintaining the higher standard of the landscaping of the Leighton residential area.

CITY OF FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

10. FEES & CHARGES REVENUE	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
Governance	73,860	25,682	4,860
General Purpose Funding	310,000	310,145	245,000
Law, Order, Public Safety	2,804,500	2,932,138	2,331,250
Health	435,600	435,185	365,000
Education and Welfare	174,300	164,882	181,000
Housing	134,680	112,705	129,500
Community Amenities	1,674,900	1,796,199	1,531,500
Recreation & Culture	3,553,980	4,537,804	4,709,645
Transport	10,763,481	11,158,457	10,155,000
Economic Services	684,840	533,706	802,900
Other Property & Services	4,247,820	4,084,369	4,107,532
	<u>24,857,961</u>	<u>26,091,271</u>	<u>24,563,187</u>

11. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2013/2014 FINANCIAL YEAR

The following rates concessions are provided:-

1. 86 Adelaide Street. Harbour Side Theatre. Value of concession estimated at \$4,274.
2. Parry Street (Fremantle Oval) - South Fremantle Football Club. Value of concession estimated at \$13,917.
3. 6 Ellen Street. Fremantle Bowling Club Inc.. Value of concession estimated at \$5,949.
4. The Terrace (Portion of Fremantle Prison). Fremantle & Districts Model Railway Association Inc.
Concession to continue annually whilst the Association remains in occupancy of the "Blacksmith Shop" within the Fremantle Prison. Value of concession estimated at \$275.
5. The Terrace (Portion of Fremantle Prison). Coastal Business Centre. Concession applied annually on the area occupied by this area occupied by this organisation. Value of concession estimated at \$9,590.
6. The Terrace (Portion of Fremantle Prison). Fremantle Children Literature Centre. Concession applied annually on the area occupied by this area occupied by this organisation. Value of concession estimated at \$6,473.
7. Shepherd Street. Hilton Park Bowling & Recreation Club Inc. Value of concession estimated at \$4,774.
8. 1 Johannah Street. Apace Western Australia Apace Aid Inc. Value of concession estimated at \$4,009
9. High Street. Fremantle Netball Association Inc.. Value of concession estimated at \$6,498
10. 4 Ellen Street. Fremantle Lawn Tennis. Value of concession estimated at \$3,268.
11. 359 High Street. Royal Fremantle Golf Club. Value of concession estimated at \$33,415.
12. Stevens Street. Fremantle Hockey Club Inc & Fremantle District Cricket Club Inc. Value of concession estimated at \$8,757.
13. 20 Leighton Beach Boulevard. Fremantle Surf Life Saving Club Inc (Boat Shed). Value of concession estimated at \$1,155.
14. 20 Leighton Beach Boulevard. Fremantle Surf Life Saving Club Inc (Clubrooms). Value of concession estimated at \$13,872.
15. Shepherd Street. Fremantle Rugby League Football Club Inc. Value of concession estimated at \$6,059.
16. Shepherd Street. Fremantle United Soccer & Recreational Club Inc. Value of concession estimated at \$6,891.
17. John Street. North Fremantle Amateur Football Club Inc. Value of concession estimated at \$3,745.
18. 8 Thompson Road. North Fremantle Bowls, Tennis & Community Centre Inc. Value of concession estimated at \$3,612.
20. Shop 14/10 William Street. Hoyts Multiplex Cinemas Pty Ltd. Value of concession estimated at \$69,638.
21. 1-21 Finnerty Street. Fremantle Arts Centre Cafe (Gross Lease). Value of concession estimated at \$2,111.
22. 72 Adelaide Street. St Patricks Community Support Centre (Gross Lease). Value of concession estimated at \$2,442.
23. 13, 15 & 16/253 High Street Fremantle. Concession allowed by calculating rates utilising the combined total of the Gross Rental Value of all units at 253 High Street, Fremantle owned by Ashbridge Nominees Pty Ltd and occupied by a pensioner/s subject to receipt of written confirmation annually from Ashbridge Nominees Pty Ltd of each units occupancy by a pensioner and their relevant pensioner details. Rate reduction to be evenly divided between each occupant with individual rate notices issued accordingly.
(Item SDRCP111 of 10 December 2001 refers) Value of concession estimated at \$1,006.

