

TOWN OF COTTESLOE



2008 / 2009

ANNUAL REPORT

OUR VISION

An iconic coastal community with a relaxed lifestyle.

OUR MISSION

To preserve and improve Cottesloe's natural and built environment and beach lifestyle by using sustainable strategies in consultation with the community.

UNDERPINNING PRINCIPLES**Sustainable Development**

To embrace and integrate sustainable development principles including social, economic, environmental and cultural aspects when planning for the district.

Community Participation

Effective community participation in decisions about the district and its future.

Good Governance

Leadership, transparency, accountability, probity, proper management, effective services, equitable access to services, commitment to partnership working and organisational capacity building.

Co-operation

The exchange of good practice, support and mutual learning and partnerships with government and other stakeholders to progress the Town.

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OUR ELECTED MEMBERS - JUNE 2009



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MAYOR'S REPORT

I am pleased to present the Annual Report for the Town of Cottesloe for 2008/2009 and I highlight the following issues of interest from the work of your Council.

Local Government Reform

In February 2009 the Minister for Local Government launched a wide-ranging reform of the local government sector. Each local government was required to prove its sustainability and consider voluntary amalgamations to form larger local governments, reduce the total number of elected members to between six and nine, undertake community consultation on such changes and consider appropriate regional groupings of councils. In compliance with the Ministers requirements, and on the basis of our community consultation, your Council has since lodged a submission with the Minister that contemplates a merger between Cottesloe, Mosman Park, Peppermint Grove, North Fremantle and the coastal strip of Swanbourne.

Local Planning Scheme No.3

Nearly 4 years after lodging our draft Local Planning Scheme No. 3 with the State Government, Cottesloe is still waiting for its final approval by the Minister for Planning. This is despite that draft having since been amended to accommodate changes demanded by the Minister, including all changes recommended by a panel of experts during the Enquiry-by-Design (EbD) process jointly conducted with the State Government to determine height controls for the Cottesloe Beach Hotel and Ocean Beach Hotel sites.

Once in place the new scheme will guide the strategic direction and statutory regulation of land use and development in Cottesloe for at least the next 6 years.

Library and Community Centre

After a lengthy and detailed planning process, construction has now commenced on the new joint library and community centre, and completion is scheduled for October 2010. This major project was supported, in part, with funds from the Australian Government's Green Precinct Fund (\$1.5m) for a

range of environmentally sustainable design initiatives. This will not only be an outstanding architectural development but will also demonstrate commitment to our community's needs as well as the joint partnership between the three member Councils.

Sustainability

Sustainability is a significant feature of the Town's operations. Social, environmental and economic sustainability form the basis of a long term commitment to our community's future, informing strategic planning activities, and providing significant opportunities to reduce our ecological footprint, thus conserving resources for future generations. This year we have, amongst other projects, delivered our *living smart* course, adopted our Natural Areas Management Plan, increased our use of Green Power, continued with our successful *anti-littering* campaign and *Cott Cat* shuttle services, and continued with our *think water* campaign.

Asset Management

As mentioned during this year's budget, Council has continued to invest in capital projects, such as the Civic Centre upgrade and the new library, and infrastructure, including road resurfacing, roundabouts, drainage, footpaths, playground equipment, and a disability access path at North Cottesloe beach.

Senior Staffing Changes

After 7 years at the helm Stephen Tindale left to become the CEO at the City of Subiaco, and after a comprehensive recruitment process Carl Askew commenced as our new CEO in January 2009.

Special Thanks

On behalf of the Town, I thank each and every one of you for your contribution to the community life of Cottesloe. I also thank councillors and staff for their commitment and efforts to better our community.

Kevin Morgan
Mayor

CEO'S REPORT

This year has been a year of progress, projects, programs, and change for Cottesloe and my first six months have been exciting, challenging and busy. A number of significant projects including the Civic Centre refurbishment works, the Enquiry by Design and the new joint library were all prominent and complex, with many of these matters requiring formal consideration by Council early in 2009. In addition, in February the Minister for Local Government announced a local government reform strategy based on amalgamations of local governments and a reduction of elected member numbers, and this has also taken significant time and resources during 2009.

Strategic Planning Committee

Council's Strategic Planning Committee met on four occasions during 2008/2009 and focused on priorities from its Future Plan including regular action plan reviews, the ongoing organisational sustainability health check, various policies including assets with a realisable value and the setting of key result areas for the CEO. In addition the Committee also undertook a review of the current Future Plan confirming that the direction set out in the plan was still relevant and that regional cooperation and the environment were two important areas to focus on in the coming years.

Communication

We have continued our practice of keeping the community informed throughout the year with our monthly Cottesloe News page, local advertisements, use of the website and via the Civic Centre and Library notice boards.

Town Operations

Council has also continued to deliver major capital works including infrastructure improvement, and steps are now in place to ensure that Town assets are protected and managed as a fundamental responsibility. The Town of Cottesloe is in good financial shape notwithstanding the use of loan funds for the Civic Centre and new library developments. The Town is focused on providing residential amenity and a sense of community for ratepayers and residents not only today but also into the future.

Administration

It is important to remember that we are a small Council, approximately four sq km in size, with a staff complement of forty. The organisational structure of the Town is relatively static and reflects the stability of an established residential suburb. The Town shares a Coastcare Officer, a Travelsmart Officer and a Heritage Advisor with various local governments and with financial assistance from the Commonwealth and State governments. As an organisation we want people who are prepared to work hard on your behalf, feel recognised and rewarded for their effort and stay with the Town as their knowledge and skills increase. Contracts for the supply of goods and services have increased significantly in some areas and as a consequence the timing of some projects has been affected, whilst others have been re-allocated or redesigned. Against that backdrop, I'm proud of the achievements listed in this report, and our compliance with all statutory obligations required under legislation.

Year Ahead

In the next six months Council has identified a number of projects that will require the administration's time and resources, including a finalisation of the LPS3 process with approval from the Minister, construction of the new library, finalisation of Council's local government reform submission, progressing solutions for Council's depot services and existing site, a website upgrade and administration of a successful Council election in October 2009. In 2010 the State Government's reform agenda for local government will be clearer, with potential changes for Cottesloe and the Town.

As your CEO, I would particularly like to express my appreciation to the Mayor, Councillors and staff for their professionalism and support throughout the last six months. As stated at the beginning of this summary, the year has not been without its challenges and the dedication and commitment from Councillors and staff has impressed me. As with the past year, the next 12 months looks like it is going to be just as busy.

Carl Askew
Chief Executive Officer

ENGINEERING SERVICES REPORT

National Water Initiative Project

This four year \$2.58 million project is now three quarters finished, with another 100 side entry soak pits installed, four ocean outfall drains closed and two open drainage sumps – both on Grant Street, at Marmion Street and Marine Parade– converted to underground detention systems and landscaped.

The second of three public education packages was also developed and delivered to every Cottesloe property. This package and its contents have now been taken up by other WESROC councils and the Department of Water for widespread use.

Roadworks

One major project for resurfacing was completed, using a two-thirds subsidy from Main Roads WA – Forrest Street from Broome Street to Marine Parade.

Under Councils 5 year road resurfacing program, nine streets (Melville Street, Margaret Street, Florence Street, Marmion Street, Parry Street, Hawkstone Street, Knowles Street and two parts of Grant Street) received asphalt resurfacing with new drainage pits and some replacement kerbing.

Playgrounds

Two playgrounds received replacement equipment and the Marine Parade/Grant Street playground was equipped with a shade sail.

Blackspots

A total of three sites received Blackspot improvements. These were a new roundabout at the Eric Street/Marmion Street intersection, the completion of a new roundabout at the Broome Street/Jarrad Street intersection and improved lighting at the Eric Street/Broome Street intersection. Two of these works received 100% funding from the Federal Blackspot program, with the Eric Street/Marmion Street roundabout receiving a two thirds subsidy from State Black Spot funds.

Footpaths

Five sections of concrete slab footpaths were replaced with in-situ concrete during 2008/09. This work included pedestrian access ramps designed for

disability access at all path intersections with street kerbing.

Community Improvement Works

A new disability access path was installed to provide access from the dual use path on the west side of the Barchetta Café to the toilets, showers and change rooms below that building.

Geoff Trigg

Manager Engineering Services

CORPORATE & COMMUNITY SERVICES REPORT

Finance and Administration Services

The income statement shows a net result for 2007/08 of \$2,266,947 against an estimated surplus for the year of \$1,587,691. The favourable variance arises from higher than expected operating revenue in most programs, particularly *Transport* and lower than expected expenditure in nearly all areas and especially *Community Amenities*.

Community Amenities revenue was \$203,126 more than expected due to the Town's equity in the Western Metropolitan Regional Council increasing by \$41,392 and an additional \$29,000 in town planning application fees. Expenditure in *Community Amenities* was \$261,167 under budget with lower than budgeted legal expenses and scheme review costs in *Town Planning*.

Health expenditure was \$35,000 lower than expected with expenditure on contactors down \$30,772 and lower than expected expenditures generally.

Recreation and Culture revenue was \$97,949 more than expected due to higher than anticipated grant income of \$43,830. Expenditure was over \$381,513 due mainly to a data entry fault associated with the introduction of new Council software. This fault was offset in full in another part of the budget - see *Transport* below.

Transport revenue was \$153,246 more than expected due to the combination of additional proceeds from the sale of the sump at Margaret Street and higher grant income. *Transport* expenditure was \$225,373 lower due to the data entry fault referred to above.

Economic Services revenue was \$34,000 higher than expected due to higher revenue from building fees. Expenditure was down \$10,790 due to lower than expected costs in the areas of wages, building consultants and administrative overheads.

Council Software

The Town of Cottesloe went live with a new software system (Authority) on the 1st of July 2007. Comprehensive training and a detailed implementation process ensured a smooth transition. The new software integrates with the Town's records management system (TRIM) and GIS package (MapInfo).

As a direct consequence, web interaction with clients has improved with the payment of rates, fines and invoices via the net and the on-line lodgement of planning applications and subsequent capability to follow the progress of each application.

Ranger Services

In order to improve parking availability throughout the Town, a comprehensive trial of new Meter Eye parking technology was completed in late 2007.

The successful trial of 50 Meter Eye devices in the town centre resulted in increased parking availability and improved occupational health and safety outcomes for the rangers.

The technology is currently being rolled out to parking areas in the central foreshore area.

Parking Infringement Statistics

Total Parking Infringements	4739
Cautions Issued	45
Infringements Sent to F E R	747
Reminder Notices Sent	2785
Final Demand	1749
F E R Warning Notice	1052
Prosecutions	4

Dog Control Statistics

Dog Attacks	3
Dog Nuisances	10
Dogs Impounded	20
Cautions Issued	748
Infringements issued	6
Reminder Notices Sent	0
Final Demands Sent	0
Prosecutions	0

CORPORATE & COMMUNITY SERVICES REPORT

Beach Patrols

Surf Life Saving Western Australia continues to provide contract lifeguard services at Cottesloe Beach. During patrol hours between 2 October 2007 and 30 April 2008, over 223,000 people attended Cottesloe Beach. This represented a decrease of 11.2% on the previous year and was mainly due to unfavourable conditions and lower than average temperatures.

