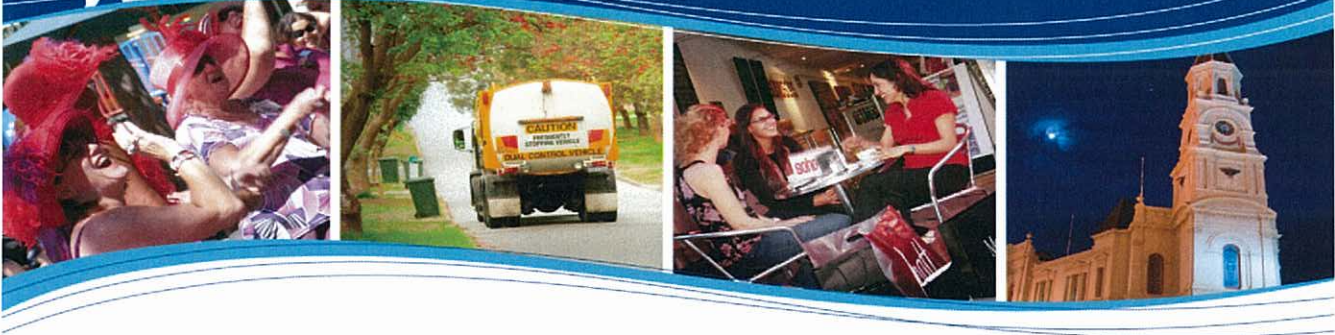




City of Fremantle



CITY of FREMANTLE

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

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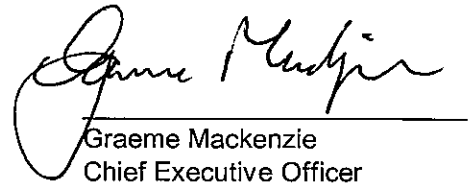
CITY of FREMANTLE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Fremantle being the annual financial report and other information for the financial year ended 30th June 2009 are in my opinion properly drawn up to present fairly the financial position of the City of Fremantle at 30th June 2009 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 15th day of December 2009.



Graeme Mackenzie
Chief Executive Officer

**CITY of FREMANTLE
INCOME STATEMENT
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2009**

| | NOTE | 2009 \$ | 2009 Budget \$ | 2008 \$ |
|--|------|--------------------|----------------------|--------------------|
| REVENUES FROM ORDINARY ACTIVITIES | | | | |
| Rates | 23 | 24,782,456 | 24,496,233 | 21,975,009 |
| Grants and Subsidies - operating | 30 | 3,821,733 | 3,520,325 | 3,709,407 |
| Contributions, Reimbursements & Donations | | 960,065 | 910,329 | 1,065,190 |
| Fees and Charges | 29 | 21,392,030 | 19,554,107 | 20,639,270 |
| Service Charges | 26 | 893,594 | 754,797 | 1,142,752 |
| Interest Earnings | 2(a) | 1,854,450 | 1,429,020 | 2,109,178 |
| Other Revenue | | <u>382,957</u> | <u>129,782</u> | <u>5,315,295</u> |
| | | 54,087,285 | 50,794,593 | 55,956,101 |
| EXPENSES FROM ORDINARY ACTIVITIES | | | | |
| Employee Costs | | (25,406,418) | (26,693,224) | (22,900,133) |
| Materials and Contracts | | (14,800,622) | (12,323,930) | (15,351,613) |
| Utilities | | (1,091,600) | (1,032,714) | (985,677) |
| Depreciation on Non-Current Assets | 2(a) | (9,819,456) | (9,178,011) | (9,537,779) |
| Interest Expenses | 2(a) | (753,789) | (761,380) | (680,329) |
| Insurance Expenses | | (473,160) | (562,929) | (490,069) |
| Other Expenditure | | <u>(3,375,180)</u> | <u>(2,681,653)</u> | <u>(2,870,565)</u> |
| | | (55,720,225) | (53,233,841) | (52,816,165) |
| | | (1,632,940) | (2,439,248) | 3,139,936 |
| Grants, Subsidies, Contributions, Reimbursements and Donations - non operating | 30 | 3,417,621 | 2,152,125 | 1,063,305 |
| Fair value adjustments to financial assets at fair value through profit or loss | | (1,587,472) | - | (679,928) |
| Profit on Asset Disposals | 21 | 82,518 | 542,531 | 11,350 |
| Loss on Asset Disposal | 21 | <u>(34,015)</u> | - | <u>(66,997)</u> |
| NET RESULT | | <u>245,712</u> | <u>255,408</u> | <u>3,467,666</u> |

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

**CITY of FREMANTLE
INCOME STATEMENT
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2009**

| | NOTE | 2009 \$ | 2009 Budget \$ | 2008 \$ |
|--|-------|---------------------|----------------------|---------------------|
| REVENUES FROM ORDINARY ACTIVITIES | | | | |
| Governance | | 354,099 | 275,615 | 203,587 |
| General Purpose Funding | | 27,987,565 | 26,874,719 | 29,979,476 |
| Law, Order, Public Safety | | 1,693,601 | 189,260 | 53,595 |
| Health | | 228,496 | 301,251 | 247,106 |
| Education and Welfare | | 2,606,851 | 2,501,725 | 3,201,559 |
| Housing | | 64,929 | 66,500 | 67,861 |
| Community Amenities | | 421,771 | 1,331,366 | 1,302,031 |
| Recreation and Culture | | 7,938,393 | 6,183,057 | 4,998,104 |
| Transport | | 9,998,263 | 10,996,704 | 11,598,351 |
| Economic Services | | 1,273,890 | 1,757,584 | 2,192,484 |
| Other Property and Services | | 5,019,565 | 2,989,048 | 3,156,188 |
| | | <u>57,587,423</u> | <u>53,466,829</u> | <u>57,000,342</u> |
| EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE | | | | |
| Governance | | (3,989,323) | (3,767,978) | (2,836,615) |
| General Purpose Funding | | (3,006,358) | (685,312) | (1,260,207) |
| Law, Order, Public Safety | | (2,767,058) | (996,820) | (870,655) |
| Health | | (684,667) | (714,313) | (664,754) |
| Education and Welfare | | (5,282,052) | (5,222,345) | (5,667,628) |
| Housing | | (76,919) | (74,774) | (75,058) |
| Community Amenities | | (7,384,390) | (7,874,684) | (7,079,948) |
| Recreation & Culture | | (15,377,742) | (14,068,300) | (13,039,017) |
| Transport | | (12,713,567) | (13,962,157) | (14,239,255) |
| Economic Services | | (2,112,093) | (1,990,586) | (4,442,450) |
| Other Property and Services | | (3,193,753) | (3,092,772) | (2,676,760) |
| | | <u>(56,587,922)</u> | <u>(52,450,041)</u> | <u>(52,852,347)</u> |
| BORROWING COSTS EXPENSE | | | | |
| Governance | | (36,828) | (61,578) | (37,020) |
| General Purpose Funding | | (155,824) | (155,824) | (118,129) |
| Law, Order, Public Safety | | - | - | - |
| Health | | - | - | - |
| Education and Welfare | | (113,884) | (113,884) | (125,252) |
| Housing | | - | - | - |
| Community Amenities | | (44,216) | (44,216) | (1,664) |
| Recreation & Culture | | (9,645) | (40,693) | (56,367) |
| Transport | | (383,928) | (335,721) | (330,029) |
| Economic Services | | - | - | - |
| Other Property and Services | | (9,464) | (9,464) | (11,868) |
| | | <u>(753,789)</u> | <u>(761,380)</u> | <u>(680,329)</u> |
| | 2 (a) | <u>(753,789)</u> | <u>(761,380)</u> | <u>(680,329)</u> |
| NET RESULT | | <u>245,712</u> | <u>255,408</u> | <u>3,467,666</u> |

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

**CITY of FREMANTLE
BALANCE SHEET
AS AT 30TH JUNE 2009**

| | NOTE | 2009 \$ | 2008 \$ |
|--------------------------------------|-------|--------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | 3 | 5,763,131 | 157,893 |
| Investments | 4 | 15,979,376 | 20,249,566 |
| Trade and Other Receivables | 5 | 2,463,472 | 3,357,257 |
| Inventories | 6 | 172,891 | 173,166 |
| TOTAL CURRENT ASSETS | | <u>24,378,870</u> | <u>23,937,882</u> |
| NON-CURRENT ASSETS | | | |
| Other Receivables | 5 | 1,338,745 | 1,482,844 |
| Investments | 6 (a) | 6,090,377 | 3,992,223 |
| Property, Plant and Equipment | 7 | 125,418,006 | 126,308,823 |
| Investment property | 7 (a) | 56,205,000 | 56,800,000 |
| Intangibles | 7 (b) | 1,501,089 | 1,159,963 |
| Infrastructure | 8 | 204,326,418 | 203,973,945 |
| TOTAL NON-CURRENT ASSETS | | <u>394,879,635</u> | <u>393,717,798</u> |
| TOTAL ASSETS | | <u>419,258,505</u> | <u>417,655,680</u> |
| CURRENT LIABILITIES | | | |
| Trade and Other Payables | 9 | 5,831,716 | 6,430,143 |
| Long Term Borrowings | 10 | 1,953,138 | 1,699,653 |
| Provisions | 11 | 3,608,430 | 2,909,762 |
| TOTAL CURRENT LIABILITIES | | <u>11,393,284</u> | <u>11,039,558</u> |
| NON-CURRENT LIABILITIES | | | |
| Long Term Borrowings | 10 | 9,496,576 | 10,342,714 |
| Provisions | 11 | 1,313,655 | 1,810,182 |
| TOTAL NON-CURRENT LIABILITIES | | <u>10,810,231</u> | <u>12,152,896</u> |
| TOTAL LIABILITIES | | <u>22,203,515</u> | <u>23,192,454</u> |
| NET ASSETS | | <u>397,054,990</u> | <u>394,463,226</u> |
| EQUITY | | | |
| Retained Surplus | | 140,514,556 | 140,743,371 |
| Reserves - Cash/Investment Backed | 12 | 10,830,359 | 10,446,731 |
| Reserves - Asset Revaluation | 13 | 245,710,075 | 243,273,124 |
| TOTAL EQUITY | | <u>397,054,990</u> | <u>394,463,226</u> |

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

**CITY of FREMANTLE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2009**

| | NOTE | 2009 \$ | 2008 \$ |
|--|-------|--------------------|--------------------|
| RETAINED SURPLUS | | | |
| Balance as at 1 July 2008 | | 140,743,371 | 137,341,389 |
| Net Result | | 245,712 | 3,467,666 |
| Movement of investment using equity method | | (90,899) | 494,010 |
| Transfer from/(to) Reserves | | <u>(383,628)</u> | <u>(559,694)</u> |
| Balance as at 30 June 2009 | | <u>140,514,556</u> | <u>140,743,371</u> |
| RESERVES - CASH/INVESTMENT BACKED | | | |
| Balance as at 1 July 2008 | | 10,446,731 | 9,887,038 |
| Amount Transferred (to)/from Retained Surplus | | <u>383,628</u> | <u>559,693</u> |
| Balance as at 30 June 2009 | 12 | <u>10,830,359</u> | <u>10,446,731</u> |
| RESERVES - ASSET REVALUATION | | | |
| Balance as at 1 July 2008 | | 243,273,124 | 216,580,740 |
| Revaluation Increment | 7 & 8 | 5,745,059 | 26,692,384 |
| Revaluation Decrement | 7 & 8 | <u>(3,308,108)</u> | <u>-</u> |
| Balance as at 30 June 2009 | 13 | <u>245,710,075</u> | <u>243,273,124</u> |
| TOTAL EQUITY | | <u>397,054,990</u> | <u>394,463,226</u> |