CITY OF FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

11. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2013/14 FINANCIAL YEAR (continued)

24. 28 Mews Road. Fremantle Volunteer Sea Rescue Group. Value of concession estimated at \$2,144.

Nightclubs

Note: The purpose for nightclubs is to provide a concession for areas not used for nightclub purposes.

Confirmation of use and apportionment of outgoings to the individual leases is required for each property.

25. 189 High Street. Anham Nominees Pty Ltd. Value of concession estimated at \$2,688.

26. 14 South Terrace. Guiuseppina Fazio & Vincenzo Fazio. Value of concession estimated at \$52,755.

27. 52 South Terrace. Victor Gubgub Pty Ltd. Value of concession estimated at \$6,513.

No other discount or other incentive is proposed, nor is any other waiver or concessions proposed.

12. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR

(a) Penalty Interest on Late Rates Payment

Interest on late rate payments will be charged at 11.0% calculated on a daily basis.

(b) Instalment Options For Payment Of Rates

Due dates of instalments are anticipated as follows: -

1st Instalment	3 October 2013
2nd Instalment	3 December 2013
3rd Instalment	3 February 2014
4th Instalment	3 April 2014

(i) Interest will be charged on the deferred amount of the rates at 5.5% per annum and calculated on a daily basis.

(ii) An administration fee of \$30.00 per assessment will be charged to all ratepayers electing to pay by instalments. The administration fee will be recovered over the four instalments and is in addition to the interest charge in (i) above. The administration fee is estimated to yield \$207,900 in the financial year.

	2013/14 Budget \$
Other Interest Revenue	
Instalment interest on rates	175,000
Penalty interest on rates	100,000
Other interest	1,635,227
	<u>1,910,227</u>

CITY OF FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

13. ELECTED MEMBER REMUNERATION

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

	2013/14 Budget	2012/13 Actual
	\$	\$
Mayor's Fees & Allowances	133,750	78,722
Deputy Mayor's Fees & Allowances	48,750	22,000
Elected Member Fees	362,500	77,000
Elected Member Expense Reimbursement & Conferences	87,500	60,547
	<u>632,500</u>	<u>238,269</u>

14. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	2013/14 Budget	2012/13 Actual	2012/13 Budget
	\$	\$	\$
Cash - Unrestricted	11,000,555	13,004,918	8,517,366
Cash - Restricted	28,179,882	19,288,147	21,248,029
	<u>39,180,437</u>	<u>32,293,065</u>	<u>29,765,395</u>

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

Investment Reserve Fund	11,056,279	1,179,011	6,240,281
Arts and Cultural Facilities Reserve	-	-	6,679
Heritage Places Reserve	-	656,472	55,107
Parking Dividend Equalisation Reserve	7,143,282	2,864,155	2,595,541
Parks, Recreation and Facilities Reserve	763,965	759,575	183,330
Security Services Reserve	-	-	-
Service Charge – Underground Power			
East Scheme Reserve	-	-	-
Carbon Neutrality Reserve	-	-	-
Fremantle Markets Conservation Reserve	146,414	556,250	556,250
Renewable Energy Investment Reserve	11,225	190,385	40,999
Leighton Precinct Maintenance Reserve	108,717	70,862	72,198
Leisure Centre Upgrade Reserve	150,000	1,957,104	2,000,000
Fremantle Town Hall Refurbishment Reserve	2,000,000	2,000,000	2,000,000
Cantonment Hill Master Plan Reserve	1,700,000	1,997,000	1,950,000
Kings Square Improvements Reserve	2,000,000	2,000,000	2,000,000
Play Spaces Reserve	-	920,910	400,000
Sustainability Reserve	-	942,903	-
Stan Reilly Property Redevelopment Reserve	2,000,000	2,000,000	2,000,000
	<u>27,079,882</u>	<u>18,094,627</u>	<u>20,100,385</u>
Unexpended Loans	-	188,474	-
Restricted Cash	1,100,000	1,005,046	1,147,634
Grants Received in Advance	-	-	-
	<u>1,100,000</u>	<u>1,193,520</u>	<u>1,147,634</u>