The service attended 268 calls for first aid (the majority being for marine stings and abrasions) and 22 rescues (down from 44 in the previous year). Over 1,250 preventative actions were initiated and lifeguards provided local law advice/enforcement on 665 occasions.

Cottesloe Civic Centre

Conservation, maintenance and restoration works continue. Significant projects included the demolition and rebuilding of sections of the retaining walls and the construction and opening of the Summer House to coincide with the Town's centenary celebrations.

Library Services

For the year 2008-2009 the Cottesloe-Peppermint Grove-Mosman Park Library recorded 119,191 physical visitors and some 41,366 virtual visitors via the library website demonstrating that the library continues to provide a friendly service representing good value for money and meeting its vision; to be a vibrant, active service that contributes to an educated, informed, recreated and connected community.

Cottesloe residents continue to use and value the library with 38% of residents holding current membership. This figure is conservative as many families opt for one or two memberships per household; 16 items may be borrowed on each card.

Over the year a total of 188,958 items were lent averaging 691 items lent per day. The number of loans per member over the year was 24.57. In addition at least 4,953 people used the Public Internet services while a growing number connect to the global network on their own laptops through the library's wireless service.

Programmes for all ages continued including Books on Wheels, early childhood storytelling, Baby Rhyme Times, Children's Book Week class visits, computer classes, reading programs, writing workshops, book launches, author talks, live theatre and community education sessions on a variety of subjects. Assistance was received through the participation of a range of community organisations and volunteers including Friends of the Library to make these programmes, services and activities available.

The Local History Collection is steadily growing with the assistance of some dedicated volunteers. There are 350 images in the photographic collection and the oral history programme added a further 15 interviews bringing the number of recorded oral histories to 92. Subject areas covered include sporting and recreational activities, the beaches, surf life saving, business and retail trade, cinemas and social life, daily living, the river and its importance to the community, flora of the area, prominent local identities, architectural observations and council affairs. Work is continuing to make these resources readily accessible.

Entries in the 2008 Literature Prize: *Now and Then* reached a record 134 entries and a total of 368 entries have been received since its inception in 2005. Valuable contributions are being made to the collected knowledge of the social, environmental and cultural history of this area. The partnership with National Trust WA was strengthened with offers for material sponsorship for future awards.

A welcome boost to the new library and community centre development came in the form of a LotteryWest grant for \$650,492 towards the construction and fit out of the new community centre spaces.

Graham Patrick
Manager Corporate & Community Services

DEVELOPMENT SERVICES REPORT

During 2008-2009 the Town Planning and Building team has continued to work well to provide ongoing customer service, progress the Scheme Review and related activities, and liaise with owners, designers, neighbours and the community in the assessment of planning proposals.

The team deals with development applications and compliance, subdivision referrals, town planning scheme amendments, property enquiries, general planning enquiries, building licences and signage. In addition, the team works on the new town planning scheme, strategic plans, planning studies and policies, heritage and regional planning matters.

Development Applications

Cottesloe has continued to attract proposals for new homes or extensions/renovations to existing homes which entail high-quality architecture and building finishes. The coastal topography and climate can be a challenge to design and meeting development requirements, whilst respecting the character of streetscapes and contributing to residential amenity.

During the year 240 development applications were processed by the Town, of which 195 were handled by staff under delegated authority. Seventeen were referred to the Development Services Committee and Council, as they were major proposals or involved a significant exercise of discretion. Five were regional planning approvals involving the Western Australian Planning Commission. Of those referred to Council, most were approved, while a few were deferred for revision and further consideration or refused. The remainder were either discontinued or are still active. The total number was only slightly less than the previous year despite the economic downturn. The volume which went to Council was significantly reduced by staff facilitating proposals suitable for delegated determination. The bulk of applications comprised new dwellings (many being two-storey) or residential renovations and swimming pools: as well as variations to approvals, signs and some demolitions.

The town centre and beachfront have attracted a number of relatively minor proposals for improvements to particular properties and some more

significant concepts are being formulated for both of these localities – there are indications that the Town Centre is likely to be the focus of development proposals in the Station Street and south of Jarrad Street localities.

Subdivisions

A total of 15 subdivision or survey strata proposals were processed during the year under delegation, all but one of which were supported with conditions, for referral to and determination by the Western Australian Planning Commission. This was down on the previous year and represents a relatively low level of subdivision activity in the district.

Compliance

Compliance monitoring, problem-solving and enforcement action comprises another important task in relation to all of the types of approvals managed by the Development Services staff in liaison with the Building Services staff. This ensures that developments are implemented correctly and that amenity impacts are minimised.

State Administrative Tribunal

In considering development applications, performance assessment, discretion and the ability to impose conditions means that Council can most often achieve negotiated outcomes to address all concerns, however, a right of appeal does exist where agreement is not reached. Officers aim to minimise the number of appeals.

During the year only one Council decision on a development application was referred by the applicants to the State Administrative Tribunal (SAT) for review and the decision was to uphold Council's refusal thereby dismissing the appeal.

Scheme Amendments

With the progress towards proposed Local Planning Scheme No. 3 to replace current Town Planning Scheme No. 2 the need for scheme amendments has diminished, however, two of the latest amendments have been processed for finalisation during the past year.

DEVELOPMENT SERVICES REPORT

Design Advisory Panel

The Design Advisory Panel has continued to provide professional advice on the design aspects of planning proposals, on an as-needs basis. The panel comprises local architects and allied professionals whose expertise and experience assists the consideration of proposals, ranging from single dwellings to apartment buildings and commercial developments. This process has proved to facilitate the formulation and determination of proposals with improved designs and outcomes.

Heritage Advice

The Town has continued the Heritage Advisor program, in conjunction with the Heritage Council of WA, which employs a heritage architect to assist with the assessment of heritage-related development proposals and provide general heritage advice, whether small or large. This part-time service is a valuable tool in helping to guide designs which are sympathetic to heritage properties and localities. The Town also participates in the Heritage Subsidy Scheme which provides low-cost loans for heritage conservation works.

Proposed Local Planning Scheme No. 3

The major achievement during the year was the advancement of proposed Local Planning Scheme No. 3 for final approval, following the extensive formulation, consultation and advertising conducted over the past several years.

From April to July 2008 Council undertook a comprehensive community consultation phase to disseminate the proposed Scheme and gather written submissions, which underwent assessment for consideration of any revisions to the proposed Scheme.

In August 2008 Council also embarked on the Enquiry-by-Design (EbD) consultation exercise to address height controls for the Cottesloe Beach Hotel and Ocean Beach Hotel sites and a vision for the public domain foreshore, as well as planning for the railway lands/Town Centre area (especially including east-west connectivity) and for future Curtin Avenue.

The EbD series of three workshops and several public information sessions were carried-out jointly with the Department for Planning & Infrastructure in November-December 2008. The outcomes report was considered by Council in early 2009 and advertising of the intended Building Design Controls occurred in April-May 2009.

Subsequently Council has given consideration to all of the submissions and adopted the Scheme, with some recommended modifications, for final approval by the Minister for Planning. Council also resolved to pursue the Railway Lands Structure Plan and the Foreshore Concept Plan over time. It is anticipated that the new Scheme will commence operation by the end of 2009.

Once in place the new Scheme will guide the strategic direction and statutory regulation of land use and development in the district for the next 5-10 year period.

Regional Planning and Other Initiatives

Development Services has maintained active participation in a number of regional planning activities which have a bearing on Cottesloe such as the ongoing Stirling Highway Activity Corridor Study (SHACS) and commenting on proposed Western Australian Planning Commission strategies and policies (such as the Perth Coastal Planning Strategy).

The Town has also continued working with State Government agencies towards a solution for the future of Curtin Avenue, following on from the earlier Town Centre Study and in connection with the Scheme Review and associated Enquiry by Design. The aim is to settle a preferred alignment and preliminary design solution for this route which takes into account the opportunities for land use, transit-oriented development, east-west links, open space/landscaping and overall amenity in managing through traffic and local movement.

Andrew Jackson
Manager Development Services

SUSTAINABILITY OFFICER'S REPORT

Sustainable Development

Sustainability is a significant feature of the Town of Cottesloe's operations. This year, the following sustainability outcomes have been achieved.

Living Smart Courses

From July to September a *Living Smart* course was held at the Town of Cottesloe. 25 people attended this free, seven week course which aimed to educate people on becoming more sustainable in their everyday lives. The course included expert presentations, goal setting and information sharing with topics including water and energy use, waste reduction, sustainable gardening, reducing chemicals in your home and sustainable transport options.

Natural Areas Management Plan (NAMP)

In September, council adopted a *Natural Areas Management Plan* prepared by Ecoscape Consulting to prioritise, maintain and enhance natural areas within the Town. Guidelines and recommendations contained will assist Council and Cottesloe Coastcare Association in managing natural areas in the future.

Green Power

In January *'Green Power'* was increased at the Cottesloe Civic Centre from 75% to 100%. This means 100% of the electricity used to power the Council Offices will come from the Alinta Wind Farm in Geraldton - a renewable source of energy, which contributes to reducing greenhouse gas emissions.

Anti Littering Campaign

The *'Do the Right Thing, Keep Cott Beautiful'* anti littering campaign was undertaken from November to March. With funding assistance from the Packaging Stewardship Forum and the Keep Australia Beautiful Council WA various activities and actions included bin signage, advertising, educational beach visits from Captain Clean Up, promotional materials and participation in Clean Up Australia Day. Litter along the foreshore was noticeably reduced during the extent of the campaign.

Cott Cat Shuttle Bus

The *'Cott Cat'* shuttle bus service operated from December to March. This provides visitors with an

incentive to 'leave their car at home' and catch the shuttle from Cottesloe Train Station to Cottesloe Beach, reducing greenhouse gas emissions from private vehicle use. Approximately 30,000 – 35,000 people used the service over the summer period.

Cottesloe Sustainability Calendar

The 2009 *Cottesloe 'Sustainability' Calendar* was produced in conjunction with Earth Carers. Artwork was provided by students from Cottesloe and North Cottesloe Primary Schools and focussed on the themes of reducing water use, energy use, waste and increasing biodiversity.

Think Water

The second package of the *'Think Water' community education campaign* was distributed to all residents in Mar 2009, as part of the Cottesloe Groundwater Restoration project. The package highlights the importance of groundwater resources on the Cottesloe Peninsula and tips to reduce water use and water pollution.

Business Energy Audit

A *Business Energy Project 'Climate Actions'* was initiated in partnership with the Southern Metropolitan Council (SMRC). This project targeted ten local businesses giving them guidance and practical assistance in reducing their energy use, waste and in turn greenhouse gas emissions.