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

**CITY of FREMANTLE
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2009**

| | NOTE | 2009 \$ | 2009 Budget \$ | 2008 \$ |
|---|-------|---------------------|----------------------|---------------------|
| Cash Flows From Operating Activities | | | | |
| Receipts | | | | |
| Rates | | 25,481,387 | 24,500,000 | 22,251,712 |
| Grants and Subsidies - operating | | 3,821,733 | 3,490,000 | 3,709,407 |
| Contributions, Reimbursements & Donations - operating | | 960,065 | 910,000 | 1,065,190 |
| Fees and Charges | | 21,697,873 | 19,600,000 | 20,285,646 |
| Service Charges | | 893,594 | 760,000 | 1,142,752 |
| Interest Earnings | | 1,854,450 | 1,430,000 | 1,429,250 |
| Goods and Services Tax | | 2,649,526 | 2,500,000 | 2,451,925 |
| Other | | 382,957 | 130,000 | 352,355 |
| | | <u>57,741,585</u> | <u>53,320,000</u> | <u>52,688,237</u> |
| Payments | | | | |
| Employee Costs | | (25,204,277) | (26,900,000) | (23,617,475) |
| Materials and Contracts | | (14,139,074) | (12,861,015) | (15,620,856) |
| Utilities (gas, electricity & water) | | (1,091,600) | (1,030,000) | (985,677) |
| Insurance | | (473,160) | (560,000) | (490,069) |
| Interest | | (753,789) | (760,000) | (680,329) |
| Goods and Services Tax | | (2,493,906) | (3,200,000) | (2,206,267) |
| Other | | (1,246,423) | (2,880,000) | (2,870,565) |
| | | <u>(45,402,229)</u> | <u>(48,191,015)</u> | <u>(46,471,238)</u> |
| Net Cash Provided By (Used In) | | | | |
| Operating Activities | 14(b) | <u>12,339,356</u> | <u>5,128,985</u> | <u>6,216,999</u> |
| Cash Flows from Investing Activities | | | | |
| Payments for Purchase of | | | | |
| Property, Plant & Equipment | | (3,247,045) | (3,950,000) | (3,869,518) |
| Payments for Construction of | | | | |
| Infrastructure | | (7,204,634) | (9,130,000) | (5,233,138) |
| Proceeds from Redemption of Investments | | (2,243,274) | - | - |
| Trust Liabilities | | 307,084 | - | 415,911 |
| Payments for Purchase of Investments | | (2,952,127) | - | (1,570,246) |
| Grants/Contributions for the Development of Assets | | 3,417,621 | 2,150,000 | 1,063,305 |
| Proceeds from Sale of Plant & Equipment | | 1,276,777 | 2,150,000 | 1,181,243 |
| Proceeds Other | | - | (4,500,000) | - |
| Proceeds from Advances | | - | - | - |
| Proceeds from Sale of Investments | | - | - | - |
| | | <u>(10,645,598)</u> | <u>(13,280,000)</u> | <u>(8,012,443)</u> |
| Net Cash Provided By (Used In) | | | | |
| Investing Activities | | <u>(10,645,598)</u> | <u>(13,280,000)</u> | <u>(8,012,443)</u> |
| Cash Flows from Financing Activities | | | | |
| Repayment of Debentures | | (1,699,653) | (1,700,000) | (948,391) |
| Repayment of Finance Leases | | - | - | - |
| Proceeds from Self Supporting Loans | | 233,943 | 230,000 | 236,315 |
| Proceeds from New Debentures | | 1,107,000 | 2,100,000 | 3,253,200 |
| | | <u>(358,710)</u> | <u>630,000</u> | <u>2,541,124</u> |
| Net Cash Provided By (Used In) | | | | |
| Financing Activities | | <u>(358,710)</u> | <u>630,000</u> | <u>2,541,124</u> |
| Net Increase (Decrease) in Cash Held | | 1,335,048 | (7,521,015) | 745,680 |
| Cash at Beginning of Year | | 20,407,459 | 20,591,015 | 19,661,779 |
| Cash and Cash Equivalents | | | | |
| at the End of the Year | 14(a) | <u>21,742,507</u> | <u>13,070,000</u> | <u>20,407,459</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 2009**

| | NOTE | 2009 \$ | 2009 Budget \$ |
|--|-----------|---------------------|----------------------|
| REVENUES | | | |
| Service Charges | | 893,594 | 754,797 |
| Grants and Subsidies - operating | | 3,821,733 | 3,520,325 |
| Capital Grants / Contributions for Development of Assets | | 3,417,621 | 2,152,125 |
| Fees and Charges | | 21,392,030 | 19,554,107 |
| Interest Earnings | | 1,854,450 | 1,429,020 |
| Contributions, Reimbursements & Donations | | 960,065 | 910,329 |
| Profit of Sale of Assets | | 82,518 | 542,531 |
| Other Revenue | | 382,957 | 129,782 |
| | | <u>32,804,968</u> | <u>28,993,016</u> |
| EXPENSES | | | |
| Employee Costs | | (25,406,418) | (26,693,224) |
| Materials and Contracts | | (14,800,622) | (12,323,930) |
| Depreciation on Non-Current Assets | | (9,819,456) | (9,178,011) |
| Interest Expenses | | (753,789) | (761,380) |
| Utilities | | (1,091,600) | (1,032,714) |
| Loss on Sale of Assets | | (34,015) | |
| Insurance Expenses | | (473,160) | (562,929) |
| Other Expenditure | | (3,375,180) | (2,681,653) |
| | | <u>(55,754,240)</u> | <u>(53,233,841)</u> |
| Adjustments for Cash Budget Requirements: | | | |
| Non-Cash Expenditure and Revenue | | | |
| (Profit)/Loss on Asset Disposals | | (48,503) | (542,531) |
| Movement in Deferred Pensioner Rates (Non-Current) | | 14,164 | - |
| Revenue (non cash) | | (98,595) | - |
| Depreciation and Amortisation on Assets | | 9,819,456 | 9,178,011 |
| Movement in Non Current Liabilities | | (262,287) | - |
| Movement in Infrastructure & Property Valuations | | 196,167 | - |
| Asset Recognition- Non Cash Contributions | | (2,128,757) | - |
| Capital Expenditure and Revenue | | | |
| Purchase Land Held for Resale | | - | - |
| Purchase Land and Buildings | | (922,887) | (1,007,829) |
| Purchase Infrastructure Assets - All | | (7,204,634) | (9,632,804) |
| Purchase Plant and Equipment | | (1,119,312) | (1,355,250) |
| Purchase Furniture and Equipment | | (491,132) | (1,255,825) |
| Purchase Art Collection | | (13,000) | (17,000) |
| Purchase of Intangible Assets | | (700,714) | (520,025) |
| Investment in Managed Funds | | (2,952,127) | (5,400,000) |
| Proceeds from Disposal of Investments | | - | - |
| Proceeds from Disposal of Assets | | 1,276,777 | 2,153,450 |
| Repayment of Debentures | | (1,699,653) | (1,699,653) |
| Proceeds from New Debentures | | 1,107,000 | 2,107,000 |
| Self-Supporting Loan Principal Income | | 233,940 | 231,103 |
| Transfers to Reserves (Restricted Assets) | | (4,168,428) | (4,282,260) |
| Transfers from Reserves (Restricted Assets) | | 3,784,800 | 8,302,146 |
| ADD Surplus/(Deficit) July 1 B/Fwd | | 3,790,253 | 3,636,059 |
| LESS Surplus/(Deficit) June 30 C/Fwd | | (245,712) | (150,000) |
| Amount Required to be Raised from Rates | 23 | <u>(24,782,456)</u> | <u>(24,496,233)</u> |

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

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Preparation

- (a) The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), other mandatory professional reporting requirements and the Local Government Act 1995 (as amended) and accompanying regulations (as amended).

The report has also been prepared on the accrual basis under the convention of historical cost accounting as modified by the accounting treatment relating to the revaluation of financial assets and liabilities at fair value through profit and loss and certain classes of non-current assets.

Critical Accounting Estimates

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

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

The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate note of those monies appears at Note 20 to this financial report.

Goods and Services Tax

- (c) In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Balance Sheet are stated inclusive of applicable GST.

Cash and Cash Equivalents

- (d) Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which have insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short term borrowings in current liabilities.

Trade and Other Receivables

- (e) Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

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

- (f) **Inventories**

General

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES

(f) Inventories (continued)

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

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

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

Fixed Assets

(g) *Initial Recognition*

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

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits.

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

Land under Roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing it 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 AASB1051 - 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 such 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.

(h) Depreciation of Non-Current Assets

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

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

| | |
|-------------------------------------|----------------|
| Buildings | 40 years |
| Furniture and Equipment | 5 to 10 years |
| Plant and Equipment | 5 to 10 years |
| Computers | 3 to 5 years |
| Intangible Assets | 5 years |
| Mobile Plant and Vehicles | 5 to 10 years |
| Infrastructure Roads | 20 to 60 years |
| Infrastructure Drainage | 75 years |
| Infrastructure Footpaths | 10 to 30 years |
| Infrastructure Reserve Improvements | 15 to 30 years |

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES

(i) Investments and Other Financial Assets

Classification

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership. When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(k) 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 estimate of the recoverable amount of the asset is made in accordance with AASB 136 "Impairment of Assets" and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

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.

(l) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

(m) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and are calculated as follows:

(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the municipality has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(ii) Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loans that are yield related are included as part of carrying values of loans.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing Costs

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

(o) Provisions

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(p) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the company, are classified as finance leases. Finance leases are capitalised as assets and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

(q) Joint Venture

The municipality's interest in a joint venture has been recognised in the financial statements by including its share of assets, liabilities, revenues and expenses of the joint venture within relevant items reported in the Balance Sheet and Income Statement. Information about the joint venture is set out in Note 17.

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

(s) Superannuation

The Council contributes to the Local Government Superannuation Scheme and various Occupational Superannuation Funds. All funds are defined contribution schemes.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

**CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Comparative Figures

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

(w) Budget Comparative Figures

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

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2009

Council's assessment of these new standards and interpretations is set out below:

| Title and Topic | Issued | Applicable (*) | Impact |
|--|--|-----------------------|---|
| (i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 | February 2007 | 1 January 2009 | Nil – The Standard is not applicable to not-for-profit entities. |
| (ii) Revised AASB 123 Borrowing Costs (includes AASB 2009-1) and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] | June 2007 and April 2009 | 1 January 2009 | Nil – There have been two revisions to the Standard. The first removed the option to expense all borrowing costs and required the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The second (AASB2009-1) reinstated the choice to either expense or capitalise in the case of not-for-profit entities. Council has elected to not capitalise borrowing costs and there will be no impact on the financial report of the Council as it did not previously capitalise borrowing costs relating to qualifying assets. |
| (iii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB | September 2007 and December 2007 | 1 January 2009 | Nil – The revised Standard requires the presentation of a Statement of comprehensive income and makes changes to the Statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If Council has made a prior period adjustment or has reclassified items in the financial statements, it is likely it will need to disclose a third balance sheet (Statement of Financial Position), being as at the beginning of the comparative period. |

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations (Continued)

| Title and Topic | Issued | Applicable (*) | Impact |
|---|---------------|----------------|--|
| (iv) AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project | July 2008 | 1 January 2009 | Nil – The revisions are part of the AASB annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRS. |
| AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project | July 2008 | 1 July 2009 | The revisions embodied in these standards relate largely to terminology or editorial comments and will have a minimal effect on the accounting practices of the Council. It is not anticipated the more significant changes will have any effect on the financial report as the topics are not relevant to the operations of the Council. |
| (v) AASB 2008-11 Amendments to Australian Accounting Standard – Business Considerations Among Not-for-Profit Entities | November 2008 | 1 July 2009 | Nil – Whilst this standard has the effect of applying AASB 3 Business Combinations to the Not-for-Profit sector, specific provisions are provided in respect of local government. These specific provisions are very similar to the previous requirements of AAS 27. |
| (vi) AASB 2008-1 Amendments to Australian Accounting Standard – Share-Based Payments: Vesting Conditions and Cancellations | February 2008 | 1 January 2009 | Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council. |
| AASB 2008-2 Amendments to Australian Accounting Standards Puttable Financial Instruments and Obligations Arising on Liquidation | March 2008 | 1 January 2009 | |

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations (Continued)

| (vi) (Continued) | Title and Topic | Issued | Applicable (*) | Impact |
|------------------|---|----------------|----------------|--|
| | AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 | March 2008 | 1 January 2009 | Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council. |
| | AASB 2007-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate | July 2008 | 1 January 2009 | |
| | AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items | August 2008 | 1 July 2009 | |
| | AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101 | September 2008 | 1 January 2009 | |
| | AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-Cash Assets to Owners | December 2008 | 1 July 2009 | |
| | Interpretation 1 – Changes in Existing, Decommissioning, Restoration and Similar Liabilities | June 2008 | 1 January 2009 | |

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations (Continued)

| (vi) (Continued) | Title and Topic | Issued | Applicable (*) | Impact |
|------------------|---|---------------|-----------------------|--|
| | Interpretation 12 – Service Concession Arrangements | June 2007 | 1 January 2009 | Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council. |
| | Interpretation 15 – Agreements for the Construction of Real Estate | August 2008 | 1 January 2009 | |
| | Interpretation 16 – Hedges of a Net Investment in a Foreign Operation | August 2008 | 1 October 2008 | |
| | Interpretation 17 – Distributions of Non-Cash Assets to Owners | December 2008 | 1 July 2009 | |
| | Interpretation 18 – Transfers of Assets from Customers | March 2009 | Ending 1 July 2009 | |

Notes:

(*) - Applicable to reporting periods commencing on or after the given date.