CITY OF FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

14. NOTES TO THE CASH FLOW STATEMENT (continued)

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

	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
Net Result	1,663,766	1,423,572	846,191
Depreciation	8,893,459	9,136,146	8,978,014
(Profit)/Loss on Sale of Asset	1,485,430	3,881	(371,952)
(Increase)/Decrease in Receivables	-	220,259	200,000
(Increase)/Decrease in Inventories	-	21,638	-
Increase/(Decrease) in Payables	(1,000,000)	991,434	(467,504)
Increase/(Decrease) in Provisions	-	371,208	-
Grants/Contributions for the Development of Assets	(3,690,319)	(2,405,983)	(2,141,351)
Net Cash from Operating Activities	<u>7,352,336</u>	<u>9,762,155</u>	<u>7,043,398</u>

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

Bank Overdraft limit	250,000	250,000	250,000
Bank Overdraft at Balance Date	-	-	-
Credit Card limit	600,000	450,000	400,000
Credit Card Balance at Balance Date	-	-	-
Total Amount of Credit Unused	<u>850,000</u>	<u>700,000</u>	<u>650,000</u>

Loan Facilities

Loan Facilities in use at Balance Date	<u>7,879,308</u>	<u>9,300,744</u>	<u>8,320,744</u>
Unused Loan Facilities at Balance Date	<u>-</u>	<u>188,474</u>	<u>-</u>

CITY OF FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

15. TRUST FUNDS

Funds held at balance date over which the Municipality has no control and which are not included in the financial statements are estimated as follows:

Detail	Balance 01-Jul-13 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-14 \$
Cash In Lieu of Public Open Space*	(565,751)	(24,000)	-	(589,751)
	<u>(565,751)</u>	<u>(24,000)</u>	<u>-</u>	<u>(589,751)</u>
*Source of Public Open Space Funds				
37 Strang St Beaconsfield Sub-division	(334,650)	(14,196)	-	(348,846)
17-21 Mather Rd Subdivision	(165,766)	(7,032)	-	(172,798)
Lot 16 Curedale/Lefroy Rd Beaconsfield	(65,335)	(2,772)	-	(68,107)
	<u>(565,751)</u>	<u>(24,000)</u>	<u>-</u>	<u>(589,751)</u>

16. RESTRICTED CASH

Estimated funds held at balance date over which the Municipality has control but which have conditions attached.

Detail	Balance 01-Jul-13 \$	Amounts Received \$	Amounts Paid \$	Balance 30-Jun-14 \$
Cash In Lieu of Parking	(469,360)	-		(469,360)
Cash In Lieu of Public Open Space				
ICI Site North Fremantle	(87,259)	-		(87,259)
29 Annie Street	(67,700)	-	-	(67,700)
Christian Brothers Site	(131,830)	-	-	(131,830)
Lot 502 Lefroy Road	(61,600)	-	-	(61,600)
Starline Gardens	(2,940)	-	-	(2,940)
Swan Hardware	(26,899)	-	-	(26,899)
Culyver/Naylor	(15,242)	-	-	(15,242)
Bequests				
Gweneth Ewens	(44,871)	(3,500)	2,500	(45,871)
John Francis Boyd	(2,700)	-	-	(2,700)
Victor Felstead	(28,634)	(7,500)	7,000	(29,134)
Miscellaneous	(66,011)	(600,000)	606,011	(60,000)
	<u>(1,005,046)</u>			<u>(1,000,535)</u>