Council staff planted 1,253 plants throughout Cottesloe in 2008/09. 90% of these were natives and were planted primarily at the following sites: Sumps at Grant/Marmion St, and Grant/Marine Parade, in Grant Marine Park, roundabouts at Jarrad/Broome St and Eric/ Marmion St, and the disabled ramp under Barchetta. In May, residents purchased in total 2,611 native plants through the *Council's subsidy scheme*. This was a 50% increase from 2008. Waterless Urinals were installed in the male toilets at the Cottesloe Civic Centre. The *'Green Heart'* disc system saves up to 98% of previous water use, as the urinals do not require flushing - the only water use is in the daily cleaning process.

Jade Hankin
Sustainability Officer

ENVIRONMENTAL HEALTH OFFICER'S REPORT

The Town's Environmental Health Services provide education, monitoring and surveillance of premises and activities within the Town to ensure that the health and safety of the community is preserved.

Food Monitoring

There has been a significant improvement in the standard of food prepared and sold or served within the Town of Cottesloe. This can be attributed to the monitoring and surveillance of food and the food premises, and to improvements in food hygiene standards generally. The food monitoring program continues to test for microbiological safety and food is checked for compliance with the Food Standards Code. Environmental Health Officers (EHOs) monitor food storage and transport, temperature control and labelling, and they undertake regular chemical and microbiological testing. There is a very high level of compliance.

Food Premises

There are currently 60 food premises within the Town of Cottesloe categorised as follows:

Restaurants/hotels	20
Cafes	14
Take Aways	18
Food Manufacturers	3
Other Food Premises	5

The standard of these premises continues to be monitored through routine inspections by the EHOs. Education now enables business proprietors to understand the need for good hygiene standards and maintenance programs. Proprietors now participate in their own assessments as part of the risk assessment process.

Visitors to Cottesloe and the local community purchase take away foods and dine at the many cafes and restaurants in the area. The continual surveillance of food premises ensures that the public are protected from food poisoning or the effects of other types of food contamination.

The introduction of the new Food Act in Western Australia will see the commencement of the auditing and food safety assessment program in 2009.

Public Buildings

There are currently 25 public buildings within the Town of Cottesloe categorised as follows:

Hotels/restaurants	5
Community Halls	3
Aged Care	1
School and Other	5
Churches	2
Sport & Recreation	9

They include hotels, large licensed restaurants, sporting clubs, churches and public halls and can include outdoor events and concerts. Despite the high risk status of some of these premises and events, there have been no incidents or accidents associated with these particular premises that have resulted in injury to patrons. Officers regularly check premises for access and egress, fire safety equipment, lighting and ventilation, other safety matters and patron numbers. A very high standard of compliance is maintained by all premises.

Liquor Licensing

The breakdown of licensed premises within the district is:

Hotels	2
Taverns	2
Small Bars	0
Restaurants	8
Restaurants with extended trading	3
Clubs	3
Club Restricted Premises	1
Special Facilities	2

Since the amendment to the Liquor Control Act there has been a gradual shift towards licensed restaurants where drinks may now be purchased without a meal, providing the core business remains the service of food. The anticipated move toward 'small bars' has not occurred, and the large hotels continue to attract young people and tourists who come to enjoy the beach and entertainment venues.

The Town continues to be actively involved in the sale and consumption of alcohol where it has the potential to impact adversely on the community. Through liaison with licensed premises, the community, Police and representatives of the Liquor

DEVELOPMENT SERVICES REPORT

Licensing Division, alcohol consumption is managed in a manner that recognises the positive social aspect and minimises the harmful impacts of excessive alcohol consumption on the community. The Town is a member of the Western Accord which meets regularly to discuss liquor related matters.

to these water testing and safety checks. All public swimming pools are fully compliant.

Ruth Levett
Principal Environmental Health Officer

Noise Control

A total of 139 noise complaints have been received over the past twelve month period:

Air conditioners	32
Construction noise	33
Outdoor functions/concerts	17
Hotels/restaurants	13
Parties/stereos	9
Commercial activities	11
Other	24

Larger homes that extend closer to or up to boundaries are contributing to the increase in noise complaints concerning noisy air conditioners, pool pumps and loud stereos. Complaints result in the EHOS monitoring noise levels. Where noise levels exceeded permissible levels, often costly and undesirable changes are necessary. Home owners are urged to ensure that the installers of air conditioning systems and other equipment guarantee compliance with the *Environmental Protection (Noise) Regulations*.

Other sources of complaints are refrigeration equipment located on commercial premises in close proximity to residences, noisy parties, and noise from building sites where builders commence prior to 7.00am or where radios and equipment are particularly loud. It is important to note that noisy parties are generally handled by the Police.

Public Swimming Pools

Monitoring of water quality is a high priority in the hot summer months where high bathing loads place added stress on systems, creating ideal conditions for the growth of harmful bacteria and amoeba. Public swimming pools are monitored regularly by EHOs and checked for safety requirements and water quality. Daily monitoring of water quality is undertaken by the proprietors of premises in addition

BUILDING SERVICES REPORT

The primary role of the Building Services staff is to assess Building Licence applications for compliance with the Building Code of Australia (BCA) and relevant Australian Standards (AS). Following issue of a building licence and commencement of construction projects are monitored to ensure compliance with the approved plans.

Building staff also provide technical advice to customers on all building-related matters as well as manage Demolition Licences, Sign Licences, Verge Licences, the Private Swimming Pools Inspection Program and overall compliance with these approvals.

Building and Demolition Licences

The 2008/2009 year saw a decline in the number of new homes approved, but an increase in the number of additions/alterations (ie renovations). Similar to last year, there was a decline in the value of construction work, however, an upturn in the building industry is forecast for in early 2009/2010.

Signage Control

The Town's Signs, Hoardings and Billposting By-Law No. 33 is important to managing the standard of signage within the Town of Cottesloe and also entails applications for licences.

Private Swimming Pools

The Town has a statutory obligation to inspect private swimming pools at least once every four years to ensure compliance with the Australian Standard for Swimming Pool Safety (AS1926). All pools are again due for inspection in 2009/2010, however, it is essential that owners maintain complying safety barriers at all times.

Construction Hours

The construction industry standard hours are 7am to 7pm Monday to Saturday, with no work permitted on Sundays or Public Holidays without an agreed Noise Management Plan signed by the Chief Executive Officer.

Use of Verges or Medians

In the coming year, the use of street verges will continue to be monitored to ensure that damage is

minimised and amenity is maintained, including reinstatement/rehabilitation upon completion.

Compliance Management

Compliance monitoring, problem-solving and enforcement action comprises another important task in relation to all of the types of approvals managed by the Building Services staff.

New Projects

The Civic Centre renovation and conservation works are nearing completion and the new of Cottesloe-Mosman Park-Peppermint Grove library redevelopment is underway, which will be a landmark sustainable building and greatly enhanced facility.

In the Town Centre a mixed-use commercial and residential development is being built on the corner of Station and Railway Streets, while general interest in Town Centre development opportunities appears to be increasing.

Sam Neale

Principal Building Surveyor

STATUTORY REPORTS

NATIONAL COMPETITION POLICY

With the signing in 1995 of several agreements between the Commonwealth, State and Territory governments, local governments are required to implement National Competition Policy principles.

The State Government's Clause 7 Statement requires local governments to report annually on:

- The implementation of *competitive neutrality* principles.
- The *structural reform of public monopolies*.
- The implementation of *legislative review*.

Competitive Neutrality

Competitive neutrality principles apply to those significant business activities conducted by (or under the control of) one or more local governments.

As there are no business activities undertaken by the Town of Cottesloe where 'user pays' income is greater than \$200,000 in any year, competitive neutrality principles have no application at the Town of Cottesloe.

Structural Reform of Public Monopolies

The Town of Cottesloe is not classified as a natural monopoly, nor does it conduct any business activities that could be classed as public monopolies. Therefore the principle of structural reform of public monopolies does not apply to the Town of Cottesloe.

Legislative Review

The following local laws have been reviewed for competitive neutrality:

- Standing Orders
- Beaches & Beach Reserves
- Fencing
- Signs, Hoardings and Billposting
- Dogs
- Parking and Parking Facilities
- Eating Houses
- Health Local Laws 1997
- Town of Cottesloe Local Government Property
- Activities on Thoroughfares and Trading in Thoroughfares and Public Places.

DISABILITY ACCESS & INCLUSION PLAN

The *Disabilities Services Act 1993* requires that Council include in its annual report a report on the implementation of its Disability Access and Inclusion Plan.

Council adopted its plan at the July 2007 meeting and a copy of the plan is available at the Council's Offices and on its website.

Council also has a Disability Services Advisory Committee to assist with the review and implementation of the plan.

Access improvements initiatives undertaken during the past year include:

- Cottesloe Main Beach now has a pick up and set down bay for the disabled which has had some great success in improving beach access in the area.
- \$65,000 to provide an accessible ramp to the disabled toilet at Barchetta.
- Within the renovations at the Civic Centre, offices were made compliant, disabled parking bays were painted and re-signed, the reception area has wider doors along with a lower bench for those in wheelchairs, new disabled toilets have been installed, both interior and exterior and access to the RSL room has improved with the removal of all steps.
- A Community Disability Forum was held in November 2008.

STATUTORY REPORTS

PAYMENTS MADE TO EMPLOYEES

Regulation 19B of the Local Government (Administration) Regulation 1996 requires the Town of Cottesloe to include the following in its Annual Report:

- The number of employees of the Town entitled to an annual salary of \$100,000 or more
- The number of those employees with an annual salary entitlement that falls within cash bands of \$10,000 over \$100,000

The number of those employees with an annual salary entitlement (including superannuation) that falls within each band of \$10,000 over \$100,000 is;

- \$100,000 to \$110,000: three.
- \$130,000 to \$140,000: one.

REGISTER OF COMPLAINTS

Section 5.121 of the *Local Government Act 1995* requires the complaints officer for the Town of Cottesloe to maintain a register of complaints which records all complaints that result in action under section 5.110(6)(b) or (c) of the Act.

The register of complaints is to include, for each recorded complaint-

- (a) the name of the council member about whom the complaint is made;
- (b) the name of the person who makes the complaint;
- (c) a description of the minor breach that the standards panel finds has occurred; and
- (d) details of the action taken under section 5.110(6)(b) or (c).

For the purposes of section 5.53(2)(g) of the *Local Government Act 1995* it is advised that no complaints were made to the Town of Cottesloe during the financial year under review.

RECORDS MANAGEMENT

The Town of Cottesloe, as a local government, is required under the *State Records Act 2000* to provide an annual report insert on its recordkeeping practices.

Commitment to Records Management

The Town of Cottesloe is committed to the reliable and systematic management of government records in accordance with legislative requirements and best practice standards.

Recordkeeping Plan Review Report

The town is reviewing its current recordkeeping plan and will be submitting a report of the outcome to the State Records Commission by October 2009. The review will provide details of record keeping practises that have changed, that are working well and those that require improvement.