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

2. REVENUES AND EXPENSES

2009
\$

2008
\$

(a) Result from Ordinary Activities

The Result from Ordinary Activities includes:

(i) Charging as an Expense:

Significant Expense

| | | |
|-------------------------|--------------------|------------------|
| General Purpose Funding | <u>(1,587,472)</u> | <u>(679,928)</u> |
|-------------------------|--------------------|------------------|

This significant expense relates to the revaluation increment or decrement of the City's investments (refer Note 4 & 24 for further details).

Amortisation

| | | |
|---------------------------|---|---|
| Capitalised Leased Assets | - | - |
|---------------------------|---|---|

Auditors Remuneration

| | | |
|------------------|----------|----------|
| - Audit | (23,975) | (18,450) |
| - Other Services | (8,800) | (5,600) |

Depreciation

| | | |
|-------------------------|--------------------|--------------------|
| Buildings | (452,882) | (431,110) |
| Furniture and Equipment | (665,949) | (710,614) |
| Plant and Equipment | (590,038) | (577,884) |
| Intangible Assets | (359,588) | (273,923) |
| Infrastructure | (1,577,933) | (1,535,132) |
| Roads | (4,169,286) | (4,174,410) |
| Footpaths | (1,339,165) | (1,220,182) |
| Drainage | (300,850) | (257,734) |
| Parks and Reserves | (363,765) | (356,790) |
| | <u>(9,819,456)</u> | <u>(9,537,779)</u> |

Interest Expenses

| | | |
|-------------------------------|------------------|------------------|
| Debentures (refer Note 22(a)) | (753,789) | (680,329) |
| | <u>(753,789)</u> | <u>(680,329)</u> |

Rental Charges

| | | |
|-----------------------------------|-----------|-----------|
| - Non-cancellable hire agreements | (473,428) | (269,755) |
|-----------------------------------|-----------|-----------|

(ii) Crediting as Revenue:

2009
\$

2009
Budget
\$

2008
\$

Interest Earnings

| | | |
|--|------------------|------------------|
| Investments | | |
| - Reserve Funds | 480,388 | 525,000 |
| - Other Funds | 1,131,261 | 711,021 |
| Deemed Interest - Silver Chain | - | - |
| Other Interest Revenue (refer note 28) | 242,801 | 192,999 |
| | <u>1,854,450</u> | <u>1,429,020</u> |
| | <u>1,854,450</u> | <u>2,109,178</u> |

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

Operation of the election of community representatives to Council. Meeting costs to Council, its committees and Councillor representation at public and civic functions. Conferences and meetings, e.g. Citizenship ceremonies and Local Government week. Council's strategic planning and policy making responsibilities. Fees, allowances and elected members expenses. Cost of Council's staff in relation to supporting elected members planning, policy making and representation role. Corporate support including aspects of accounting, budgeting and annual reports and general activity associated with employing staff and providing resources to service the operation of Council.

GENERAL PURPOSE FUNDING

Operation of the rating function, funding process of the Grants Commission and interest earned from cash management and investing activity.

LAW, ORDER, PUBLIC SAFETY

Operation of various Council by-laws, ranger services, public safety and animal control.

HEALTH

Operation of environmental health, food control and pest control.

EDUCATION AND WELFARE

Operation of pre-school and other education services. Operation and support in the care of families and children, senior citizens and other voluntary services.

HOUSING

Operation of housing for rent.

COMMUNITY AMENITIES

Operation of rubbish and recyclable waste collection services, noise control, protection of the environment, provision of public toilets and administration of the town planning scheme.

RECREATION AND CULTURE

Operation of halls, swimming pool, recreation centres, parks and reserves, libraries, arts centre and other cultural facilities.

TRANSPORT

Operation of construction and maintenance of roads, drainage works, footpaths, street lighting and parking facilities.

ECONOMIC SERVICES

Operation of tourism services, implementation of building controls and economic development.

OTHER PROPERTY & SERVICES

Operation of private works, plant and public operations expenses.

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

| | 2009 | 2008 |
|---|-------------------|-------------------|
| | \$ | \$ |
| 3. CASH AND CASH EQUIVALENTS | | |
| Cash and Cash Equivalents | 5,763,131 | 157,893 |
| Investments | 15,979,376 | 20,249,566 |
| | <u>21,742,507</u> | <u>20,407,459</u> |
| Unrestricted | 8,525,878 | 8,434,254 |
| Restricted | 13,216,629 | 11,973,205 |
| | <u>21,742,507</u> | <u>20,407,459</u> |
| The following restrictions have been imposed by regulations or other externally imposed requirements: | | |
| Building Maintenance Reserve | 412,416 | 209,517 |
| Investment Reserve Fund | 2,730,580 | 4,892,883 |
| Heritage Places Reserve | 220,617 | 188,410 |
| Hilton Community Facilities Reserve | 993,839 | 249,247 |
| Parks, Recreation and Facilities Reserve | 489,009 | 412,543 |
| Arts and Cultural Facilities Reserve | 206,679 | 201,579 |
| Heritage Property Acquisition Reserve | 864,832 | 715,832 |
| Parking Dividend Equalisation Reserve | 4,041,428 | 3,146,206 |
| Carbon Neutrality Reserve | 169,957 | 100,000 |
| Service Charge UGP East Reserve | 451,002 | 230,514 |
| Fremantle Market Conservation Reserve | 250,000 | 100,000 |
| Other Restricted Funds | 1,370,370 | 1,027,093 |
| Unspent Loans | 1,015,900 | 499,381 |
| | <u>13,216,629</u> | <u>11,973,205</u> |
| 4. INVESTMENTS | | |
| Financial assets at fair value through profit or loss | <u>15,979,376</u> | <u>20,249,566</u> |
| Financial assets at fair value through profit or loss | | |
| At beginning of the year | 20,249,566 | 16,013,097 |
| Revaluation to Income Statement | (908,226) | (508,495) |
| Additions | | 7,006,417 |
| Disposals | (3,361,964) | (2,261,453) |
| At end of the year | <u>15,979,376</u> | <u>20,249,566</u> |
| Available-for-sale financial assets | | |
| - FRNs | | |
| - CDOs | | |
| - Managed Funds (non current) | 5,693,346 | 3,504,293 |
| | <u>5,693,346</u> | <u>3,504,293</u> |
| Available-for-sale financial assets | | |
| At beginning of the year | 3,504,293 | 1,040,726 |
| Revaluation to Income Statement | (763,074) | (171,433) |
| Additions | 2,952,127 | 2,635,000 |
| Disposals | | |
| At end of the year | <u>5,693,346</u> | <u>3,504,293</u> |

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

| | 2009 | 2008 |
|--|--------------------|--------------------|
| | \$ | \$ |
| 5. TRADE AND OTHER RECEIVABLES | | |
| Current | | |
| Rates Outstanding | 434,315 | 1,119,083 |
| Sundry Debtors | 1,282,592 | 1,476,848 |
| GST Receivable | 442,765 | 529,224 |
| Loans - Clubs/Institutions | 303,800 | 232,102 |
| | <u>2,463,472</u> | <u>3,357,257</u> |
| Non-Current | | |
| Rates Outstanding - Pensioners | 313,174 | 327,337 |
| Loans - Clubs/Institutions | 1,025,571 | 1,155,507 |
| | <u>1,338,745</u> | <u>1,482,844</u> |
| 6. INVENTORIES | | |
| Current | | |
| Fuel and Materials | 172,891 | 173,166 |
| | <u>172,891</u> | <u>173,166</u> |
| 6(a). INVESTMENTS | | |
| Non-Current | | |
| Equity Investment | 397,031 | 487,930 |
| Managed Fund Investments at Market Value | 5,693,346 | 3,504,293 |
| | <u>6,090,377</u> | <u>3,992,223</u> |
| 7. PROPERTY, PLANT AND EQUIPMENT | | |
| Land - at independent valuation 2009 | 111,567,513 | 111,837,513 |
| Less Accumulated Depreciation | - | - |
| | <u>111,567,513</u> | <u>111,837,513</u> |
| Buildings - at independent valuation 2009 | 5,205,000 | 5,715,000 |
| Less Accumulated Depreciation | - | - |
| | <u>5,205,000</u> | <u>5,715,000</u> |
| Furniture and Equipment - Cost | 10,535,888 | 10,226,741 |
| Less Accumulated Depreciation | (7,966,893) | (7,481,451) |
| | <u>2,568,995</u> | <u>2,745,290</u> |
| Plant and Equipment - Cost | 6,170,058 | 6,081,059 |
| Less Accumulated Depreciation | (1,938,084) | (1,901,563) |
| | <u>4,231,974</u> | <u>4,179,496</u> |
| Art Collection - at independent valuation 1999 | 1,717,805 | 1,717,805 |
| Art Collection - Cost | 126,719 | 113,719 |
| | <u>1,844,524</u> | <u>1,831,524</u> |
| | <u>125,418,006</u> | <u>126,308,823</u> |

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

| | 2009 | 2008 |
|--|-------------|-------------|
| | \$ | \$ |
| 7(a). INVESTMENT PROPERTY | | |
| Investment Land - at independent valuation 2009 | 45,680,000 | 45,750,000 |
| Less Accumulated Depreciation | - | - |
| | 45,680,000 | 45,750,000 |
| Investment Buildings - at independent valuation 2009 | 10,525,000 | 11,050,000 |
| Less Accumulated Depreciation | - | - |
| | 10,525,000 | 11,050,000 |
| | 56,205,000 | 56,800,000 |
| 7(b). INTANGIBLES | | |
| Intangible Assets - Cost | 3,476,348 | 2,775,634 |
| Less Accumulated Depreciation | (1,975,259) | (1,615,671) |
| | 1,501,089 | 1,159,963 |
| | 1,501,089 | 1,159,963 |

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

| | Land | Land Investment | Buildings | Buildings Investment | Furniture & Equipment | Plant & Equipment | Art Collection | Intangible Assets | Total |
|----------------------------|--------------------|-------------------|------------------|----------------------|-----------------------|-------------------|------------------|-------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance as at 1 July 2008 | 111,837,513 | 45,750,000 | 5,715,000 | 11,050,000 | 2,745,290 | 4,179,496 | 1,831,524 | 1,159,963 | 184,268,786 |
| Additions | - | - | 662,270 | 260,617 | 491,132 | 1,119,312 | 13,000 | 700,714 | 3,247,045 |
| (Disposals) | (750,000) | - | - | - | (1,478) | (476,796) | - | - | (1,228,274) |
| Revaluation - Increments | 480,000 | - | - | - | - | - | - | - | 480,000 |
| - (Decrements) | - | (70,000) * | (1,029,401) | (509,367) * | - | - | - | - | (1,608,768) |
| Impairment - (losses) | - | - | - | - | - | - | - | - | - |
| - reversals | - | - | - | - | - | - | - | - | - |
| Depreciation (Expense) | - | - | (142,869) | (276,250) | (665,949) | (590,038) | - | (359,588) | (2,034,694) |
| Other Movements | - | - | - | - | - | - | - | - | - |
| Balance as at 30 June 2009 | <u>111,567,513</u> | <u>45,680,000</u> | <u>5,205,000</u> | <u>10,525,000</u> | <u>2,568,995</u> | <u>4,231,974</u> | <u>1,844,524</u> | <u>1,501,089</u> | <u>183,124,095</u> |

* Increments or decrements on investment properties are brought to account through the income statement.