CITY OF FREMANTLE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30th JUNE 2014

17. MAJOR LAND TRANSACTIONS

(a) Disposal of Property

Kings Square Precinct Redevelopment

The Kings Square Project is the integrated development and redevelopment of a number of City-owned properties and functions - the library, administration offices, Queensgate Centre, Queensgate car park, Spicer site, Fremantle Visitor Centre and the public spaces within the Kings Square precinct - in conjunction with the redevelopment of the adjoining Myer building owned by Sirona Capital Management (Sirona). The City of Fremantle and Sirona have signed a contract in regard to this redevelopment. Though no allowance has been made in this budget for any disposal of the assets or receipt of sale proceeds, over a three to five year period the sale of property will proceed along with redevelopment of the Council's Administration Building and land in Kings Square.

Adelaide Street/Point Street Development

In July 2009 the City invited tenders for the purchase and redevelopment of the properties but the Council did not accept any of the tenders as the price offered was not considered adequate. In December 2009 Council confirmed that the disposal and redevelopment of the properties was a priority. During 2012/2013 a conditional offer was received for the sale of the property and the sale is expected to be settled in late 2013. The budget includes allowance for the disposal of the assets and receipt of sale proceeds.

Lots 1 & 2 Quarry Street (Fremantle Youth Centre Premises)

It is proposed to offer the property for sale during the financial year and the budget includes allowance for the disposal of the asset and receipt of sale proceeds.

50 Pakenham Street (Bannister Street Carpark)

It is proposed to offer the property for sale during the financial year and the budget includes allowance for the disposal of the asset and receipt of sale proceeds.

(b) Acquisition of Property

The budget includes allowance for the acquisition of freehold property for a new works depot. It is intended the business plan for this proposal will be prepared and advertised during the financial year.

18. LAND TRANSACTIONS - SALE OF FREEHOLD PROPERTY

Pass Crescent (O'Hara Street Sump)

The property has being subdivided and it is proposed to offer the properties for sale during the financial year and the budget includes allowance for the disposal of the assets and receipt of sale proceeds.

Tapper Street Properties (City of Fremantle Trust Fund)

The trustees of the City of Fremantle Trust Fund have resolved as follows:- The Trust proceed to offer the Tapper Street Mews site for sale as a Retirement Village. The budget includes allowance for the disposal of the asset and receipt of sale proceeds.

19. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2013/2014.

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2014

20. Loan Advances

	Amount of Initial Advance \$	Term of Advance Years	Date of Advance	Outstanding Principal 30 June 2013	2013/2014			Adjustment for Impairment of Interest	Outstanding Principal 30 June 2014
					Interest	Principal	Total Repayment		
<u>Self Supporting Loans - General</u>									
Silver Chain	2,200,000	10	14-Jun-06	588,725	-	165,000	165,000	35,327	459,052
Fremantle Workers Club	330,000	10	21-Dec-12	330,000	14,047	-	14,047	-	330,000
				918,725	14,047	165,000	179,047	35,327	789,052
<u>Loans under Sport & Recreation Capital Loans Scheme</u>									
Fremantle Rugby League Club	5,000	11	22-Apr-03	492	8	492	500	-	-
North Fremantle Associated Clubs	13,000	11	28-Jun-05	2,537	42	1,258	1,300	-	1,279
South Fremantle Football Club	27,700	11	21-Jun-05	8,047	130	2,640	2,770	-	5,407
				11,076	180	4,390	4,570	-	6,686
Total All Advances				929,801	14,227	169,390	183,617	35,327	795,738

CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30th JUNE 2014

21. CONTROLLED ENTITY

It is anticipated that the City of Fremantle Trust Fund will be formally dissolved by State Parliament this financial year with the assets and liabilities of the trust transferred to the city. The net current assets at dissolution are estimated at \$2.3 million and are budgeted to be transferred to the Investment Reserve.