Recordkeeping Plan

The purpose of the Recordkeeping Plan is to outline which records are to be created by the Town of Cottesloe and how the Town is to keep its records. The plan is to provide an accurate reflection of the recordkeeping program within the organisation. This includes information regarding the organisation's recordkeeping systems, disposal arrangements, policies, practises and processes. The plan is the primary means of providing evidence of compliance with the Act and the implementation of best practice recordkeeping within the organisation. The Town is currently developing a new Recordkeeping Plan and is due for submission to the State Records Commission in 2010.

Recordkeeping Training Program

TRIM Context refresher and advanced training sessions were conducted for all employees in June 2009. A training programme is to be developed as part of the new recordkeeping plan submission. The training programme will include recordkeeping awareness, employee responsibilities and TRIM Context. This will be compulsory for all staff who create, collect and use records during their employment at the Town of Cottesloe.

PLAN FOR THE FUTURE

The *Local Government Act 1995* requires the Town of Cottesloe to plan for the future of the district.

The Town of Cottesloe's *Plan for the Future* sets out the broad objectives of the Town of Cottesloe and is reviewed every two years.

Broad Objectives

The broad objectives expressed in the plan relate to –

- Protecting and enhancing the lifestyle of residents and visitors
- Achieving connectivity between east and west Cottesloe
- Enhancing beach access and the foreshore
- Managing development pressures
- Managing infrastructure and council buildings in a sustainable way
- Fostering the community's confidence and support for Council

OBJECTIVE 1 – TO PROTECT AND ENHANCE THE LIFESTYLE OF RESIDENTS AND VISITORS

Strategic Profile

Cottesloe has a notable variety and quality of areas set aside for recreation and open space. Some parks contain sporting facilities, playground equipment, seats, shelters and other amenities. However, our community is predominantly oriented both physically and culturally towards outdoor recreation and a beach lifestyle by virtue of the coastal open space that stretches for the entire western edge of the Town.

In particular Cottesloe and North Cottesloe beaches are very popular. The fact that the immediate community shares them with other western suburbs residents and those from wider Perth and, that they are also a tourist destination is accepted. This is due to their picturesque nature, accessibility, and predominantly low-rise facilities that cater to a range of age groups and activities, including the two historic hotels and some short-stay accommodation.

However, the presence of the many visitors causes disruption to the lifestyle of residents – in particular anti-social behaviour associated with liquor

consumption, late trading hours, traffic congestion, pollution and car parking are problems.

There is also an underlying issue that not everyone in the community wishes to participate in the outdoor recreation lifestyle and that to some extent this is seasonal. There is a lack of variety and dynamism in the recreation and entertainment available. Consequently there is a need to provide more formal civic spaces and venues for meetings and other activities not associated with beach culture. The needs of the elderly and those with disabilities must be recognised. Whilst young people need to be catered for specifically, it is recognised that there is good access to train stations and they can reach the Perth scene and other destinations within the rail system for entertainment and to meet friends.

Strategic Initiatives for 2008/09

- Reduce beachfront hotel patron numbers to a sustainable level.
- Identify increased opportunities to use existing facilities or provide new venues for formal community cultural events and activities.

OBJECTIVE 2 – TO ACHIEVE CONNECTIVITY BETWEEN EAST AND WEST COTTESLOE

Strategic Profile

Stirling Highway and Curtin Avenue are the two primary regional roads in Cottesloe and in effect converge south of Jarrad Street to straddle the railway. They provide for north-south traffic movement and, in being closely aligned, represent duplication. The Perth to Fremantle railway also travels north south through Cottesloe, predominately alongside Curtin Avenue.

Through this transport corridor, Cottesloe is connected to the metropolitan transport system and tourist routes and is highly accessible. At the same time, the transport corridor causes physical divisions and barriers.

PLAN FOR THE FUTURE

Limiting the impact of these barriers will improve traffic flow, allow for more sustainable design of car parks, reduce safety concerns, improve pedestrian movements and reduce the 'wasteland' effect caused by poor presentation and lack of use of the surplus rail reserve to the west of the Town Centre.

At the same time, properly planned redevelopment will result in greater connectivity between east and west Cottesloe. In particular the dual barriers of road and rail cut off the beach and foreshore from the town centre, which fragments the two main activity hubs of the district. These hubs could be complimentary in their contribution to a greater sense of community and increased opportunities for the local economy since they each have a well-defined and different focus.

The land abutting the railway has development potential and the town centre could benefit from new housing, local open space and general improvements to the overall railway precinct.

The resolution of a realignment of Curtin Avenue and the future use of the railway land to the west of the town centre are two major considerations for substantial change in terms of enhanced east-west connectivity, increased commercial opportunity and new development.

Strategic Initiative for 2008/09

- Produce a draft Structure Plan for consultation purposes showing the sinking of the railway and realignment of Curtin Avenue together with 'what's possible' in terms of sustainable redevelopment and pedestrian and traffic links.

OBJECTIVE 3 – TO ENHANCE BEACH ACCESS AND THE FORESHORE

Strategic Profile

Cottesloe's beaches, their public foreshores and the adjoining low-rise beachside development are the defining element of the district.

The natural and built environment amenity of the beachfront precinct is a delicately balanced

combination of coastal care and sensitive development and access to the beach must be carefully managed in order to avoid environmental degradation. The beaches have a picturesque, unique character and are spacious and clean.

However, the council is aware that the public facilities along the foreshore are looking tired.

People moving into Cottesloe who have paid higher land prices and long standing residents who are exposed to quality presentation when they travel interstate and overseas have expectations that public infrastructure will be provided not only with a high level of amenity but also with some sense of style.

Council policy does not support any new building development west of Marine Parade outside of existing building footprints.

The two life-saving clubs have historical significance and current importance for the welfare of locals and visitors enjoying an active beachfront. The aspirations of the clubs will need addressing as part of a planned approach for the future of the whole foreshore.

The beachfront is a destination for locals, the regional population and tourists. An international profile means that the council is under some pressure from the State Government to redevelop the area to a standard expected of major tourism destinations.

Strategic Initiatives for 2008/09

- Develop a public domain concept plan for the foreshore in consultation with the community.
- Introduce electronically timed parking.

OBJECTIVE 4 – TO MANAGE DEVELOPMENT PRESSURES

Strategic Profile

Fundamentally the pressures for development in Cottesloe are associated with the attractions of the area that mean it is a highly sought after location in which to live and invest. There are responsibilities

PLAN FOR THE FUTURE

for us inherent in the social changes that are taking place all across Western Australia – rapid increases in population, demographic changes in society with resultant demand for different housing choices and impositions by the State Government.

These impacts are felt in our neighbourhoods, brought about by changes to streetscapes, pressure on set backs, greater through traffic, escalating land values that marginalise heritage properties and character houses, concerns about the environment, reduction in trees because of subdivision and general erosion of residential amenity.

Over the last few decades Cottesloe has consolidated as a residential district and was thought to be virtually fully developed as a suburb where successive generations have grown up. However, now and into the future the number of new dwellings is expected to exceed the number of new lots. This means there is a marked trend for strata title development. There are conflicts within the community and also within individuals themselves where infill development generally is not supported but many people wish to retain the ability to subdivide their own properties.

Care must be taken that the pressure for denser development does not destroy the casual relaxed lifestyle, the low-rise beachfront and the green leafy neighbourhood and unduly affect the amenity and ambience enjoyed by our residents.

There are increasing pressures for commercial and tourism developments such as outdoor eateries whose upmarket style conflicts with the existing casual beach culture.

Strategic Initiatives for 2008/09

- Develop planning incentives for heritage properties.
- Consider undeveloped Government owned land for higher density development provided there is both public support and benefit for the Cottesloe community.

OBJECTIVE 5 – TO -MAINTAIN INFRASTRUCTURE AND COUNCIL BUILDINGS IN A SUSTAINABLE WAY

Strategic Profile

There is greater scrutiny than ever before on the way local governments maintain key community assets and infrastructure. A local government that does not take its stewardship role seriously will forfeit the confidence of the community

Local government legislation states that council is to use its best endeavours to ‘meet the needs of current and future generations’ in a sustainable way. A sustainable approach means taking the whole of life costs for major assets – capital, operational, depreciation and maintenance costs and ensuring that these are managed in an affordable way spread across the life cycle of the asset. Properly maintained assets last longer and avoid the spikes of expenditure required for major upgrades.

An assessment of asset management practices in the past reveals that each current community has not been paying its way and we need to take corrective action using the basic principle of intergenerational fairness and equity.

Cottesloe has a level of infrastructure that will generally meet the needs of the expected increases in population and any corresponding increases in housing over the next ten to fifteen years. However the age and condition of some community buildings and facilities is a concern. There is a need to develop a Plan for asset management that addresses long term liabilities, linked to financial sustainability.

Any Plan will need to take into account calls for the standard and quality of community infrastructure to be upgraded. In addition, some new services will be required to meet the needs of an increasingly aged population. The Plan will need to be developed on the basis that although public assets are just that in terms of community ownership, they have an inherent realisable value that in some cases may need to be tapped in order to preserve other assets.

PLAN FOR THE FUTURE

Scope exists for the council to incorporate passively-designed and energy efficient strategies into council building and asset management programs.

Strategic Initiatives for 2008/09

- Adopt a policy position on assets that have a realisable value such as the Depot and Sumps.
- Subject to the satisfactory resolution of land tenure, design and funding requirements, progress the development of new joint library facilities.
- Develop an integrated Town Centre plan to improve all aspects of the infrastructure of the Town Centre.
- Develop a long term asset management plan and accompanying financial plan.

OBJECTIVE 6 – TO FOSTER THE COMMUNITY’S CONFIDENCE AND SUPPORT FOR COUNCIL

Strategic Profile

Council recognizes the invaluable contribution that many residents play in the community life of Cottesloe especially those who actively participate in civic affairs. The aim of this objective is to ensure that this continues and that council maintains a spirit of co-operation with the community in an accountable and transparent manner on all occasions.

Many people wish to be part of developing our future. Community members are very articulate and know what they want and this is acknowledged and valued. In addition the council has many statutory obligations to comply with in order to improve decision making.

The effect of greater co-operation will be a council and community that understand and appreciate their separate but interdependent roles in progressing Cottesloe’s future.

Elected members and staff will listen to the community views, understand, discuss and explore possibilities in an environment of greater collaboration. There is an appreciation that

perception is the reality for many people and it is important to provide information so that the community can make informed input.

A major outcome from this objective will be to redefine governance. Individuals will be richer from the experience of being associated with the council and the community in general will be less cynical and more eager to be involved in shared solutions.

Our operations will benefit from more emphasis on communication and collaboration with the community. Through this, and the building of a relationship based on trust, will come the recognition that there is a differentiation between Cottesloe and the way other local governments do business.

Strategic Initiative for 2008/09

- Further improve the community consultation policy in recognition that there are different techniques for different objectives.