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

| | 2009 | 2008 |
|---|---------------------------|---------------------------|
| | \$ | \$ |
| 8. INFRASTRUCTURE | | |
| Roads - management valuation 2009 | 90,042,343 | - |
| Roads - management valuation 2008 | - | 94,029,571 |
| Less Accumulated Depreciation | - | - |
| | <u>90,042,343</u> | <u>94,029,571</u> |
| | | |
| Footpaths - management valuation 2009 | 26,540,387 | - |
| Footpaths - management valuation 2008 | - | 24,434,057 |
| Less Accumulated Depreciation | - | - |
| | <u>26,540,387</u> | <u>24,434,057</u> |
| | | |
| Drainage - management valuation 2009 | 10,886,902 | - |
| Drainage - management valuation 2008 | - | 10,833,401 |
| Less Accumulated Depreciation | - | - |
| | <u>10,886,902</u> | <u>10,833,401</u> |
| | | |
| Parks and Ovals - management valuation 2009 | 10,978,916 | - |
| Parks and Ovals - management valuation 2008 | - | 10,209,428 |
| Less Accumulated Depreciation | - | - |
| | <u>10,978,916</u> | <u>10,209,428</u> |
| | | |
| Buildings - independent valuation 2009 | 65,877,750 | - |
| Buildings - independent valuation 2008 | - | 64,467,375 |
| Less Accumulated Depreciation | - | - |
| | <u>65,877,750</u> | <u>64,467,375</u> |
| | | |
| Vested Land - at nominal value | <u>120</u> | <u>113</u> |
| | <u><u>204,326,418</u></u> | <u><u>203,973,945</u></u> |

Council have adopted a policy of re-valuing infrastructure assets, except vested land, with sufficient regularity to ensure the carrying amount of each infrastructure asset is fairly stated at reporting date. This policy accords with the requirements of AASB 116.

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

8. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

| | Roads \$ | Footpaths \$ | Drainage \$ | Parks and Ovals \$ | Buildings \$ | Vested Land \$ | Total \$ |
|----------------------------|-------------------|-------------------|-------------------|-----------------------------|-------------------|----------------------|--------------------|
| Balance as at 1 July 2008 | 94,029,571 | 24,434,057 | 10,833,401 | 10,209,428 | 64,467,375 | 113 | 203,973,945 |
| Additions | 2,358,599 | 1,284,310 | 456,518 | 680,980 | 370,470 | 7 | 5,150,884 |
| (Disposals) | - | - | - | - | - | - | - |
| Revaluation - Increments | - | 2,161,185 | - | 452,273 | 2,651,601 | - | 5,265,059 |
| - (Decrements) | (2,176,541) | - | (102,167) | - | - | - | (2,278,708) |
| Impairment - (losses) | - | - | - | - | - | - | - |
| - reversals | - | - | - | - | - | - | - |
| Depreciation (Expense) | (4,169,286) | (1,339,165) | (300,850) | (363,765) | (1,611,696) | - | (7,784,762) |
| Other Movements | - | - | - | - | - | - | - |
| Balance as at 30 June 2009 | <u>90,042,343</u> | <u>26,540,387</u> | <u>10,886,902</u> | <u>10,978,916</u> | <u>65,877,750</u> | <u>120</u> | <u>204,326,418</u> |

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

| | 2009 | 2008 |
|---|-------------------------|-------------------------|
| | \$ | \$ |
| 9. TRADE AND OTHER PAYABLES | | |
| Current | | |
| Sundry Creditors | 2,856,208 | 3,873,306 |
| Income Received in Advance | 615,289 | 503,702 |
| Bonds and Deposits Held | <u>2,360,219</u> | <u>2,053,135</u> |
| | <u><u>5,831,716</u></u> | <u><u>6,430,143</u></u> |
| 10. LONG-TERM BORROWINGS | | |
| Current | | |
| Secured by Floating Charge | | |
| Debentures | 1,953,138 | 1,699,653 |
| Lease Liability | - | - |
| | <u>1,953,138</u> | <u>1,699,653</u> |
| Non-Current | | |
| Secured by Floating Charge | | |
| Debentures | 9,496,576 | 10,342,714 |
| Lease Liability | - | - |
| | <u>9,496,576</u> | <u>10,342,714</u> |
| Additional detail on borrowings is provided in Note 22. | | |
| 11. PROVISIONS | | |
| Current | | |
| Fremantle Markets - Prepaid Lease | 12,964 | - |
| Provision for Annual Leave | 1,764,727 | 1,352,183 |
| Provision for Long Service Leave | <u>1,830,739</u> | <u>1,557,579</u> |
| | <u>3,608,430</u> | <u>2,909,762</u> |
| Non-Current | | |
| Provision for Annual Leave | 140,602 | 497,303 |
| Leaseholder Premiums - Tapper Street | 481,766 | 491,634 |
| Fremantle Markets - Prepaid Lease | 210,992 | 237,676 |
| Provision for Long Service Leave | <u>480,295</u> | <u>583,569</u> |
| | <u>1,313,655</u> | <u>1,810,182</u> |

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

| | 2009 \$ | 2009 Budget \$ | 2008 \$ |
|---|--------------------|----------------------|--------------------|
| 12. RESERVES - CASH/INVESTMENT BACKED | | | |
| (a) Investment Reserve Fund | | | |
| Opening Balance | 4,892,883 | 4,892,883 | 6,548,527 |
| Amount Set Aside / Transfer to Reserve | 537,697 | 537,697 | 844,356 |
| Amount Used / Transfer from Reserve | <u>(2,700,000)</u> | <u>(5,400,000)</u> | <u>(2,500,000)</u> |
| | <u>2,730,580</u> | <u>30,580</u> | <u>4,892,883</u> |
| (b) Arts and Cultural Facilities Reserve | | | |
| Opening Balance | 201,579 | 201,579 | 196,479 |
| Amount Set Aside / Transfer to Reserve | 5,100 | 5,100 | 5,100 |
| Amount Used / Transfer from Reserve | - | - | - |
| | <u>206,679</u> | <u>206,679</u> | <u>201,579</u> |
| (c) Building Maintenance Reserve | | | |
| Opening Balance | 209,517 | 209,517 | 260,017 |
| Amount Set Aside / Transfer to Reserve | 483,377 | 483,377 | 69,500 |
| Amount Used / Transfer from Reserve | <u>(280,478)</u> | <u>(160,000)</u> | <u>(120,000)</u> |
| | <u>412,416</u> | <u>532,894</u> | <u>209,517</u> |
| (d) Heritage Places Reserve | | | |
| Opening Balance | 188,410 | 294,078 | 358,400 |
| Amount Set Aside / Transfer to Reserve | 247,504 | 247,504 | 135,000 |
| Amount Used / Transfer from Reserve | <u>(215,297)</u> | <u>(333,804)</u> | <u>(304,990)</u> |
| | <u>220,617</u> | <u>207,778</u> | <u>188,410</u> |
| (e) Heritage Property Acquisition Reserve | | | |
| Opening Balance | 715,832 | 715,832 | 580,832 |
| Amount Set Aside / Transfer to Reserve | 149,000 | 149,000 | 135,000 |
| Amount Used / Transfer from Reserve | - | - | - |
| | <u>864,832</u> | <u>864,832</u> | <u>715,832</u> |
| (f) Parking Dividend Equalisation Reserve | | | |
| Opening Balance | 3,146,206 | 2,951,822 | 1,497,035 |
| Amount Set Aside / Transfer to Reserve | 1,309,860 | 1,309,860 | 1,956,739 |
| Amount Used / Transfer from Reserve | <u>(414,637)</u> | <u>(943,092)</u> | <u>(307,568)</u> |
| | <u>4,041,429</u> | <u>3,318,590</u> | <u>3,146,206</u> |
| (g) Parks, Recreation and Facilities Reserve | | | |
| Opening Balance | 412,543 | 375,386 | 152,613 |
| Amount Set Aside / Transfer to Reserve | 122,384 | 122,384 | 371,294 |
| Amount Used / Transfer from Reserve | <u>(45,918)</u> | <u>(250,000)</u> | <u>(111,364)</u> |
| | <u>489,009</u> | <u>247,770</u> | <u>412,543</u> |

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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| | 2009 \$ | 2009 Budget \$ | 2008 \$ |
|---|--------------------------|-------------------------|--------------------------|
| 12. RESERVES - CASH/INVESTMENT BACKED (continued) | | | |
| (h) Security Services Reserve | | | |
| Opening Balance | - | - | 43,888 |
| Amount Set Aside / Transfer to Reserve | - | - | - |
| Amount Used / Transfer from Reserve | - | - | (43,888) |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| (i) Hilton Community Facilities Reserve | | | |
| Opening Balance | 249,247 | 249,247 | 249,247 |
| Amount Set Aside / Transfer to Reserve | 843,018 | 962,000 | - |
| Amount Used / Transfer from Reserve | (98,426) | (830,250) | - |
| | <u>993,839</u> | <u>380,997</u> | <u>249,247</u> |
| (j) Carbon Neutrality Reserve | | | |
| Opening Balance | 100,000 | 100,000 | - |
| Amount Set Aside / Transfer to Reserve | 100,000 | 100,000 | 100,000 |
| Amount Used / Transfer from Reserve | (30,043) | (100,000) | - |
| | <u>169,957</u> | <u>100,000</u> | <u>100,000</u> |
| (k) Service Charge - Underground Power East Scheme Reserve | | | |
| Opening Balance | 230,514 | - | - |
| Amount Set Aside / Transfer to Reserve | 220,488 | - | 230,514 |
| Amount Used / Transfer from Reserve | - | - | - |
| | <u>451,002</u> | <u>-</u> | <u>230,514</u> |
| (l) Fremantle Markets Conservation Reserve | | | |
| Opening Balance | 100,000 | 100,000 | - |
| Amount Set Aside / Transfer to Reserve | 150,000 | 150,000 | 100,000 |
| Amount Used / Transfer from Reserve | - | (250,000) | - |
| | <u>250,000</u> | <u>-</u> | <u>100,000</u> |
| (m) Sump Relocation and Improvement | | | |
| Opening Balance | - | - | - |
| Amount Set Aside / Transfer to Reserve | - | 215,338 | - |
| Amount Used / Transfer from Reserve | - | (35,000) | - |
| | <u>-</u> | <u>180,338</u> | <u>-</u> |
| TOTAL CASH BACKED RESERVES | <u><u>10,830,359</u></u> | <u><u>6,070,458</u></u> | <u><u>10,446,731</u></u> |
| Summary Cash Backed Reserve | | | |
| Opening Balance | 10,446,731 | 10,090,344 | 9,887,038 |
| Amount Set Aside / Transfer to Reserve | 4,168,428 | 4,282,260 | 3,947,503 |
| Amount Used / Transfer from Reserve | (3,784,800) | (8,302,146) | (3,387,810) |
| | <u><u>10,830,359</u></u> | <u><u>6,070,458</u></u> | <u><u>10,446,731</u></u> |

CITY of FREMANTLE
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FOR THE YEAR ENDED 30TH JUNE 2009

12. RESERVES - CASH/INVESTMENT BACKED (continued)

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

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

On 15th December 2003, Council adopted a strategic policy on Reserve Funds. That policy classified reserves into 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

(i) Indefinite or Long Term Reserves

(a) Investment Reserve Fund

Purpose

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 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.

