



AGENDA ATTACHMENTS UNDER SEPARATE COVER

**C1211- ANNUAL REPORT 2011-2012
Attachment 1: Audit Report 30 June 2012
Ordinary Meeting of Council**

Wednesday, 28 November 2012, 6.00 pm

CITY OF FREMANTLE

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2012

**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 2012 are in my opinion properly drawn up to present fairly the financial position of the City of Fremantle at 30th June 2012 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 20th day of NOVEMBER 2012



Chief Executive Officer
Graeme Mackenzie

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**INDEPENDENT AUDITOR'S REPORT
TO THE RATEPAYERS OF THE CITY OF FREMANTLE**

Report on the Concise Financial Report

The accompanying concise financial report of the City of Fremantle comprises the Statement of Financial Position as at 30 June 2012, and the Statement of Comprehensive Income Statement of Changes in Equity and Statement of Cash Flows, for the year ended 30 June 2012. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Councils' Responsibility for the Concise Financial Report

The Council is responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039 Concise Financial Reports. This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; 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 concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of the City of Fremantle for the year ended 30 June 2012. Our audit report on the financial report for the year was signed on 20 November 2012 and was not subject to any modification. The Australian 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 for the year is free from material misstatement.

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039 Concise Financial Reports.

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

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Auditor's opinion on the Concise Financial Report

In our opinion, the concise financial report of the City of Fremantle for the year ended 30 June 2012 complies with Accounting Standard AASB 1039 Concise Financial Reports.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Partner – Audit & Assurance

Perth, 20 November 2012

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CITY OF FREMANTLE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2012 \$	2012 Budget \$	2011 \$
Revenue				
Rates	24	32,535,406	32,539,146	30,045,184
Operating Grants, Subsidies and Contributions	30	5,106,249	4,294,355	4,864,139
Fees and Charges	29	24,692,568	22,873,115	23,011,979
Service Charges	26	421,357	419,022	613,520
Interest Earnings	2(a)	2,571,024	1,941,531	2,397,260
Other Revenue		600,074	448,600	418,057
		<u>65,926,678</u>	<u>62,515,769</u>	<u>61,350,139</u>
Expenses				
Employee Costs		(29,206,799)	(29,347,694)	(27,753,403)
Materials and Contracts		(23,476,594)	(20,498,622)	(19,929,185)
Utility Charges		(1,878,007)	(1,836,647)	(1,616,408)
Depreciation on Non-Current Assets	2(a)	(9,065,660)	(9,559,810)	(9,125,034)
Interest Expenses	2(a)	(596,278)	(596,015)	(636,749)
Insurance Expenses		(755,550)	(638,210)	(563,027)
Other Expenditure		(1,443,922)	(1,428,056)	(1,578,423)
		<u>(66,422,810)</u>	<u>(63,905,054)</u>	<u>(61,202,229)</u>
		(496,132)	(1,389,285)	147,910
 Non-Operating Grants, Subsidies and Contributions	30	3,665,804	4,156,800	5,001,354
Fair value adjustments to financial assets at fair value through profit or loss	2(a)	(317,445)		556,744
Revaluation & Impairment of Property, Plant & Equipment		(662,824)		(3,968,715)
Revaluation of Infrastructure Assets		(405,719)		(1,166,239)
Profit on Asset Disposals	22		150,000	-
Loss on Asset Disposal	22	(50,686)	(446,590)	(1,772,208)
 Net Result		1,732,998	2,470,925	(1,201,154)
 Other Comprehensive Income				
Revaluation of Assets		(3,739,285)	-	(2,738,702)
Joint Venture - Change on Equity		1,088,033	-	865,047
 Total Other Comprehensive Income		(2,651,252)	-	(1,873,655)
 Total Comprehensive Income		<u>(918,254)</u>	<u>2,470,925</u>	<u>(3,074,809)</u>

The full financials and accompanying notes are available on the City's website: www.fremantle.wa.gov.au