In May 2009 as part of a review of the Future Plan Council acknowledged the potential need for a significant review of its Plan as part of a newly appointed Council and the anticipated outcomes of the Minister for Local Government’s structural reform agenda. In that context, Council agreed to maintain and amend the current Plan to include a new Objective Seven (7) focused on Organisational Development and the effective management of Council’s resources and work processes. Council also agreed upon a number of Action Plan objectives pending the major review in 2010.

TOWN OF COTTESLOE



2008 - 2009

ANNUAL FINANCIAL STATEMENTS

TOWN OF COTTESLOE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

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TOWN OF COTTESLOE

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 Town of Cottesloe 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 Town of Cottesloe 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 30TH day of SEPTEMBER 2009.



Carl Askew
Chief Executive Officer

**TOWN OF COTTESLOE
INCOME STATEMENT
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2009**

	NOTE	2009 \$	2009 Budget \$	2008 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	24	6,201,388	6,208,946	5,637,334
Operating Grants, Subsidies and Contributions	30	583,197	230,900	312,044
Fees and Charges	29	1,381,485	1,509,035	1,369,619
Interest Earnings	2(a)	213,898	193,394	226,515
Other Revenue		<u>352,556</u>	<u>173,657</u>	<u>429,306</u>
		8,732,524	8,315,932	7,974,818
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(3,707,706)	(2,760,000)	(3,166,165)
Materials and Contracts		(2,365,756)	(3,750,190)	(3,136,820)
Utility Charges		(123,279)	(90,000)	(137,076)
Depreciation on Non-Current Assets	2(a)	(1,478,367)	(1,436,053)	(1,371,223)
Interest Expenses	2(a)	(50,318)	(252,233)	(16,710)
Insurance Expenses		(112,713)	(105,000)	(110,979)
Other Expenditure		<u>(777,706)</u>	<u>(275,210)</u>	<u>(229,101)</u>
		(8,615,845)	(8,668,686)	(8,168,074)
		116,679	(352,754)	(193,256)
Non-Operating Grants, Subsidies and Contributions	30	652,676	666,048	719,261
Profit on Asset Disposals	22	2,947	0	1,763,995
Loss on Asset Disposal	22	<u>(9,341)</u>	<u>0</u>	<u>(23,053)</u>
NET RESULT		<u>762,961</u>	<u>313,294</u>	<u>2,266,947</u>

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

**TOWN OF COTTESLOE
INCOME STATEMENT
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2009**

	NOTE	2009 \$	2009 Budget \$	2008 \$
REVENUES FROM ORDINARY ACTIVITIES				
Governance		76,645	24,100	133,898
General Purpose Funding		6,761,232	6,683,140	6,118,137
Law, Order, Public Safety		7,684	9,000	16,491
Health		58,964	35,460	46,621
Education and Welfare		33,815	24,800	35,441
Community Amenities		417,655	445,700	565,979
Recreation and Culture		636,333	294,907	485,260
Transport		1,230,465	1,266,948	2,848,501
Economic Services		146,795	197,925	198,030
Other Property and Services		18,559	0	9,716
	2 (a)	<u>9,388,147</u>	<u>8,981,980</u>	<u>10,458,074</u>
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE				
Governance		(837,087)	(809,308)	(894,301)
General Purpose Funding		(212,518)	(186,360)	(206,489)
Law, Order, Public Safety		(215,208)	(212,432)	(151,355)
Health		(146,161)	(161,223)	(133,673)
Education and Welfare		(94,969)	(132,824)	(79,629)
Community Amenities		(2,409,985)	(2,218,777)	(1,822,902)
Recreation & Culture		(1,894,266)	(1,830,159)	(2,282,759)
Transport		(2,403,686)	(2,517,235)	(2,197,565)
Economic Services		(277,724)	(284,509)	(271,019)
Other Property and Services		(83,264)	(63,726)	(134,725)
	2 (a)	<u>(8,574,868)</u>	<u>(8,416,553)</u>	<u>(8,174,417)</u>
BORROWING COSTS EXPENSE				
Governance		0	0	(126)
Recreation & Culture		(45,898)	(247,657)	(8,870)
Transport		0	0	(7,714)
Other Property and Services		(4,420)	(4,476)	0
	2 (a)	<u>(50,318)</u>	<u>(252,133)</u>	<u>(16,710)</u>
NET RESULT		<u>762,961</u>	<u>313,294</u>	<u>2,266,947</u>

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

**TOWN OF COTTESLOE
BALANCE SHEET
AS AT 30TH JUNE 2009**

	NOTE	2009 \$	2008 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	1,622,436	2,836,181
Trade and Other Receivables	5	436,722	425,898
Inventories	6	50,276	60,638
TOTAL CURRENT ASSETS		<u>2,109,434</u>	<u>3,322,717</u>
NON-CURRENT ASSETS			
Other Receivables	5	693,029	326,580
Other Financial Assets	7	1,021,020	999,681
Property, Plant and Equipment	8	6,399,597	3,516,023
Infrastructure	9	14,508,044	13,924,326
TOTAL NON-CURRENT ASSETS		<u>22,621,690</u>	<u>18,766,610</u>
TOTAL ASSETS		<u>24,731,124</u>	<u>22,089,327</u>
CURRENT LIABILITIES			
Trade and Other Payables	10	597,266	721,701
Long Term Borrowings	11	188,218	69,854
Provisions	12	485,751	405,131
TOTAL CURRENT LIABILITIES		<u>1,271,235</u>	<u>1,196,686</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	11	1,934,466	150,530
Provisions	12	20,576	225
TOTAL NON-CURRENT LIABILITIES		<u>1,955,042</u>	<u>150,755</u>
TOTAL LIABILITIES		<u>3,226,277</u>	<u>1,347,441</u>
NET ASSETS		<u>21,504,847</u>	<u>20,741,886</u>
EQUITY			
Retained Surplus		19,876,798	18,088,363
Reserves - Cash/Investment Backed	13	1,471,480	2,496,954
Reserves - Asset Revaluation	14	156,569	156,569
TOTAL EQUITY		<u>21,504,847</u>	<u>20,741,886</u>

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

**TOWN OF COTTESLOE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2009**

	NOTE	2009 \$	2008 \$
RETAINED SURPLUS			
Balance as at 1 July 2008		18,088,363	17,103,262
Net Result		762,961	2,266,947
Transfer from/(to) Reserves		1,025,474	(1,281,846)
Balance as at 30 June 2009		<u>19,876,798</u>	<u>18,088,363</u>
RESERVES - CASH/INVESTMENT BACKED			
Balance as at 1 July 2008		2,496,954	1,215,108
Amount Transferred (to)/from Retained Surplus		(1,025,474)	1,281,846
Balance as at 30 June 2009	13	<u>1,471,480</u>	<u>2,496,954</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2008		156,569	156,569
Revaluation Increment		0	0
Revaluation Decrement		0	0
Balance as at 30 June 2009	14	<u>156,569</u>	<u>156,569</u>
TOTAL EQUITY		<u>21,504,847</u>	<u>20,741,886</u>

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

**TOWN OF COTTESLOE
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2009**

	NOTE	2009 \$	2009 Budget \$	2008 \$
Cash Flows From Operating Activities				
Receipts				
Rates		6,229,073	6,208,946	5,853,516
Operating Grants, Subsidies and Contributions		593,910	230,900	651,091
Fees and Charges		1,353,014	1,380,138	1,413,206
Interest Earnings		216,767	183,894	228,921
Goods and Services Tax		914,761	505,000	637,161
Other Revenue		344,082	312,055	290,004
		<u>9,651,607</u>	<u>8,820,933</u>	<u>9,073,899</u>
Payments				
Employee Costs		(3,600,685)	(2,760,000)	(2,995,934)
Materials and Contracts		(2,305,189)	(3,750,190)	(3,161,893)
Utility Charges		(116,764)	(90,000)	(137,400)
Insurance Expenses		(112,713)	(105,000)	(110,979)
Interest expenses		(22,861)	(252,133)	(16,962)
Goods and Services Tax		(849,549)	(545,000)	(666,970)
Other Expenditure		(770,922)	(275,310)	(229,466)
		<u>(7,778,683)</u>	<u>(7,777,633)</u>	<u>(7,319,604)</u>
Net Cash Provided By (Used In) Operating Activities	15(b)	<u>1,872,924</u>	<u>1,043,300</u>	<u>1,754,295</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(3,601,032)	(8,328,369)	(1,205,660)
Payments for Construction of Infrastructure		(1,646,225)	(2,039,991)	(1,972,249)
Advances to Community Groups		(380,000)	(380,000)	0
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		548,396	666,048	598,261
Proceeds from Sale of Plant & Equipment		63,395	163,250	1,932,340
Proceeds from Advances		0	380,000	0
		<u>0</u>	<u>380,000</u>	<u>0</u>
Net Cash Provided By (Used In) Investing Activities		<u>(5,015,466)</u>	<u>(9,539,062)</u>	<u>(647,308)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(77,699)	(185,402)	(65,536)
Proceeds from Self Supporting Loans		26,496	24,039	17,621
Proceeds from New Debentures		1,980,000	6,200,000	0
		<u>1,980,000</u>	<u>6,200,000</u>	<u>0</u>
Net Cash Provided By (Used In) Financing Activities		<u>1,928,797</u>	<u>6,038,637</u>	<u>(47,915)</u>
Net Increase (Decrease) in Cash Held		<u>(1,213,745)</u>	<u>(2,457,125)</u>	<u>1,059,072</u>
Cash at Beginning of Year		2,836,181	2,861,685	1,777,109
Cash and Cash Equivalents at the End of the Year	15(a)	<u><u>1,622,436</u></u>	<u><u>404,560</u></u>	<u><u>2,836,181</u></u>

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

**TOWN OF COTTESLOE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2009**

	2009	2009
NOTE	\$	Budget \$
REVENUES		
Governance	76,645	24,100
General Purpose Funding	559,844	474,194
Law, Order, Public Safety	7,684	9,000
Health	58,964	35,460
Education and Welfare	33,815	24,800
Community Amenities	417,655	445,700
Recreation and Culture	636,333	294,907
Transport	1,230,465	1,266,948
Economic Services	146,795	197,925
Other Property and Services	18,559	0
	<u>3,186,759</u>	<u>2,773,034</u>
EXPENSES		
Governance	(837,087)	(809,308)
General Purpose Funding	(212,518)	(186,360)
Law, Order, Public Safety	(215,208)	(212,432)
Health	(146,161)	(161,223)
Education and Welfare	(94,969)	(132,824)
Community Amenities	(2,409,985)	(2,218,777)
Recreation & Culture	(1,940,164)	(2,077,816)
Transport	(2,403,686)	(2,517,235)
Economic Services	(277,724)	(284,509)
Other Property and Services	(87,684)	(68,202)
	<u>(8,625,186)</u>	<u>(8,668,686)</u>
Adjustments for Cash Budget Requirements:		
Non-Cash Expenditure and Revenue		
(Profit)/Loss on Asset Disposals	6,394	0
Movement in Equity Accounted Joint Ventures	(21,339)	0
Movement in Deferred Pensioner Rates (Non-Current)	(30,464)	0
Movement in Employee Benefit Provisions	100,971	0
Depreciation and Amortisation on Assets	1,478,367	1,436,053
Capital Expenditure and Revenue		
Purchase Land and Buildings	(3,114,693)	(7,916,650)
Purchase Infrastructure Assets	(1,646,225)	(2,039,991)
Purchase Plant and Equipment	(145,049)	(301,850)
Purchase Furniture and Equipment	(109,481)	(109,869)
Proceeds from Disposal of Assets	63,395	163,250
Dispersal of Loan Funds	(380,000)	(380,000)
Repayment of Debentures	(77,699)	(185,402)
Proceeds from New Debentures	1,980,000	6,580,000
Self-Supporting Loan Principal Income	26,496	25,039
Transfers to Reserves (Restricted Assets)	(905,631)	(102,894)
Transfers from Reserves (Restricted Assets)	1,931,105	1,957,350
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	64,678	561,365
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	(16,214)	(305)
Amount Required to be Raised from Rates	<u>24</u>	<u>(6,201,388)</u>
		<u>(6,208,946)</u>

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

TOWN OF COTTESLOE
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:

(a) Basis of Preparation

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.