(ii) 5 Year Plan & Asset Maintenance Reserves

(b) Arts and Cultural Facilities Reserve

Purpose

Finance and encourage Public Art within the City of Fremantle. Finance the design and construction of a water fountain within the Kings Square reserve. Finance and encourage the establishment of cultural facilities within the municipality.

Source of Income

Municipal fund contribution as approved by Council in the Annual Budget.

(c) Building Maintenance Reserve

Purpose

Finance capital or major upgrades of all Council buildings.

Finance significant or major maintenance programs on Council buildings.

Source of Income

Municipal fund contribution as approved by Council in the Annual Budget.

CITY of FREMANTLE
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12. RESERVES - CASH/INVESTMENT BACKED (continued)

(ii) 5 Year Plan & Asset Maintenance Reserves

(d) Heritage Places Reserve

Purpose

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.
Council Policy SG30 Heritage Places Reserve also refers.

Source of Income

Municipal fund contribution as approved by Council in the Annual Budget.

(e) Heritage Property Acquisition Reserve

Purpose

Purchase heritage properties within the municipality of Fremantle, which:
Are in 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 assessment would not otherwise be conserved (restored) in accordance with Burra Charter principles. Council Policy SG30 Heritage Places Reserve also refers.

Source of Income

Municipal fund contribution as approved by Council in the Annual Budget.
Net proceeds from sale of heritage properties whose initial acquisition and restoration funding was from this Reserve.

(f) Parking Dividend Equalisation Reserve

Purpose

Provide smoothing out of revenue contributions to municipal operations from commercial parking activities. That is achieved as follows:- (a) by transferring net profits in excess of budget to the Reserve, and (b) if needed when there is a material (i.e. >1%) net loss, transferring funds from the reserve to municipal fund to compensate for the loss.
Fund commercial parking 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 municipal fund net profit on commercial parking operations exceeding \$3,737,791 which was the 2006/2007 Adopted Budget net profit from commercial parking operations plus \$150,000 contribution to Streets Vision from night parking fees. Note: Net profit is calculated including depreciation and allocated support service costs, but excludes capital. Transfer from municipal fund amount(s) determined by Council through the Adopted Budget or Budget Review in relation to parking infringement operations.

(g) Parks, Recreation and Facilities Reserve

Purpose

Finance improvements within the South Fremantle Tip reserve, Kings Square reserve, Port & Leighton Beach reserve and improvements or major refurbishments to other parks and recreation facilities.
Finance tourism projects within the city.
Finance capital works and improvements at Fremantle Oval.

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

12. RESERVES - CASH/INVESTMENT BACKED (continued)

(ii) 5 Year Plan & Asset Maintenance Reserves (continued)

- (g) Parks, Recreation and Facilities Reserve (continued)
Finance facilities for sporting clubs on a self-supporting loan basis in accordance with Council guidelines for such advances to clubs.
- Source of Income
Municipal fund contribution as approved by Council in the Annual Budget.
- (h) Security Services Reserve
- Purpose
Finance the security service within the specified area. Intended services/facilities include physical presence on the street, call out/response capability, lighting and infrastructure improvements, inspection regime plus CCTV monitoring.
- Source of Income
Revenue raised from a specified area rate which was not spent on that purpose within the financial year the specified area rates were raised.
- (i) Hilton Community Facilities Reserve
- Purpose
Provide further community facilities in the Hilton area with the Reserve being closed once all funds utilised.
- Source of Income
Net proceeds from the sale of freehold land at Lots 1 and 4 Paget Street Hilton.
- (j) Carbon Neutrality Reserve
- Purpose
Fund carbon neutral and/or carbon reduction initiatives.
- Source of Income
Municipal fund contribution as approved by Council in the Annual Budget.
- (k) Service Charge - Underground Power East Scheme Reserve
- Purpose
To hold any service charges raised during the financial year that were unspent at 30 June relating to the Underground Power East Scheme.
- Source of Income
Revenue raised from a service charge that was unspent at the end of the financial year, i.e. 30 June.
- (l) Fremantle Markets Conservation Reserve
- Purpose
Fund conservation works to the Fremantle markets.
- Source of Income
Contribution by the lessee on signing of the new lease in June 2008. Increase of the 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.
- (m) Sump Relocation and Improvement
- Purpose
To assist in funding sump relocation or improvement projects.
- Source of Income
Any surplus funds which may arise from the net selling price for the O'Hara Street property.
- (iii) Short Term Reserves to meet External Requirements - Currently no reserve exists.

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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| 13. RESERVES - ASSET REVALUATION | 2009 | 2008 |
|---|---------------------------|---------------------------|
| | \$ | \$ |
| Asset revaluation reserves have arisen on revaluation of the following classes of assets: | | |
| (a) Land and Buildings | | |
| Balance as at 1 July 2008 | 121,793,645 | 112,653,504 |
| Revaluation Increment | 480,000 | 9,140,141 |
| Revaluation Decrement | <u>(1,029,401)</u> | <u>-</u> |
| Balance as at 30 June 2009 | <u>121,244,244</u> | <u>121,793,645</u> |
| (b) Art Collection | | |
| Balance as at 1 July 2008 | 538,385 | 538,385 |
| Revaluation Increment | - | - |
| Revaluation Decrement | - | - |
| Balance as at 30 June 2009 | <u>538,385</u> | <u>538,385</u> |
| (c) Infrastructure Buildings | | |
| Balance as at 1 July 2008 | 48,778,887 | 44,733,874 |
| Revaluation Increment | 2,651,601 | 4,045,013 |
| Revaluation Decrement | - | - |
| Balance as at 30 June 2009 | <u>51,430,488</u> | <u>48,778,887</u> |
| (d) Roads & Drainage | | |
| Balance as at 1 July 2008 | 63,604,360 | 51,380,609 |
| Revaluation Increment | - | 12,223,751 |
| Revaluation Decrement | <u>(2,278,707)</u> | <u>-</u> |
| Balance as at 30 June 2009 | <u>61,325,653</u> | <u>63,604,360</u> |
| (e) Footpaths | | |
| Balance as at 1 July 2008 | 8,923,919 | 6,806,960 |
| Revaluation Increment | 2,161,185 | 2,116,959 |
| Revaluation Decrement | - | - |
| Balance as at 30 June 2009 | <u>11,085,104</u> | <u>8,923,919</u> |
| (f) Parks & Reserves | | |
| Balance as at 1 July 2008 | (366,072) | 467,408 |
| Revaluation Increment | 452,273 | - |
| Revaluation Decrement | - | <u>(833,480)</u> |
| Balance as at 30 June 2009 | <u>86,201</u> | <u>(366,072)</u> |
| | | |
| TOTAL ASSET REVALUATION RESERVES | <u><u>245,710,075</u></u> | <u><u>243,273,124</u></u> |

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

14. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

| | 2009 \$ | 2009 Budget \$ | 2008 \$ |
|--|--------------------|----------------------|--------------------|
| Cash and Cash Equivalents | <u>21,742,507</u> | <u>13,070,000</u> | <u>20,407,459</u> |
| (b) Reconciliation of Net Cash Provided By Operating Activities to Net Result | | | |
| Net Result | 245,712 | 255,408 | 3,467,666 |
| Amortisation Investment Assets | 1,382,210 | | (5,450,870) |
| Depreciation | 9,819,456 | 9,178,011 | 9,537,779 |
| Insurance | - | 562,929 | - |
| Write-down in fair value of Investments | | | |
| Impairment (Loss)/Reversal | 1,587,472 | - | - |
| (Profit)/Loss on Sale of Asset | (48,503) | 542,531 | 55,647 |
| (Increase)/Decrease in Receivables | 1,037,884 | (200,000) | 168,737 |
| (Increase)/Decrease in Inventories | 275 | - | (13,664) |
| Increase/(Decrease) in Payables | (598,427) | (2,500,000) | 232,351 |
| Increase/(Decrease) in Provisions | 202,141 | (557,769) | (717,342) |
| Asset Acquisitions - Non Cash | 2,128,757 | - | - |
| Grants/Contributions for the Development of Assets | <u>(3,417,621)</u> | <u>(2,152,125)</u> | <u>(1,063,305)</u> |
| Net Cash from Operating Activities | <u>12,339,356</u> | <u>5,128,985</u> | <u>6,216,999</u> |
| (c) Undrawn Borrowing Facilities | | | |
| Credit Standby Arrangements | | | |
| Bank Overdraft limit | 250,000 | | 250,000 |
| Bank Overdraft at Balance Date | - | | - |
| Credit Card limit | 40,000 | | 10,000 |
| Credit Card Balance at Balance Date | <u>(7,358)</u> | | <u>(1,719)</u> |
| Total Amount of Credit Unused | <u>282,642</u> | | <u>258,281</u> |
| Loan Facilities | | | |
| Loan Facilities - Current | 1,953,138 | | 1,699,653 |
| Loan Facilities - Non-Current | 9,496,576 | | 10,342,714 |
| Total Facilities in Use at Balance Date | <u>11,449,714</u> | | <u>12,042,367</u> |
| Unused Loan Facilities at Balance Date | <u>1,015,900</u> | | <u>499,381</u> |

CITY of FREMANTLE
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15. CONTINGENT LIABILITIES

The City has guaranteed by way of agreement its share of the Loan Liability to the Southern Metropolitan Regional Council (SMRC) and the Western Australian Treasury Corporation (funding body). The City's share of the outstanding loan liability of the Canning Vale Regional Resource Recovery Centre (RRRC) as at 30 June 2009 is \$4,500,233 (representing 8.99% of \$50,570,071).

| 16. CAPITAL AND LEASING COMMITMENTS | 2009 | 2008 |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| (a) Finance Lease Commitments | | |
| Payable: | | |
| - not later than one year | - | - |
| - later than one year but not later than five years | - | - |
| - later than five years | - | - |
| Minimum Lease Payments | <u>-</u> | <u>-</u> |
| Less Future Finance Charges | <u>-</u> | <u>-</u> |
| Total Lease Liability | <u><u>-</u></u> | <u><u>-</u></u> |
| (b) Operating Lease Commitments | | |
| Non-cancellable operating leases contracted for but not capitalised in the accounts. | | |
| Payable: | | |
| - not later than one year | 18,865 | 11,128 |
| - later than one year but not later than five years | 16,200 | 7,020 |
| - later than five years | - | - |
| | <u>35,065</u> | <u>18,148</u> |
| (c) Capital Expenditure Commitments | | |
| Contracted for: | | |
| - capital expenditure projects | 4,207,857 | 2,717,500 |
| - plant & equipment purchases | <u>82,573</u> | <u>209,260</u> |
| | <u><u>4,290,430</u></u> | <u><u>2,926,760</u></u> |
| Payable: | | |
| - not later than one year | 4,290,430 | 2,926,760 |

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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17. JOINT VENTURE

Joint Venture Investment Canning Vale Regional Resource Recovery Centre (RRRC)

The RRRC is a controlled entity by a regional local government established in accordance with the Local Government Act 1995. The regional local government is the South Metropolitan Regional Council (SMRC) consisting of seven local governments with five participating in the joint venture. RRRC's purpose is to maximise diversion of waste from landfill and gain economies of scale reducing costs of collecting waste.