**CITY OF FREMANTLE
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2012**

	NOTE	2012 \$	2011 \$	1 July 2010 \$
CURRENT ASSETS				
Cash and Cash Equivalents	3	18,691,792	20,366,160	18,474,340
Investments	4	3,487,881	5,684,188	10,921,263
Trade and Other Receivables	5	2,527,933	1,907,441	1,874,553
Inventories	6	185,961	178,704	156,705
TOTAL CURRENT ASSETS		<u>24,893,567</u>	<u>28,136,493</u>	<u>31,426,861</u>
NON-CURRENT ASSETS				
Other Receivables	5	1,003,700	1,197,252	1,341,144
Investments	4	9,373,437	8,049,486	6,534,249
Property, Plant and Equipment	7(a)	135,158,869	134,388,483	130,132,199
Investment Property	7(b)	56,125,000	56,115,000	59,940,000
Intangibles	7(c)	734,842	1,238,443	1,188,032
Infrastructure	8	198,765,083	198,273,095	200,157,802
TOTAL NON-CURRENT ASSETS		<u>401,160,931</u>	<u>399,261,759</u>	<u>399,293,426</u>
TOTAL ASSETS		<u>426,054,498</u>	<u>427,398,252</u>	<u>430,720,287</u>
CURRENT LIABILITIES				
Trade and Other Payables	9	7,188,178	6,959,086	7,601,397
Long Term Borrowings	10	1,596,419	2,285,758	1,864,456
Provisions	11	5,208,846	4,973,781	4,264,735
TOTAL CURRENT LIABILITIES		<u>13,993,443</u>	<u>14,218,625</u>	<u>13,730,588</u>
NON-CURRENT LIABILITIES				
Long Term Borrowings	10	8,320,744	8,590,603	9,182,119
Provisions	11	757,338	687,797	831,544
TOTAL NON-CURRENT LIABILITIES		<u>9,078,082</u>	<u>9,278,400</u>	<u>10,013,663</u>
TOTAL LIABILITIES		<u>23,071,525</u>	<u>23,497,025</u>	<u>23,744,251</u>
NET ASSETS		<u>402,982,973</u>	<u>403,901,227</u>	<u>406,976,036</u>
EQUITY				
Retained Surplus		152,115,845	148,602,090	146,323,685
Reserves - Cash/Investments Backed	12	8,026,208	8,718,932	11,333,444
Reserves - Asset Revaluation	13	242,840,920	246,580,205	249,318,907
TOTAL EQUITY		<u>402,982,973</u>	<u>403,901,227</u>	<u>406,976,036</u>

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**CITY OF FREMANTLE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2010		146,323,685	11,333,444	249,318,907	406,976,036
Changes in Accounting Policy					-
Correction of Errors					-
Restated Balance		146,323,685	11,333,444	249,318,907	406,976,036
Net Result		(1,201,154)	-	-	(1,201,154)
Total Other Comprehensive Income		865,047	-	(2,738,702)	(1,873,655)
Reserve Transfers		2,614,512	(2,614,512)	-	-
Balance as at 30 June 2011		148,602,090	8,718,932	246,580,205	403,901,227
Net Result		1,732,998	-	-	1,732,998
Total Other Comprehensive Income		1,088,033		(3,739,285)	(2,651,252)
Reserve Transfers		692,724	(692,724)	-	-
Balance as at 30 June 2012		152,115,845	8,026,208	242,840,920	402,982,973

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**CITY OF FREMANTLE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
Cash Flows From Operating Activities				
Receipts				
Rates		32,359,997	32,539,000	29,897,184
Operating Grants, Subsidies and Contributions		5,106,249	4,294,000	4,864,139
Fees and Charges		24,096,419	22,873,000	21,777,496
Service Charges		421,357	419,000	613,520
Interest Earnings		2,571,024	1,942,000	2,397,260
Goods and Services Tax		3,982,650	2,700,000	3,644,964
Other Revenue		543,559	0	587,683
		<u>69,081,255</u>	<u>64,767,000</u>	<u>63,782,246</u>
Payments				
Employee Costs		(28,755,109)	(29,340,000)	(27,167,109)
Materials and Contracts		(23,191,854)	(19,344,000)	(19,073,655)
Utility Charges		(1,878,007)	(1,836,000)	(1,616,408)
Insurance Expenses		(755,550)	(638,000)	(563,027)
Interest expenses		(624,553)	(596,000)	(667,368)
Goods and Services Tax		(2,908,084)	(3,000,000)	(2,637,663)
Other Expenditure		(1,443,922)	(1,428,000)	(1,578,423)
		<u>(59,557,079)</u>	<u>(56,182,000)</u>	<u>(53,303,653)</u>
Net Cash Provided By (Used In) Operating Activities		<u>9,524,176</u>	<u>8,585,000</u>	<u>10,478,593</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0		
Payments for Purchase of Property, Plant & Equipment		(3,278,775)	(4,651,000)	(3,248,031)
Payments for Construction of Infrastructure		(11,686,302)	(14,271,000)	(12,296,872)
Advances to Community Groups				
Payments for Purchase of Investments		(1,641,396)		(1,515,237)
Non-Operating Grants, Subsidies and Contributions		3,665,804	4,157,000	2,951,354
Proceeds from Sale of Plant & Equipment		272,131	920,000	227,017
Proceeds from Advances				
Proceeds from Sale of Investments				
Net Cash Provided By (Used In) Investing Activities		<u>(12,668,538)</u>	<u>(13,845,000)</u>	<u>(13,881,769)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(2,308,758)	(2,286,000)	(2,160,755)
Repayment of Finance Leases				
Proceeds from Self Supporting Loans		232,885	0	228,135
Proceeds from New Debentures		1,349,560	1,850,000	1,990,541
Net Cash Provided By (Used In) Financing Activities		<u>(726,313)</u>	<u>(436,000)</u>	<u>57,921</u>
Net Increase (Decrease) in Cash Held		<u>(3,870,675)</u>	<u>(5,696,000)</u>	<u>(3,345,255)</u>
Cash at Beginning of Year		26,050,348	25,472,000	29,395,603
Cash and Cash Equivalents at the End of the Year	14(a)	<u>22,179,673</u>	<u>19,776,000</u>	<u>26,050,348</u>

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