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 21 to this financial report.

(c) Goods and Services Tax

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.

(d) Cash and Cash Equivalents

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 are subject to an 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 on the balance sheet.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Trade and Other Receivables

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.

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.

(g) Fixed Assets

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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land under Roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard 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. Major depreciation periods are:

Buildings	40 years
Furniture and Equipment	10 years
Plant and Equipment	5 years
Computer & Ancillary Equipment	5 years
Roads - Asphalt	25 years
- Concrete	50 years
- Brick Blocks	33 years
Footpaths - Slab	25 years
- Asphalt	25 years
- Concrete	50 years
- Brick	33 years
Drainage - Pipe	50 years
- Soak wells	50 years
- Manholes	20 years
Reticulation - Bores	20 years
- Pumps	14 years
- PVC Pipe	25 years
- Sprinklers	8 years
- Electrical	14 years
Parks Furniture	5 years
Street Furniture - S/F Shelter	10 years
- Timber Shelter	10 years
- Concrete Shelter	20 years
- Slab	50 years
- Bins	10 years

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Depreciation of Non-Current Assets (Continued)

ROW - Asphalt	25 years
- Brick	33 years
- Concrete	50 years

(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.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

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.

(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.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 are 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 salaries 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.

(n) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction 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 loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

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 particular asset.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

(q) Joint Venture

The municipality's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the relevant items reported in the Balance Sheet and Income Statement. Information about the joint venture is set out in Note 18.

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

(s) Superannuation

The Council contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both 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.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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.

TOWN OF COTTESLOE
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 123 [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. There will be no impact on the financial report of the Council as it already capitalises borrowing costs relating to qualifying assets and will continue to do so.
(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 101	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.

**TOWN OF COTTESLOE
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 AASBs annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs.
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	

TOWN OF COTTESLOE
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
(vi) (Continued)			
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	

TOWN OF COTTESLOE
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.

TOWN OF COTTESLOE
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:

Auditors Remuneration

- Audit	9,750	11,100
- Other Services	8,715	8,300

Depreciation

Buildings	73,550	56,710
Furniture and Equipment	126,684	115,554
Plant and Equipment	215,626	227,504
Roads	628,870	587,429
Footpaths	172,733	168,318
Drainage	83,067	67,468
Parks & Ovals	45,789	25,018
Streetscapes	21,106	9,057
Rights of Way	36,790	49,343
Irrigation	63,478	61,788
Miscellaneous	10,674	3,034

	1,478,367	1,371,223
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Interest Expenses

Other Interest Charges	25,870	126
Debentures (<i>refer Note 22(a)</i>)	24,448	16,584
	50,318	16,710

Rental Charges

- Operating Leases	11,400	11,400
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(ii) Crediting as Revenue:

	2009	2009	2008
	\$	Budget	\$
		\$	

Interest Earnings

Investments			
- Reserve Funds	124,396	102,894	100,399
- Other Funds	76,852	84,300	113,750
Other Interest Revenue (<i>refer note 28</i>)	12,650	6,200	12,366
	213,898	193,394	226,515

**TOWN OF COTTESLOE
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 Town of Cottesloe is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

GOVERNANCE

Includes income and expenditure relating to Councillors and Council's governance role and that portion of administration which cannot be readily allocated or linked to other programs.

GENERAL PURPOSE FUNDING

Includes income relating to rating, the Untied Financial Assistance Grants and interest on investments. It also includes expenses relating to the rating function.

LAW, ORDER, PUBLIC SAFETY

Includes items of fire prevention, ranger services, animal control and the supervision and enforcement of Local Laws.

HEALTH

Includes environmental health, food hygiene and promotion, pest control and immunisation services.

EDUCATION AND WELFARE

Includes pre-schools and other education institutions, care of family and children, senior citizens, day care, and other voluntary services.

COMMUNITY AMENITIES

Includes rubbish collection services, noise control, protection of the environment, public toilets and administration of the Town Planning Scheme.

RECREATION AND CULTURE

Includes halls and community centres, beaches, parks and recreation grounds, libraries and other cultural events.

TRANSPORT

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

**TOWN OF COTTESLOE
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 (Continued)

ECONOMIC SERVICES

Includes tourism, building control, economic development and area promotion.

OTHER PROPERTY & SERVICES

Includes private works, public works overheads and plant operating costs.

	2009	2008
	\$	\$
(c) Conditions Over Contributions		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).		
Grants for Blackspot Works (transport)	0	32,000
	0	32,000
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Grants for Blackspot Works (transport)	6,245	0
Grants for the Foreshore Restoration	74,928	0
Financial Assistance Grant Funding	61,071	0
Grants for the Pylon Restoration	100,262	0
Less:		
Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.		
Grants for Blackspot Works (transport)	0	32,000
Closing balances of unexpended grants	242,506	0
Comprises:		
Grants for Blackspot Works (transport)	6,245	0
Grants for the Foreshore Restoration	74,928	0
Financial Assistance Grant Funding	61,071	0
Grants for the Pylon Restoration	100,262	0
	242,506	0

The above unspent grants have been transferred to the Area Improvement Reserve.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

	2009	2008
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	111,571	299,843
Restricted	1,510,865	2,536,338
	<u>1,622,436</u>	<u>2,836,181</u>

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

Area Improvement Reserve	340,835	238,335
Waste Management Reserve	84,525	94,756
Parking Reserve	157,106	97,214
Environmental Improvement Reserve	283,519	555,560
Leave Reserve	20,547	43,464
Library Reserve	179,011	62,575
Civic Centre Improvements Reserve	405,937	1,405,050
Combined Library	39,385	39,384
	<u>1,510,865</u>	<u>2,536,338</u>

4. INVESTMENTS

Council did not hold any Non-Bank investments during the 2008-2009 Financial Year.

	2009	2008
	\$	\$
5. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	40,944	65,682
Sundry Debtors	266,523	270,635
Accrued Income	68,769	44,402
Provision for Doubtful Debts	0	(63,000)
GST Receivable	24,317	89,529
Loans - Clubs/Institutions	36,169	18,650
	<u>436,722</u>	<u>425,898</u>
Non-Current		
Rates Outstanding - Pensioners	233,237	202,773
Loans - Clubs/Institutions	459,792	123,807
	<u>693,029</u>	<u>326,580</u>

6. INVENTORIES

Current		
Centenary Books	50,276	60,638
	<u>50,276</u>	<u>60,638</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

7. OTHER FINANCIAL ASSETS

Western Metropolitan Regional Council (WMRC)

The Town of Cottesloe, together with the Town of Claremont, the Town of Mosman Park, the Shire of Peppermint Grove and the City of Subiaco have an interest in the WMRC waste transfer station. The Council was formed to provide for the efficient treatment and/or disposal of waste. A waste transfer station was constructed from funds provided from constituent Councils. The voting power held by the Town of Cottesloe is 20%. The Town of Cottesloe's 17.94% share of the net assets are included as follows:

	2009	2008
	\$	\$
(a) Retained Surplus attributable to interest in joint venture:		
Balance at the beginning of the financial year	261,357	219,965
Share of joint venture's profit from ordinary activities after tax	21,339	41,392
Balance at the end of the financial year:	282,696	261,357
(b) Carrying amount of investment in joint venture:		
Balance at the beginning of the financial year	999,681	958,289
Share of profit from ordinary activities	21,339	41,392
Balance at the end of the financial year:	1,021,020	999,681

8. PROPERTY, PLANT AND EQUIPMENT

Land and Buildings - Cost	8,362,299	5,247,606
Less Accumulated Depreciation	(2,859,245)	(2,785,695)
	5,503,054	2,461,911
Furniture and Equipment - Cost	1,162,466	1,052,985
Less Accumulated Depreciation	(731,511)	(604,827)
	430,955	448,158
Plant and Equipment - Cost	1,174,543	1,159,509
Less Accumulated Depreciation	(814,205)	(658,805)
	360,338	500,704
Combined Library	245,729	245,729
Less Accumulated Depreciation	(140,479)	(140,479)
	105,250	105,250
	6,399,597	3,516,023

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2009

8. 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 & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Combined Library \$	Total \$
Balance as at 1 July 2008	2,461,911	448,158	500,704	105,250	3,516,023
Additions	3,114,693	109,481	145,049	0	3,369,223
(Disposals)	0	0	(69,789)	0	(69,789)
Depreciation (Expense)	(73,550)	(126,684)	(215,626)	0	(415,860)
Balance as at 30 June 2009	<u>5,503,054</u>	<u>430,955</u>	<u>360,338</u>	<u>105,250</u>	<u>6,399,597</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

	2009	2008
	\$	\$
9. INFRASTRUCTURE		
Roads - Cost	16,286,094	15,670,681
Less Accumulated Depreciation	<u>(8,336,002)</u>	<u>(7,707,132)</u>
	7,950,092	7,963,549
Footpaths - Cost	4,684,237	4,531,612
Less Accumulated Depreciation	<u>(2,766,555)</u>	<u>(2,593,822)</u>
	1,917,682	1,937,790
Drainage - Cost	4,650,769	4,154,111
Less Accumulated Depreciation	<u>(1,347,033)</u>	<u>(1,263,966)</u>
	3,303,736	2,890,145
Parks & Ovals - Cost	580,171	520,890
Less Accumulated Depreciation	<u>(392,904)</u>	<u>(347,115)</u>
	187,267	173,775
Street Furniture - Cost	447,607	415,657
Less Accumulated Depreciation	<u>(175,966)</u>	<u>(154,860)</u>
	271,641	260,797
Right of Ways - Cost	1,318,939	1,300,716
Less Accumulated Depreciation	<u>(1,285,328)</u>	<u>(1,248,538)</u>
	33,611	52,178
Irrigation - Cost	1,114,216	1,114,216
Less Accumulated Depreciation	<u>(707,904)</u>	<u>(644,426)</u>
	406,312	469,790
Miscellaneous - at Cost	512,683	240,608
Less Accumulated Depreciation	<u>(74,980)</u>	<u>(64,306)</u>
	437,703	176,302
	<u>14,508,044</u>	<u>13,924,326</u>