Participating Councils contribute an annual fee to cover the capital cost of setting up the facility and pay gate fees per ton of waste delivered to the facility to cover operating costs. The capital cost paid by each member Council is based on Australian Bureau of Statistics census of population. Each Council has equity in the project equal to the relevant proportion of total capital loan repayments made by that Council. The City's joint venture interest is calculated as at 30 June 2009 to be 8.99 % representing a surplus of \$397,031. The City has guaranteed by way of agreement its share of the Loan Liability to the SMRC and the Western Australian Treasury Corporation (funding body) as per Note 15.

| | Audited 2009 \$ | Unaudited 2008 \$ |
|--|--------------------------------|----------------------------------|
| Interest in joint venture entity | 397,031 | 487,930 |
| (1) Retained Surplus attributable to joint venture interest | | |
| Balance at the beginning of the financial year | 487,930 | (497,269) |
| Adjustment due to audit of SMRC | - | 1,144,009 |
| Share of joint venture profit from ordinary activities | <u>(90,899)</u> | <u>(158,810)</u> |
| Balance at the end of the financial year | <u><u>397,031</u></u> | <u><u>487,930</u></u> |
| (2) Carrying Amount of Investment in joint venture entity | | |
| Balance at the beginning of the financial year | 487,930 | (497,269) |
| Adjustment due to audit of SMRC | - | 1,144,009 |
| Share of joint venture profit from ordinary activities | <u>(90,899)</u> | <u>(158,810)</u> |
| Balance at the end of the financial year | <u><u>397,031</u></u> | <u><u>487,930</u></u> |
| (3) Share of joint venture entity's results and financial position | | |
| Current assets | 1,215,819 | 683,418 |
| Non Current assets | <u>4,004,853</u> | <u>5,006,606</u> |
| Total assets | <u><u>5,220,672</u></u> | <u><u>5,690,024</u></u> |
| Current Liabilities | 963,890 | 977,767 |
| Non Current Liabilities | <u>3,859,751</u> | <u>4,224,327</u> |
| Total Liabilities | <u><u>4,823,641</u></u> | <u><u>5,202,094</u></u> |
| Net assets | <u><u>397,031</u></u> | <u><u>487,930</u></u> |
| Revenues | 1,218,715 | 2,266,255 |
| Expenses | <u>(1,309,614)</u> | <u>(2,425,065)</u> |
| Profit (Loss) from ordinary activities | <u><u>(90,899)</u></u> | <u><u>(158,810)</u></u> |

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

17. JOINT VENTURE (continued)

The City of Fremantle is a related party to the Southern Metropolitan Regional Council (SMRC) and in turn the controlled entity, the Canning Vale Regional Resource Recovery Centre (RRRC). The City has a 8.99% share of the RRRC along with four other Councils. Related Party transactions with the SMRC and RRRC amount to \$1,711,434 for 2008/2009. These are made up of RRRC loan repayments for \$449,190, membership fees for \$90,627 and waste and recycling fees for \$1,171,617.

| 18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY | 2009 | 2008 |
|---|--------------------|--------------------|
| | \$ | \$ |
| Governance | 60,442,297 | 60,628,427 |
| General Purpose Funding | - | - |
| Law, Order, Public Safety | 623,480 | 646,826 |
| Health | 56,830 | 67,794 |
| Education and Welfare | 14,902,586 | 14,366,691 |
| Housing | 1,631,198 | 1,643,405 |
| Community Amenities | 3,787,714 | 4,044,063 |
| Recreation and Culture | 82,340,931 | 80,061,784 |
| Transport | 157,077,126 | 159,023,840 |
| Economic Services | 69,450 | 72,374 |
| Other Property and Services | 68,042,717 | 67,687,527 |
| Unallocated | 30,284,176 | 29,412,949 |
| | <u>419,258,505</u> | <u>417,655,680</u> |

| 19. FINANCIAL RATIOS | 2009 | 2008 | 2007 |
|---|-------------|-------------|-------------|
| Current Ratio | 1.43 | 1.08 | 1.45 |
| Untied Cash to Unpaid Trade Creditors Ratio | 2.98 | 2.51 | 2.61 |
| Debt Ratio | 0.05 | 0.06 | 0.05 |
| Debt Service Ratio | 0.06 | 0.03 | 0.02 |
| Gross Debt to Revenue Ratio | 0.22 | 0.16 | 0.17 |
| Gross Debt to Realisable Assets Ratio | 0.05 | 0.04 | 0.05 |
| Rate Coverage Ratio | 0.44 | 0.39 | 0.36 |
| Outstanding Rates Ratio | 0.02 | 0.05 | 0.07 |

The above ratios are calculated as follows:

| | |
|--|--|
| Current Ratio | $\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$ |
| Untied Cash to Unpaid Trade Creditors Ratio | $\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$ |
| Debt Ratio | $\frac{\text{Total liabilities}}{\text{Total assets}}$ |
| Debt Service Ratio | $\frac{\text{Debt service cost}}{\text{Available operating revenue}}$ |
| Gross Debt to Revenue Ratio | $\frac{\text{Gross debt}}{\text{Total revenue}}$ |
| Gross Debt to Economically Realisable Assets Ratio | $\frac{\text{Gross debt}}{\text{Economically realisable assets}}$ |
| Rate Coverage Ratio | $\frac{\text{Net rate revenue}}{\text{Operating revenue}}$ |
| Outstanding Rates Ratio | $\frac{\text{Rates outstanding}}{\text{Rates collectable}}$ |

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

20. TRUST FUNDS

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

| | Balance 1-Jul-08 \$ | Amounts Received \$ | Amounts Paid (\$) | Balance 30-Jun-09 \$ |
|-----------------------------------|---------------------------|---------------------------|-------------------------|----------------------------|
| Miscellaneous | (4,380) | (4,215) | 3,557 | (5,038) |
| Cash in lieu of Public Open Space | (290,000) | (143,649) | - | (433,649) |
| | (294,380) | | | (438,687) |

21. DISPOSALS OF ASSETS - 2008/09 FINANCIAL YEAR

The following assets were disposed of during the year.

| | Net Book Value | | Sale Price | | Profit (Loss) | |
|-----------------------------|----------------|--------------|--------------|--------------|---------------|--------------|
| | Actual \$ | Budget \$ | Actual \$ | Budget \$ | Actual \$ | Budget \$ |
| Furniture & Equipment | 1,478 | 5 | 774 | 5,450 | (704) | 5,445 |
| Plant & Equipment | 476,796 | 560,914 | 443,485 | 576,000 | (33,311) | 15,086 |
| Land & Buildings - Freehold | 750,000 | 1,050,000 | 832,518 | 1,572,000 | 82,518 | 522,000 |
| | 1,228,274 | 1,610,919 | 1,276,777 | 2,153,450 | 48,503 | 542,531 |

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

22. INFORMATION ON BORROWINGS

(a) Debeniture Repayments

| Particulars | Principal 1/07/2008 \$ | New Loans \$ | Principal Repayments | | Principal 30/06/2009 | | Interest Repayments | |
|---|------------------------------|--------------------|-------------------------|----------------|-------------------------|------------------|------------------------|----------------|
| | | | Actual \$ | Budget \$ | Actual \$ | Budget \$ | Actual \$ | Budget \$ |
| 223 Streetscape Program | 388,840 | - | 23,309 | 23,309 | 365,531 | 365,531 | 27,069 | 27,069 |
| 225 Streets Ahead (1) | 764,207 | - | 40,830 | 40,830 | 723,377 | 723,377 | 52,167 | 52,167 |
| 226 Local Centres Project | 86,354 | - | 36,746 | 36,746 | 49,608 | 49,608 | 4,381 | 4,381 |
| 227 Hilton Local Centre Works | 44,904 | - | 19,108 | 19,108 | 25,796 | 25,796 | 2,278 | 2,278 |
| 231 Streets Vision - Lighting Improvement Program | 19,750 | - | 5,659 | 5,659 | 14,091 | 14,091 | 1,015 | 1,015 |
| 232 Streets Ahead (2) | 795,502 | - | 38,818 | 38,818 | 756,684 | 756,684 | 51,378 | 51,378 |
| 236 Streets Ahead (3) | 665,471 | - | 29,069 | 29,069 | 636,402 | 636,402 | 43,120 | 43,120 |
| 242 Booyembara Park | 156,867 | - | 21,263 | 21,263 | 135,604 | 135,604 | 8,822 | 8,822 |
| 244 Stan Reilly Building Upgrade | 41,646 | - | 5,645 | 5,645 | 36,001 | 36,001 | 2,342 | 2,342 |
| 245 City Blueprint Projects | 284,580 | - | 38,575 | 38,575 | 246,005 | 246,005 | 16,004 | 16,004 |
| 247 City Blueprint Projects | 606,731 | - | 69,663 | 69,663 | 537,068 | 537,068 | 32,499 | 32,499 |
| 248 Footpath Replacements | 233,958 | - | 26,863 | 26,863 | 207,095 | 207,095 | 12,532 | 12,532 |
| 252 Footpath Replacements | 173,873 | - | 16,725 | 16,725 | 157,148 | 157,148 | 10,152 | 10,152 |
| 255 City Blueprint Projects | 476,514 | - | 136,751 | 136,751 | 339,763 | 339,763 | 24,316 | 24,316 |
| 257 City Blueprint Projects | 965,043 | - | 202,641 | 202,641 | 762,402 | 762,402 | 58,204 | 58,204 |
| 258 Footpath Replacements | 189,443 | - | 15,248 | 15,248 | 174,195 | 174,195 | 12,390 | 12,390 |
| 260 Underground Power - Council Contribution | 235,376 | - | 49,425 | 49,425 | 185,951 | 185,951 | 14,196 | 14,196 |
| 262 Markets Upgrade | 156,918 | - | 32,950 | 32,950 | 123,968 | 123,968 | 9,464 | 9,464 |
| 265 Footpath Replacements | 300,000 | - | 14,822 | 14,822 | 285,178 | 285,178 | 22,227 | 22,227 |
| 266 Heavy Plant / Vehicle Replacements | 610,000 | - | 75,991 | 75,991 | 534,009 | 534,009 | 44,216 | 44,216 |
| 267 Local Government Software Acquisition | 500,000 | 500,000 | 62,287 | 62,287 | 437,713 | 437,713 | 36,242 | 36,242 |
| 268 Local Government Software Acquisition | - | 607,000 | - | - | 500,000 | 500,000 | 583 | 9,000 |
| 269 Heritage Restoration Projects | - | 607,000 | - | - | 607,000 | 607,000 | 823 | - |
| 270 Blueprint and Phillimore Street | - | - | - | - | 1,000,000 | 1,000,000 | - | - |
| Sub Total | 7,695,977 | 1,107,000 | 962,388 | 962,388 | 7,840,589 | 8,840,589 | 486,420 | 494,014 |

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

22. INFORMATION ON BORROWINGS (continued)

(a) Debenture Repayments

| Particulars | Principal 1/07/2008 \$ | New Loans \$ | Principal Repayments | | Principal 30/06/2009 | | Interest Repayments | |
|--|------------------------------|--------------------|-------------------------|------------------|-------------------------|-------------------|------------------------|----------------|
| | | | Actual \$ | Budget \$ | Actual \$ | Budget \$ | Actual \$ | Budget \$ |
| Self Supporting Loans* | | | | | | | | |
| 251 Silver Chain - Self Supporting | 1,910,390 | - | 183,757 | 183,757 | 1,726,633 | 1,726,633 | 111,542 | 111,542 |
| 259 Underground Power Scheme Financing | 592,800 | - | 124,477 | 124,477 | 468,323 | 468,323 | 35,753 | 35,753 |
| 262 UGP East Scheme Finance Instalment 1 | 1,500,000 | - | 342,752 | 342,752 | 1,157,248 | 1,157,248 | 98,299 | 98,299 |
| 263 UGP East Scheme Finance Instalment 1 | 220,000 | - | 58,128 | 58,128 | 161,872 | 161,872 | 13,698 | 13,698 |
| 268A Specified Area Rate Chalmers/Knutsford Scheme | 123,200 | - | 28,151 | 28,151 | 95,049 | 95,049 | 8,074 | 8,074 |
| Sub Total | 4,346,390 | - | 737,265 | 737,265 | 3,609,125 | 3,609,125 | 267,366 | 267,366 |
| Loans from Controlled Entity | | | | | | | | |
| 193 Property Purchase - Fast Eddys | 609,323 | - | 26,507 | 26,507 | 582,816 | 582,816 | 47,493 | 47,493 |
| 224 Montreal Public Open Space | 391,471 | - | 166,584 | 166,584 | 224,887 | 224,887 | 19,860 | 19,860 |
| 233 Montreal Open Space Stage Two | 110,596 | - | 31,688 | 31,688 | 78,908 | 78,908 | 5,684 | 5,684 |
| 235 Montreal Open Space Stage Three | 32,187 | - | 6,814 | 6,813 | 25,373 | 25,374 | 1,784 | 1,784 |
| 239 Booyembara Park Stages 2 & 3 | 98,268 | - | 16,733 | 16,732 | 81,535 | 81,536 | 4,543 | 4,543 |
| 240 Streets Ahead Program | 127,597 | - | 5,505 | 5,504 | 122,092 | 122,093 | 6,842 | 6,842 |
| 249 Fleet Replacement | 173,459 | - | 74,373 | 74,373 | 99,086 | 99,086 | 7,256 | 7,256 |
| 250 Leisure Centre Developments | 102,941 | - | 11,820 | 11,820 | 91,121 | 91,121 | 5,440 | 5,440 |
| 256 Light Vehicle Replacement | 359,961 | - | 103,302 | 103,302 | 256,659 | 256,659 | 18,080 | 18,079 |
| Sub Total | 2,005,803 | - | 443,326 | 443,323 | 1,562,477 | 1,562,480 | 116,982 | 116,981 |
| Total | 14,048,170 | 1,107,000 | 2,142,979 | 2,142,976 | 13,012,191 | 14,012,194 | 870,768 | 878,361 |

(*) Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue or specified area rates.

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

22. INFORMATION ON BORROWINGS (continued)

(b) New Debentures - 2008/09

| Particulars | Amount Borrowed | | Institution | Loan Type | Term (Years) | Total Interest & Charges \$ | Interest Rate % | Amount Used | | Balance Unspent \$ |
|---|-----------------|-----------|-------------|-----------|--------------|-----------------------------|-----------------|-------------|-----------|--------------------|
| | Actual \$ | Budget \$ | | | | | | Actual \$ | Budget \$ | |
| 268 Local Government Software Acquisition | 500,000 | 500,000 | WATC | Debenture | 5 | 574,640 | 5.31 | 500,000 | 500,000 | - |
| 269 Heritage Restoration Projects | 607,000 | 607,000 | WATC | Debenture | 10 | 822,823 | 6.18 | 607,000 | 607,000 | 607,000 |
| 270 Blueprint and Phillimore Street | - | 1,000,000 | - | - | - | - | - | - | - | - |
| | 1,107,000 | 2,107,000 | | | | 1,397,463 | | 1,107,000 | 1,107,000 | 607,000 |

(c) Unspent Debentures

| Particulars | Date Borrowed | Balance 1/07/2008 \$ | Borrowed During Year \$ | Expended During Year \$ | Balance 30/06/2009 \$ |
|-----------------------|-----------------------------|----------------------|-------------------------|-------------------------|-----------------------|
| | 257 City Blueprint Projects | 25/06/2007 | 458,822 | - | 90,481 |
| 261 Markets Upgrade | 25/06/2007 | 40,559 | - | - | 40,559 |
| 269 Heritage Projects | 23/06/2009 | - | 607,000 | - | 607,000 |
| | | 499,381 | 607,000 | 90,481 | 1,015,900 |

(d) Overdraft

Council has a long standing overdraft facility of \$250,000 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2008 and 30 June 2009 was \$Nil.

CITY of FREMANTLE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2009

23. RATING INFORMATION - 2008/09 FINANCIAL YEAR

| RATE TYPE | Rate in \$ | Number of Properties | Rateable Value \$ | Rate Revenue \$ | Interim Rates \$ | Total Revenue \$ | Budget Rate Revenue \$ | Budget Interim Rate \$ | Budget Total Revenue \$ |
|-------------------------------------|------------|----------------------|-------------------|-----------------|------------------|------------------|------------------------|------------------------|-------------------------|
| Differential General Rate | | | | | | | | | |
| Residential | 0.071921 | 7,134 | 119,383,170 | 8,586,157 | 255,229 | 8,841,386 | 8,582,372 | 104,618 | 8,686,990 |
| Fremantle First | 0.076037 | 412 | 60,779,678 | 4,619,153 | 128,749 | 4,747,902 | 4,621,504 | 100,000 | 4,721,504 |
| Commercial | 0.071921 | 635 | 39,221,910 | 2,820,879 | 66,873 | 2,887,752 | 2,828,531 | 10,161 | 2,838,692 |
| Industrial | 0.071921 | 643 | 58,343,488 | 4,196,122 | 60,363 | 4,256,485 | 4,178,966 | 23,971 | 4,202,937 |
| Sub-Totals | | 8,824 | 277,728,246 | 20,222,311 | 511,214 | 20,733,525 | 20,211,373 | 238,750 | 20,450,123 |
| Minimum Rates | | | | | | | | | |
| Residential | 785 | 4,770 | 52,063,375 | 3,744,450 | - | 3,744,450 | 3,744,450 | - | 3,744,450 |
| Fremantle First | 785 | 43 | 443,929 | 33,755 | - | 33,755 | 33,755 | - | 33,755 |
| Commercial | 785 | 67 | 731,288 | 52,595 | - | 52,595 | 52,595 | - | 52,595 |
| Industrial | 785 | 106 | 1,156,964 | 83,210 | - | 83,210 | 83,210 | - | 83,210 |
| Sub-Totals | | 4,986 | 54,395,556 | 3,914,010 | - | 3,914,010 | 3,914,010 | - | 3,914,010 |
| Ex-Gratia Rates | | | | | | | | | |
| Specified Area Rate (refer note 25) | | | | | | 24,647,535 | | | 24,647,535 |
| | | | | | | 134,921 | | | 132,100 |
| | | | | | | 24,782,456 | | | 24,496,233 |
| Totals | | 13,810 | 332,123,802 | 24,136,321 | 511,214 | 24,782,456 | | | 24,496,233 |

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

24. LOAN ADVANCES

| Particulars | Principal 1/07/2008 \$ | New Loans \$ | Principal Repayments | | Principal 30/06/2009 | | Interest Repayments | |
|------------------------------|---|--------------------|-------------------------|----------------|-------------------------|------------------|------------------------|--------------|
| | | | Actual \$ | Budget \$ | Actual \$ | Budget \$ | Actual \$ | Budget \$ |
| Self Supporting Loans | | | | | | | | |
| PV of Silver Chain Loan | 1,415,688 | - | 220,000 | 220,000 | 1,279,516 | 1,375,000 | - | - |
| | Note: The Interest Free Self Supporting Loan to Silver Chain has been adjusted to the Present Value to the City as required by AASB 139 Financial Instruments: Recognition and Measurement In 2008/2009 an impairment increment of \$83,828 resulted from the Silver Chain repayment. | | | | | | | |
| Sub Total | 1,415,688 | - | 220,000 | 220,000 | 1,279,516 | 1,375,000 | - | - |

Loans under Sports & Recreation Capital Loans Scheme

| | | | | | | | | |
|----------------------------------|---------------|----------|---------------|--------------|---------------|---------------|--------------|------------|
| Hilton Park Bowling Club | 5,764 | - | 1,406 | 1,406 | 4,358 | 4,357 | 94 | 94 |
| Colo Colo Soccer Club | 1,986 | - | 318 | 318 | 1,668 | 1,668 | 32 | 32 |
| Hilton Park Bowling Club | 5,673 | - | 908 | 908 | 4,765 | 4,765 | 92 | 92 |
| Fremantle Rugby League Club | 2,836 | - | 454 | 454 | 2,382 | 2,382 | 46 | 46 |
| Fremantle Hockey Club | 4,638 | - | 742 | 742 | 3,896 | 3,896 | 75 | 75 |
| Don Quijote Hilton Park Inc | 3,283 | - | 3,283 | 447 | 0 | 2,836 | 217 | 53 |
| North Fremantle Associated Clubs | 8,536 | - | 1,161 | 1,161 | 7,375 | 7,375 | 139 | 139 |
| South Fremantle Football Club | 20,624 | - | 2,435 | 2,435 | 18,189 | 18,189 | 335 | 335 |
| Don Quijote Hilton Park Inc | 8,190 | - | 967 | 967 | 7,223 | 7,223 | 133 | 133 |
| Sub Total | 61,530 | - | 11,676 | 8,838 | 49,856 | 52,691 | 1,163 | 999 |

Other Loans or Advances

| | | | | | | | | |
|---|------------------|----------|----------------|----------------|------------------|------------------|--------------|------------|
| Disability in the Arts Disadvantage in the Arts Australia (WA) Inc. | 2,267 | - | 2,267 | 2,264 | - | - | - | - |
| Sub Total | 2,267 | - | 2,267 | 2,264 | - | - | - | - |
| Total | 1,479,485 | - | 233,943 | 231,102 | 1,329,372 | 1,427,691 | 1,163 | 999 |

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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25. SPECIFIED AREA RATE - 2008/09 FINANCIAL YEAR

| | Rate in \$ | Basis of Rate | Rateable Value \$ | Rate Revenue \$ | Budget Rate Revenue \$ | Applied to Costs \$ | Budget Applied to Costs \$ |
|---|---------------|---------------------|-------------------------|-----------------------|---------------------------------|---------------------------|-------------------------------------|
| <u>City Centre Security Levy</u> | | | | | | | |
| Security Levy Rate | 0 | GRV | 67,357,131 | 100,067 | 100,025 | 100,067 | 100,025 |
| - Interim Rate | | | | 2,779 | - | 2,779 | |
| <u>Underground Power</u> | | | | | | | |
| Chalmers/Knutsford UGP | 0 | GRV | 609,336 | 32,075 | 32,075 | 32,075 | 32,075 |
| | | | | 134,921 | 132,100 | 134,921 | 132,100 |

(a) The specified area rate for the security levy is for a designated area of the City Centre.

The proceeds of the rate are applied in full to the costs of operating the security service. Unspent funds for any year are transferred into the Security Service Reserve.

(b) The specified area rate for the Underground Power - Chalmers/Knutsford project is for a designated area around Chalmers/Knutsford Streets and is used to service the loan raised to pay for the construction.

The proceeds of the rate are applied in full to the costs of operating the loan. No amount is been transferred to reserve accounts.

26. SERVICE CHARGES - 2008/09 FINANCIAL YEAR

| | Amount of Charge \$ | Revenue Raised \$ | Budget Revenue \$ | Applied to Service Costs \$ | Budget Applied to Costs \$ |
|------------------------|------------------------------|-------------------------|-------------------------|---|--|
| Underground Power East | Various | 893,594 | 754,797 | 673,106 | 754,797 |
| | | 893,594 | 754,797 | 673,106 | 754,797 |

The service charge is for the provision of underground power. The charge is applicable to all ratepayers within a designated area.

The proceeds of the service charge are applied against the installation costs of the underground power and the associated loan service costs where ratepayers have elected to pay over an extended period.

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2008/09 FINANCIAL YEAR

| | Type | Disc % | Total Cost/ Value \$ | Budget Cost/ Value \$ |
|-------------------------------|-----------|--------|----------------------------|-----------------------------|
| Rates Concessions and Waivers | Waiver | | 111,471 | 92,000 |
| Sundry Debtor | Write Off | | 80,447 | - |
| Unpaid Fines | Write Off | | 30,251 | - |

Rates have been waived for properties specified in the annual budget or approved by Council during the year.