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2009

9. 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 \$	Street Furniture \$	Rights of Way \$	Irrigation \$	Miscellaneous \$	Total \$
Balance as at 1 July 2008	7,963,549	1,937,790	2,890,145	173,775	260,797	52,178	469,790	176,302	13,924,326
Additions	615,413	152,625	496,658	59,281	31,950	18,223	0	272,075	1,646,225
(Disposals)	0	0	0	0	0	0	0	0	0
Revaluation - Increments	0	0	0	0	0	0	0	0	0
- (Decrements)	0	0	0	0	0	0	0	0	0
Impairment - (losses)	0	0	0	0	0	0	0	0	0
- reversals	0	0	0	0	0	0	0	0	0
Depreciation (Expense)	(628,870)	(172,733)	(83,067)	(45,789)	(21,106)	(36,790)	(63,478)	(10,674)	(1,062,507)
Other Movements	0	0	0	0	0	0	0	0	0
Balance as at 30 June 2009	<u>7,950,092</u>	<u>1,917,682</u>	<u>3,303,736</u>	<u>187,267</u>	<u>271,641</u>	<u>33,611</u>	<u>406,312</u>	<u>437,703</u>	<u>14,508,044</u>

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

	2009	2008
	\$	\$
10. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	302,492	446,370
Accrued Expenses	202,228	233,772
Accrued Interest on Debentures	27,575	1,706
Accrued Salaries and Wages	64,971	39,853
	<u>597,266</u>	<u>721,701</u>
11. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge Debentures	<u>188,218</u>	<u>69,854</u>
	<u>188,218</u>	<u>69,854</u>
Non-Current		
Secured by Floating Charge Debentures	<u>1,934,466</u>	<u>150,530</u>
	<u>1,934,466</u>	<u>150,530</u>
Additional detail on borrowings is provided in Note 23.		
12. PROVISIONS		
Current		
Provision for Annual Leave	264,848	202,337
Provision for Long Service Leave	200,843	183,085
Other Provisions	6,092	5,741
Combined Library Annual Leave Provision	13,968	13,968
	<u>485,751</u>	<u>405,131</u>
Non-Current		
Provision for Long Service Leave	<u>20,576</u>	<u>225</u>
	<u>20,576</u>	<u>225</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

	2009 \$	2009 Budget \$	2008 \$
13. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	43,464	42,491	40,622
Amount Set Aside / Transfer to Reserve	2,187	2,974	2,842
Amount Used / Transfer from Reserve	(25,104)	0	0
	<u>20,547</u>	<u>45,465</u>	<u>43,464</u>
(b) Area Improvement Reserve			
Opening Balance	238,335	221,893	223,400
Amount Set Aside / Transfer to Reserve	254,500	15,533	14,935
Amount Used / Transfer from Reserve	(152,000)	(152,000)	0
	<u>340,835</u>	<u>85,426</u>	<u>238,335</u>
(c) Civic Centre Improvements Reserve			
Opening Balance	1,405,050	1,380,000	0
Amount Set Aside / Transfer to Reserve	439,888	32,200	1,405,050
Amount Used / Transfer from Reserve	(1,439,001)	(1,412,200)	0
	<u>405,937</u>	<u>0</u>	<u>1,405,050</u>
(d) Waste Management Reserve			
Opening Balance	94,756	90,000	87,911
Amount Set Aside / Transfer to Reserve	4,769	3,150	6,845
Amount Used / Transfer from Reserve	(15,000)	(93,150)	0
	<u>84,525</u>	<u>0</u>	<u>94,756</u>
(e) Parking Reserve			
Opening Balance	97,214	95,605	90,855
Amount Set Aside / Transfer to Reserve	59,892	6,692	6,359
Amount Used / Transfer from Reserve	0	0	0
	<u>157,106</u>	<u>102,297</u>	<u>97,214</u>
(f) Plant Replacement Reserve			
Opening Balance	0	0	16,415
Amount Set Aside / Transfer to Reserve	0	0	1,166
Amount Used / Transfer from Reserve	0	0	(17,581)
	<u>0</u>	<u>0</u>	<u>0</u>
(g) Environmental Improvement Reserve			
Opening Balance	555,560	543,125	755,905
Amount Set Aside / Transfer to Reserve	27,959	38,019	49,655
Amount Used / Transfer from Reserve	(300,000)	(300,000)	(250,000)
	<u>283,519</u>	<u>281,144</u>	<u>555,560</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

13. RESERVES - CASH BACKED (Cont'd)

(h) Library Reserve

Opening Balance	62,575	61,807	0
Amount Set Aside / Transfer to Reserve	116,436	4,326	62,575
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>179,011</u>	<u>66,133</u>	<u>62,575</u>
 TOTAL CASH BACKED RESERVES	 <u>1,471,480</u>	 <u>580,465</u>	 <u>2,496,954</u>

All of the cash backed reserve accounts are supported by money held in financial institutions or in separate investments and match the amounts shown as restricted cash and restricted investments in Notes 3 and 4 to this report.

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

Leave Reserve

- to partially cash back the accumulated employee leave liability and to fund the payment of accumulated leave entitlements.

Area Improvement Reserve

- to fund the cost of improving facilities within the Municipality.

Civic Centre Improvements Reserve

- to fund the cost of improvement, renovations and extensions to the buildings that make up the Civic Centre.

Waste Management Reserve

- to fund the improvement, replacement, and expansion of waste management plant, equipment, facilities and services .

Parking Reserve

- the purpose of this reserve is, in accordance with the Council's Town Planning Scheme, to set aside funds from developers for the development of parking facilities.

Plant Replacement Reserve

- to part fund the cost of replacing and upgrading plant and equipment.

Environmental Improvement Reserve

- to assist in funding the implementation of the National Water Initiative Project.

Library Reserve

- to assist in funding the cost of building a new combined library facility.

It is anticipated that the reserves will be utilised as follows:-

Leave Reserve - as staff take leave.

Area Improvement - improve facilities within the Town over the next five years.

Civic Centre Improvements Reserve - fund upgrades of the Civic Centre over the next five years.

Waste Management Reserve - ongoing improvement, replacement and expansion of plant, facilities and services.

Parking Reserve - to upgrade parking facilities over the next five years.

Environmental Improvement Reserve - to assist in funding the implementation of the National Water Initiative Project over the next year.

Library Reserve - to assist in funding the cost of building a new combined library over the next two years.

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

14. 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	44,413	44,413
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2009	<u>44,413</u>	<u>44,413</u>
(b) Roads		
Balance as at 1 July 2008	54,405	54,405
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2009	<u>54,405</u>	<u>54,405</u>
(c) Combined Library		
Balance as at 1 July 2008	57,751	57,751
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2009	<u>57,751</u>	<u>57,751</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>156,569</u></u>	<u><u>156,569</u></u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

15. 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>1,622,436</u>	<u>404,560</u>	<u>2,836,181</u>

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

Net Result	762,961	313,294	2,266,947
Depreciation	1,478,367	1,436,053	1,371,223
(Profit)/Loss on Sale of Asset	6,394	0	(1,740,942)
(Increase)/Decrease in Receivables	6,695	(75,000)	478,623
(Increase)/Decrease in Inventories	10,362	13,000	(60,638)
(Increase)/Decrease in Deferred Rates	(30,464)	(25,000)	(35,675)
Increase/(Decrease) in Payables	107,373	(4,000)	41,072
Increase/(Decrease) in Employee Provisions	100,971	0	73,338
(Increase)/Decrease in Equity			
Accounted Joint Ventures	(21,339)	0	(41,392)
Grants/Contributions for the Development of Assets	<u>(548,396)</u>	<u>(615,047)</u>	<u>(598,261)</u>
Net Cash from Operating Activities	<u><u>1,872,924</u></u>	<u><u>1,043,300</u></u>	<u><u>1,754,295</u></u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	250,000	100,000
Credit Card limit	5,000	0
Credit Card Balance at Balance Date	<u>(4,754)</u>	<u>0</u>
Total Amount of Credit Unused	<u><u>250,246</u></u>	<u><u>100,000</u></u>

Loan Facilities

Loan Facilities - Current	188,218	69,854
Loan Facilities - Non-Current	<u>1,934,466</u>	<u>150,530</u>
Total Facilities in Use at Balance Date	<u><u>2,122,684</u></u>	<u><u>220,384</u></u>

Unused Loan Facilities at Balance Date	<u><u>NIL</u></u>	<u><u>NIL</u></u>
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**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

16. CONTINGENT LIABILITIES

The Town of Cottesloe has no contingent liabilities at balance date.

	2009	2008
	\$	\$
17. CAPITAL AND LEASING COMMITMENTS		
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	11,400	11,400
	<u>11,400</u>	<u>11,400</u>
(b) Other Operating Commitments		
Other waste collection contracts contracted for as at 30-06-09.		
Payable:		
- not later than one year	585,000	300,000
- later than one but not later than five years	2,630,000	100,000
	<u>3,215,000</u>	<u>400,000</u>
(c) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	5,829,183	4,439,501
Payable:		
- not later than one year	5,829,183	3,759,501
- later than one but not later than five years	0	680,000
The capital expenditure project outstanding at the end of the current reporting period represents		
- an extension to the Civic Centre administration offices located at 109 Broome Street, Cottesloe (\$369,183)		
- a new Joint Library Facility located at 1 Leake Street, Peppermint Grove (\$4,961,000)		
- year four of the Water Smart Initiative (\$499,000)		

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

18. JOINT VENTURE

The Town, together with the Shire of Peppermint Grove and the Town of Mosman Park, have a joint venture arrangement with regard to the provision of Library Services in the area. The assets consist of property, furniture, equipment and a motor vehicle. Council's share of these assets, and its percentage share of annual contributions, are based upon the Town's percentage membership of library members. Based on memberships as at 30th June 2007, Cottesloe's share was 45.13%. The Town of Cottesloe's share of assets and liabilities are contained in balances elsewhere as follows:

	2009	2008
	\$	\$
CURRENT ASSETS		
Cash		
- Library Restricted Reserves	39,384	39,384
NON CURRENT ASSETS		
Land & Buildings	178,308	178,308
Accumulated Depreciation	(85,125)	(85,125)
	<u>93,183</u>	<u>93,183</u>
Motor Vehicle	11,500	11,500
Accumulated Depreciation	(5,936)	(5,936)
	<u>5,564</u>	<u>5,564</u>
Furniture & Equipment	55,921	55,921
Accumulated Depreciation	(49,418)	(49,418)
	<u>6,503</u>	<u>6,503</u>
TOTAL ASSETS	<u>144,634</u>	<u>144,634</u>
CURRENT LIABILITIES		
Provision for Annual Leave	13,968	13,968
TOTAL LIABILITIES	<u>13,968</u>	<u>13,968</u>
SHARE OF NET ASSETS OF JOINT VENTURE	<u><u>130,666</u></u>	<u><u>130,666</u></u>