28. INTEREST CHARGES AND INSTALMENTS - 2008/09 FINANCIAL YEAR

| | Interest Rate % | Admin. Charge \$ | Revenue \$ | Budgeted Revenue \$ |
|------------------------------|--------------------|---------------------|---------------|------------------------|
| Interest on Unpaid Rates | 11% | - | 101,249 | 60,000 |
| Interest on Instalments Plan | 6% | - | 126,106 | 111,000 |
| Charges on Instalment Plan | | 21 | 80,574 | 72,765 |
| Other Interest | | | 15,446 | 21,999 |
| | | 21 | 323,375 | 265,764 |

Ratepayers had the option of paying rates in four equal instalments, due on 17th September 2008, 17th November 2008, 19th January 2009 and 19th March 2009. Administration charges and interest applied for all four instalments.

| 29. FEES & CHARGES | 2009 \$ | 2008 \$ |
|-------------------------------|-------------------|-------------------|
| Governance | 2,681 | 5,698 |
| General Purpose Funding | 201,006 | 135,484 |
| Law, Order, Public Safety | 40,262 | 39,368 |
| Health | 228,496 | 239,489 |
| Education and Welfare | 593,044 | 984,902 |
| Housing | 64,929 | 66,688 |
| Community Amenities | 1,208,295 | 1,310,069 |
| Recreation and Culture | 2,622,953 | 3,532,912 |
| Transport | 12,411,877 | 10,574,743 |
| Economic Services | 377,523 | 1,052,135 |
| Other Property and Services | 3,640,964 | 2,697,782 |
| | <u>21,392,030</u> | <u>20,639,270</u> |

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

| 30. GRANT REVENUE | 2009 | 2008 |
|--------------------------------------|------------------|------------------|
| | \$ | \$ |
| By Nature and Type: | | |
| Grants and Subsidies - operating | 3,821,733 | 3,709,407 |
| Grants and Subsidies - non operating | 3,417,621 | 1,063,305 |
| | <u>7,239,354</u> | <u>4,772,712</u> |
| By Program: | | |
| Governance | 1,701,407 | 777,566 |
| General Purpose Funding | 1,045,931 | 10,000 |
| Law, Order, Public Safety | 25,000 | 2,167,640 |
| Health | - | - |
| Education and Welfare | 2,653,655 | 3,500 |
| Housing | - | - |
| Community Amenities | - | 896,786 |
| Recreation and Culture | 1,115,675 | 917,220 |
| Transport | 649,031 | - |
| Economic Services | 3,200 | - |
| Other Property and Services | 45,455 | - |
| | <u>7,239,354</u> | <u>4,772,712</u> |

| 31. COUNCILLORS' REMUNERATION | 2009 | 2009 | 2008 |
|--|----------------|----------------|----------------|
| | \$ | Budget | \$ |
| | | \$ | |
| The following fees, expenses and allowances were paid to council members and/or the mayor. | | | |
| Meeting Fees | 98,000 | 98,000 | 98,000 |
| Mayor's Allowance | 60,000 | 60,000 | 60,000 |
| Deputy Mayor's Allowance | 15,000 | 15,000 | 15,000 |
| Conference & training expenses | 29,290 | 21,000 | 18,308 |
| Telephone & other expenses reimbursed | 26,004 | 45,000 | 50,277 |
| | <u>228,294</u> | <u>239,000</u> | <u>241,585</u> |

32. EMPLOYEES' REMUNERATION

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

| Salary Range | 2009 | 2008 |
|---------------------|-------------|-------------|
| \$ | | |
| 100,000 - 109,999 | 4 | 3 |
| 110,000 - 119,999 | 3 | 3 |
| 120,000 - 129,999 | - | 1 |
| 130,000 - 139,999 | 1 | - |
| 140,000 - 149,999 | - | - |
| 150,000 - 159,999 | 1 | - |
| 160,000 - 169,999 | 1 | - |
| 170,000 - 179,999 | - | - |
| 180,000 - 189,999 | - | 1 |
| 190,000 - 199,999 | 1 | - |

33. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

| 2009 | 2008 |
|-------------|-------------|
| <u>380</u> | <u>382</u> |

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

34 MAJOR LAND TRANSACTIONS

(a) Disposals (Sales)

There was no disposal of land where the consideration exceeded the major land transaction threshold.

(b) Disposal (Property for Lease)

There was no significant new, renewal of disposal of land by leasing transaction entered into.

(c) Purchases (Acquisitions)

There was no acquisitions of land by purchase or lease where the consideration exceeded the major land transaction threshold.

35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2008/09 financial year.

36. ASSETS of the CITY of FREMANTLE TRUST

The Trust was set up by an Act of the Western Australian Parliament in 1961 and its operations are consolidated with the operations of the City of Fremantle.

| | 2009 | 2008 |
|---------------------------------|------------------|------------------|
| | \$ | \$ |
| Cash and Investments | 1,480,192 | 1,022,999 |
| Loan Advances | 1,562,479 | 2,005,803 |
| Freehold Land & Buildings | 1,600,000 | 1,600,000 |
| Infrastructure Land & Buildings | 1,900,250 | 1,932,001 |
| | <u>6,542,921</u> | <u>6,560,803</u> |

37. EVENTS POST 30 JUNE 2009

Nil.

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

38. FINANCIAL RISK MANAGEMENT

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council. Council held the following financial instruments at balance date:

| | Carrying Value | | Fair Value | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | \$ | \$ | \$ | \$ |
| Financial Assets | | | | |
| Fixed Rate | | | | |
| Rates Outstanding | 434,415 | 1,119,083 | 434,415 | 1,119,083 |
| Weighted Average Effective Interest Rate | 11.00% | 11.00% | 11.00% | 11.00% |
| Floating Rate | | | | |
| Cash and Cash Equivalents | 5,763,131 | 157,893 | 5,763,131 | 157,893 |
| Current Investments | 15,979,376 | 20,249,566 | 15,979,376 | 20,249,566 |
| Non Current Investments | 5,693,346 | 3,504,293 | 6,090,377 | 3,504,293 |
| Weighted Average Effective Interest Rate | 4.38% | 4.53% | 4.38% | 4.53% |
| Interest Bearing | | | | |
| Loan Advances | 1,329,371 | 1,387,609 | 1,329,371 | 1,387,609 |
| Weighted Average Effective Interest Rate | 0.07% | 3.50% | 0.07% | 3.50% |
| Non Interest Bearing | | | | |
| Sundry Debtors | 1,282,592 | 1,457,848 | 1,282,592 | 1,457,848 |
| Weighted Average Effective Interest Rate | 0.00% | 0.00% | 0.00% | 0.00% |
| Summary | | | | |
| Cash and cash equivalents | 5,763,131 | 157,893 | 5,763,131 | 157,893 |
| Receivables | 3,046,378 | 3,964,540 | 3,046,378 | 3,964,540 |
| Financial Assts at Fair Value | 15,979,376 | 20,249,566 | 15,979,376 | 20,249,566 |
| Available for Sale Assets | 5,693,346 | 3,504,293 | 5,693,346 | 3,504,293 |
| Held to Maturity investments | | | | |
| | <u>30,482,231</u> | <u>27,876,292</u> | <u>30,482,231</u> | <u>27,876,292</u> |
| Financial Liabilities | | | | |
| Fixed Rate | | | | |
| Debentures | 11,449,714 | 12,042,367 | 11,449,714 | 12,042,367 |
| Weighted Average Effective Interest Rate | 6.65% | 6.94% | 6.65% | 6.94% |
| Payables | 5,831,716 | 3,773,306 | 5,831,716 | 3,773,306 |
| Borrowings | 11,449,714 | 12,042,367 | 11,449,714 | 12,042,367 |
| | <u>17,281,430</u> | <u>15,815,673</u> | <u>17,281,430</u> | <u>15,815,673</u> |

**CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

38. FINANCIAL RISK MANAGEMENT (Continued)

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings, Held-to-Maturity Investments – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial Assets at Fair Value through profit and loss, Available for Sale Financial Assets – based on quoted market prices at the reporting date or independent valuation.

(a) Cash and Cash Equivalents

Financial assets at fair value through profit or loss

Available-for-sale financial assets

Held-to-maturity investments

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk – the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of the issuers or factors affecting like instruments traded in a market.

Cash and investments are also subject to interest rate risk – the risk that movements in interest rates could affect returns. Another risk associated with cash and investments is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

| | 30-Jun-09 | 30-Jun-08 |
|--|-----------|-----------|
| | \$ | \$ |
| Impact of a 10% (*) movement in price of investments: | | |
| - Equity | 569,335 | 2,424,179 |
| - Income Statement | 569,335 | 2,424,179 |
| Impact of a 1% (*) movement in interest rates on cash and investments: | | |
| - Equity | 217,425 | 1,579 |
| - Income Statement | 217,425 | 1,579 |

Notes:

- (*) Sensitivity percentages based on management's expectation of future possible market movements. Recent market volatility has seen large market movements for certain types of investments.

**CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

38. FINANCIAL RISK MANAGEMENT (Continued)
(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Council's credit risk at balance date was:

| | 30-Jun-09 | 30-Jun-08 |
|---|------------------|------------------|
| Percentage of Rates and Annual Charges | | |
| - Current | 11.41% | 22.63% |
| - Overdue | 88.59% | 77.37% |
| Percentage of Other Receivables | | |
| - Current | 63.56% | 93.35% |
| - Overdue | 36.44% | 6.65% |

**CITY OF FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

38. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

| | <u>2009</u> | Due within 1 year \$ | Due between 1 & 5 years \$ | Due after 5 years \$ | Total contractual cash flows \$ | Carrying values \$ |
|------------|------------------|-------------------------------|-------------------------------------|-------------------------------|--|--------------------------|
| Payables | 5,831,716 | - | - | - | 5,831,716 | 5,831,716 |
| Borrowings | 1,953,138 | 6,329,963 | 3,166,613 | 11,449,714 | 11,449,714 | 11,449,714 |
| | <u>7,784,854</u> | <u>6,329,963</u> | <u>3,166,613</u> | <u>17,281,430</u> | <u>17,281,430</u> | <u>17,281,430</u> |
| | | | | | | |
| Payables | 3,873,306 | - | - | 3,873,306 | 3,873,306 | 3,873,306 |
| Borrowings | 1,699,653 | 6,777,326 | 3,565,388 | 12,042,367 | 12,042,367 | 12,042,367 |
| | <u>5,572,959</u> | <u>6,777,326</u> | <u>3,565,388</u> | <u>15,915,673</u> | <u>15,915,673</u> | <u>15,915,673</u> |

CITY of FREMANTLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

38. FINANCIAL RISK MANAGEMENT (Continued)

(c) Borrowings (Continued)

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

| | <1 year \$ | >1<2 years \$ | >2<3 years \$ | >3<4 years \$ | >4<5 years \$ | >5 years \$ | Total \$ | Weighted Average Effective Interest Rate % |
|--|---------------|------------------|------------------|------------------|------------------|----------------|-------------|--|
|--|---------------|------------------|------------------|------------------|------------------|----------------|-------------|--|

Year Ended 30 June 2009

Borrowings

| | | | | | | | | |
|---|-----------|-----------|-----------|-----------|---------|-----------|------------|-------|
| Fixed Rate | | | | | | | | |
| Debtentures | 1,953,138 | 2,075,584 | 2,072,693 | 1,222,988 | 958,698 | 3,166,613 | 11,449,714 | 6.65% |
| Weighted Average Effective Interest Rate | 6.65% | 6.65% | 6.65% | 6.65% | 6.65% | 6.65% | | |

Year Ended 30 June 2008

Borrowings

| | | | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|------------|-------|
| Fixed Rate | | | | | | | | |
| Debtentures | 1,699,653 | 1,853,793 | 1,934,565 | 1,923,604 | 1,065,364 | 3,565,388 | 12,042,367 | 6.94% |
| Weighted Average Effective Interest Rate | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | 6.94% | | |

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**Independent Auditor's Report to the Ratepayers
of the City of Fremantle**

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Report on the Financial Report

We have audited the accompanying financial report of the City of Fremantle, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity, and statement of cash flows for the year ended 30 June 2009, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

Councils' responsibility for the financial report

The Council of the City of Fremantle is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1995 Part 6. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.



Grant Thornton

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 Part 6 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the City of Fremantle's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Auditor's opinion on the financial report

In our opinion, the financial report of the City of Fremantle:

- (i) gives a true and fair view of the City of Fremantle's financial position as at 30 June 2009 and of its performance for the financial year ended 30 June 2008, and
- (ii) complies with Australian Accounting Standards (including the Australian Accounting Interpretations),
- (iii) are prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under that Act.

Statutory Compliance

I did not, during the course of my audit, become aware of any instances where the Council did not comply with the requirements of the Local Government Act, 1995 Part 6 (as amended) and Local Government (Financial Management) Regulations 1996 as they relate to the financial statements.

GRANT THORNTON (WA) PARTNERSHIP

M J Hillgrove
Partner

Perth, 15 December 2009