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

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2009	2008
	\$	\$
Governance	500,994	554,767
General Purpose Funding	274,656	303,575
Law, Order, Public Safety	2,954	19,713
Education and Welfare	422,192	427,249
Community Amenities	1,523,441	1,352,762
Recreation and Culture	6,902,452	4,726,465
Transport	14,518,158	13,933,276
Economic Services	27,920	16,950
Other Property and Services	61,290	83,402
Unallocated	497,067	671,168
	<u>24,731,124</u>	<u>22,089,327</u>

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

20. FINANCIAL RATIOS	2009	2008	2007
Current Ratio	0.48	0.70	2.55
Untied Cash to Unpaid Trade Creditors Ratio	0.37	0.67	7.00
Debt Ratio	0.13	0.06	0.05
Debt Service Ratio	0.01	0.01	0.01
Gross Debt to Revenue Ratio	0.23	0.02	0.03
Gross Debt to Economically Realisable Assets Ratio	0.21	0.03	0.04
Rate Coverage Ratio	0.72	0.54	0.54
Outstanding Rates Ratio	0.01	0.01	0.06

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	$\frac{\text{rates outstanding}}{\text{rates collectable}}$

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

21. TRUST FUNDS

Funds held at balance date over which the District 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 \$
BCITF Levy	0	64,626	(64,626)	0
BRB Levy	0	5,727	(5,727)	0
Infrastructure Deposits	329,334	142,046	(128,388)	342,992
Right of Ways	3,146	0	0	3,146
Miscellaneous	49,217	40,976	(44,944)	45,249
	<u>381,697</u>	<u>253,375</u>	<u>(243,685)</u>	<u>391,387</u>

22. 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 \$
Plant & Vehicles	69,789	163,250	63,395	163,250	(6,394)	0
	69,789	163,250	63,395	163,250	(6,394)	0

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

23. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-08 \$	New Loans \$	Principal Repayments		Principal 30-Jun-09		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation & Culture								
Cottesloe Tennis Club - Loan No 104*	142,456		18,650	18,650	123,806	123,806	8,041	7,928
Seaview Golf Club - Loan No 105*		380,000	7,845	6,389	372,155	373,611	11,931	16,530
Joint Library			0	53,159	0	4,546,841	0	165,600
Civic Centre Extension - Loan No 106		1,600,000	0	55,999	1,600,000	1,544,001	0	57,600
Transport								
Capital Works 1998/1999 - Loan No 89	26,257		26,256	26,257	0	0	1,293	1,293
Capital Works 1999/2000 - Loan No 90	51,671		24,948	24,948	26,723	26,723	3,183	3,182
	220,384	1,980,000	77,699	185,402	2,122,684	6,614,982	24,448	252,133

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

All other loan repayments were financed by general purpose revenue.

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

(b) New Debentures - 2008/09

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Civic Centre Extension	1,600,000	1,600,000	WA Treasury	Fixed	10	486,110	5.25	1,600,000	1,600,000	0
Seaview Golf Club	380,000	380,000	WA Treasury	Fixed	15	213,295	6.22	380,000	380,000	0

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

23. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Council had no unspent debentures as at 30th June 2009.

(d) Overdraft

Council established an overdraft facility of \$100,000 to assist with short term liquidity requirements and this was increased to \$250,000 in 2009. The balance of the bank overdraft at 1 July 2008 and 30 June 2009 was Nil.

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2009

24. RATING INFORMATION - 2008/09 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
GRV	5.7940	3,283	99,769,140	5,780,624	27,360	947	5,808,931	5,775,006	38,000	1,440	5,814,446
Sub-Totals		3,283	99,769,140	5,780,624	27,360	947	5,808,931	5,775,006	38,000	1,440	5,814,446
Minimum Rates											
GRV	750.00	434	4,576,954	325,500	-4,987	-61	320,452	322,500	0	0	322,500
Sub-Totals		434	4,576,954	325,500	-4,987	-61	320,452	322,500	0	0	322,500
Ex-Gratia Rates							6,129,383				6,136,946
Specified Area Rate (refer note 24)							0				0
							72,005				72,000
Discounts (refer note 26)							6,201,388				6,208,946
Totals							6,201,388				6,208,946

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

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 \$
Town Centre Area Promotion - Rate	0.0109	GRV	6,613,486	72,087	72,000	72,087	72,000
				72,087	72,000	72,087	72,000

The specified area rate for the Town Centre Area Promotion is to fund area promotion of Cottesloe Town Centre.

The proceeds of the rate, along with monies held in reserve, are paid to PROCOTT Inc as per agreement made on 23-08-2005.

26. SERVICE CHARGES - 2008/09 FINANCIAL YEAR

Council did not raise any service charges during the 2008/2009 financial year.

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates - Cottesloe Tennis Club Venue Hire - various	Discount	80.00%	2,897	0
	Discount	Various	300	500
			3,197	500
Venue hire - various as per policy	Waiver	100%	500	2,000
Contractor Payment Rate Assessment Rebates	Write-Off	N/A	6,995	0
	Write-Off	N/A	73,361	0

A discount is offered to residents and affiliated groups hiring the Civic Centre facilities for multiple bookings.

Fees for the hire of the War Memorial Hall are waived for hirers listed in Council's Policy on Civic Centre Hall Hire.

In 2008 it was discovered that there were a number of rejected rebate claims from State Revenue and that these amounts may have to be written off. A provision of \$63,000 was made in 2007-2008. The exercise of the reconciliation of these claims was completed in 2008-2009 and a total of \$73,360.60 was written off by Council resolution.

A contractor was paid by error to a company that had gone into receivership and the amount of \$6,995.12 was written off by Council resolution.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		12,650	6,200
Charges on Instalment Plan		45	38,658	36,000
			<u>51,308</u>	<u>42,200</u>

Ratepayers had the option of paying rates in four equal instalments, due on 22nd September 2008, 24th November 2008, 2nd February 2009 and 6th April 2009. Administration charges and interest applied for the final three instalments.

29. FEES & CHARGES	2009 \$	2008 \$
Governance	0	182
General Purpose Funding	52,152	37,326
Law, Order, Public Safety	6,484	10,100
Health	57,564	46,621
Education and Welfare	22,748	25,234
Community Amenities	366,330	475,674
Recreation and Culture	189,924	236,398
Transport	542,057	344,108
Economic Services	144,226	193,976
	<u>1,381,485</u>	<u>1,369,619</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

30. GRANT REVENUE	2009 \$	2008 \$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	583,197	312,044
Non-Operating Grants, Subsidies and Contributions	652,676	719,261
	<u>1,235,873</u>	<u>1,031,305</u>
By Program:		
General Purpose Funding	293,794	216,214
Community Amenities	70,000	0
Recreation and Culture	275,403	70,830
Transport	596,676	744,261
	<u>1,235,873</u>	<u>1,031,305</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

31. COUNCILLORS' REMUNERATION	2009	2009	2008
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	60,909	60,000	54,760
President's Allowance	5,455	5,000	5,000
Deputy President's Allowance	1,250	1,250	1,250
Travelling Expenses	0	1,250	0
Telecommunications Allowance	16,145	17,900	14,047
Other Member Costs	5,520	5,500	3,714
	<u>89,279</u>	<u>90,900</u>	<u>78,771</u>

32. EMPLOYEES' REMUNERATION

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

Salary Range	2009	2008
\$		
110,000 - 119,999		1
120,000 - 129,999	1	

33. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

2009	2008
<u>38</u>	<u>38</u>

34. MAJOR LAND TRANSACTIONS

Council did not undertake any major land transactions during the 2008/09 financial year.

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.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

36. 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.

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2009	2008	2009	2008
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	1,622,436	2,836,181	1,622,436	2,836,181
Receivables	1,129,751	752,478	1,129,751	752,478
Other Financial Asset	1,021,020	999,681	1,021,020	999,681
	<u>3,773,207</u>	<u>4,588,340</u>	<u>3,773,207</u>	<u>4,588,340</u>
Financial Liabilities				
Payables	597,266	721,701	597,266	721,701
Borrowings	2,122,684	220,384	2,013,522	193,696
	<u>2,719,950</u>	<u>942,085</u>	<u>2,610,788</u>	<u>915,397</u>

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.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

36. FINANCIAL RISK MANAGEMENT (Continued)

(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 their issuers or factors affecting similar 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		
- Income Statement	(+)	(+)
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	16,135	28,361
- Income Statement	16,135	28,361

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.

(+) Maximum impact.

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

36. 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	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	85.00%	93.00%
- Overdue	15.00%	7.00%

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

36. 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.

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

36. FINANCIAL RISK MANAGEMENT (Continued)

(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.

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- Equity		
- Income Statement	(+)	(+)
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- Equity	16,135	28,361
- Income Statement	16,135	28,361

Notes:

(*) Sensitivity percentages based on management's expectation of future possible market movements.

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

36. 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	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	85.00%	93.00%
- Overdue	15.00%	7.00%

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2009

36. 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	597,266	0	0	0	597,266	597,266
Borrowings	302,078	1,095,785	1,420,645	2,818,508	2,122,684	2,122,684
	<u>899,344</u>	<u>1,095,785</u>	<u>1,420,645</u>	<u>3,415,774</u>	<u>2,719,950</u>	<u>2,719,950</u>
Payables	721,701	0	0	0	721,701	721,701
Borrowings	82,372	134,895	40,036	257,303	220,384	220,384
	<u>804,073</u>	<u>134,895</u>	<u>40,036</u>	<u>979,004</u>	<u>942,085</u>	<u>942,085</u>

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

36. 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 Debentures	26,723	0	0	0	0	2,095,961	2,122,684	5.56%
Weighted Average Effective Interest Rate	6.99%	0.00%	0.00%	0.00%	0.00%	5.55%		

Year Ended 30 June 2008

Borrowings

Fixed Rate Debentures	26,256	51,671	0	0	0	142,457	220,384	6.20%
Weighted Average Effective Interest Rate	6.53%	6.99%	0.00%	0.00%	0.00%	5.85%		

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE TOWN OF COTTESLOE**

Report on the Financial Report

We have audited the accompanying financial report of the Town of Cottesloe, which comprises the balance sheet as at 30 June 2009 and the income statement by nature or type, income statement by program, statement of changes in equity, cash flow statement and rate setting statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). 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 judgment, 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.

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 have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the financial report of the Town of Cottesloe is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a giving a true and fair view of the Shire's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE TOWN OF COTTESLOE (Continued)**

Other Matters

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS



GREG GODWIN
PARTNER

Address: Perth, WA
Date: 2 October 2009