

TOWN OF COTTESLOE



2012 / 2013

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 2013



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MAYOR'S REPORT

I am pleased to present the Annual Report for the Town of Cottesloe for 2012/13 and I highlight the following issues of interest from the work of your Council.

Elections

2013 will be an election year for Local Government and for Cottesloe this will see elections for Mayor and your Elected Members (one from each ward). Local Government Reform would suggest that this may be the last elections for Cottesloe in its current form.

Local Government Reform

In the last 12 months Council has continued to consider the issue of amalgamation and the State Government's Metropolitan Reform strategy which has proposed significant changes for Perth and specifically Cottesloe.

Council has again reconsidered and endorsed its willingness to participate in an amalgamated Council with partners limited to the Towns of Claremont and Mosman Park and Shire of Peppermint Grove. The Minister has now outlined significant, and possibly forced, changes for Cottesloe which may include our Council being amalgamated with a number of its Western Suburbs neighbours as well as legislative changes to the (Dadour) Poll Provisions which will remove or reduce the right of our community to have a say in their future.

Local Planning

As reported to you previously, Council has worked very closely with its community in preparing proposed Local Planning Scheme No. 3, including supporting the majority view in favour of lower-rise development which preserves the character and ambience of Cottesloe.

The Minister in April 2012 dictated final modifications and Council, in May, instigated legal action specifically against those proposed developments in excess of 5 storeys and contrary to State Planning Policy No.2.6. – State Coastal Planning Policy.

Council is representing the best interests of the community for the long term, in order to achieve development outcomes that enhance rather than detract from the amenity of the beachfront and foreshore, and which in turn contribute positively to the desirability and value of real estate in the

locality. During 2013 the Minister made changes to State Planning Policy 2.6 and as a consequence the Town, recognising the inevitable outcome for its legal challenge, determined to withdraw its legal challenge.

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. In anticipation of our scheme being finalised Council has been developing our vision for the foreshore and planning for our Town Centre.

Sustainability

The Town continues to have a strong focus on sustainability including:

- Achievements in integrated water management – completed Milestone 5 in ICLEI Water Campaign and retained "Waterwise" Council classification.
- Continued partnership with Cottesloe Coastcare – valuable input of volunteers in protecting and restoring our coastal environment
- Cott Cat shuttle to improve accessibility and reduced congestion during busy summer months
- Carbon Neutral progress – reduction in Council-related emissions. Solar panels at Civic Centre reducing our greenhouse gas emissions and electricity costs.
- Sustainability Calendar - engagement with schools, education on water resources and popular with residents.
- Introduction of a new 3 bin system to include a new bin for green waste

Significant Projects and Events

Council is required to adopt a budget for each financial year and this year Council's budget reflects the strong financial position the Town now finds itself in, with a rates increase kept to 3.8% whilst still allowing for all asset management obligations to be met, as well as allowing for some discretionary capital projects.

As part of capital improvements in the Town Centre the Town has developed a new car park in Station Street and set aside funds to improve public infrastructure,

In the next 12 months the Town will focus on the development of its Community Strategic Plan, in line

MAYOR'S REPORT

with the State Government's Integrated Planning Framework.

The Town of Cottesloe has continued its tradition of acquiring a sculpture from the Sculpture by the Sea exhibition each year, and this year the Town confirmed it will be the new home of two of the sculptures. In partnership with North Cottesloe Primary School and as part of their Centenary celebrations, the Town has purchased Michael Grau's work *Liquorice Allsorts*, and Manuel Ferreiro Badia's Sculpture *Kinetic Interference* both permanently sited at North Cottesloe Primary School (Eric Street).

This year Council has also considered a number of reports in relation to the existing depot site and the relocation of our depot operations and services to North Fremantle. This was a seamless transition and services to our community have been unaffected. Once freed up for disposal and redevelopment the current site will provide the Town with significant resources to both secure its financial future and deliver major strategic projects related to the beachfront and Town Centre. Council has undertaken a number of workshops to discuss the disposal of the site and to secure its ultimate redevelopment and has listened to and engaged with the local community in that regard. In addition Council has been successful in a grant from Lotterywest of \$200k for a disability access path at the beachfront and this will be installed during September and October 2013.

Special Thanks

On behalf of the Town of Cottesloe I thank councillors, staff and our many community volunteers for their commitment and efforts to improve our community.

Kevin Morgan
Mayor

CHIEF EXECUTIVE OFFICER'S REPORT

2012/13 has been a busy year for the Town's administration and, in addition to the daily work of Council, a number of projects have been successfully completed.

Strategic Planning

Local Government reform has been an ongoing issue and the uncertainties created by the Metropolitan Local Government Reform process has added to the workload of the administration, with a number of reports to Council. The Minister for Local Government has now announced his preferred model for metropolitan Perth, with Cottesloe being included in a greater Western Suburbs Council comprising of Cottesloe, Mosman Park, Claremont, Peppermint Grove, Subiaco, Nedlands and Cambridge. All Local Governments have been encouraged by the Minister to lodge proposals with the Local Government Advisory Board in line with the Government's Plan.

In addition we have continued to work with the Minister for Planning and Western Australian Planning Commission (WAPC) in relation to LPS3 and have now received the Minister's determination in relation to the Scheme. During the last 12 months a number of reports and workshops and reports have been required for Council. The Town is currently working through a number of errors and omissions in relation to the Ministers modifications as well as supporting the Council position to challenge some of the decisions that appear contrary to State Government policy.

Council's Strategic Planning Committee met on three occasions during 2012/13 and focused on priorities from its Future Plan including; new car parks as part of Foreshore Plan, new facilities at the beachfront, new car park in Station Street, Community Perceptions survey, WMRC membership, Community Strategic Plan and the introduction of a third waste bin.

Communication

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

Town Operations

Our budget this year has been focused on achieving Council's priorities and objectives and is underpinned by a number of five (5) year programs

for our major infrastructure and asset classes. We have continued to invest in capital projects including road resurfacing, drainage, footpaths and playground equipment. We have finalized the relocation of our depot operations to North Fremantle and are focused on disposal of the Nailsworth Street site.

Administration

The organisational structure of the Town reflects the stability of an established residential suburb. Quality people are a critical component of any business success and during the year we have welcomed some new faces to the team at Cottesloe. We look forward to their contribution and efforts in maintaining and improving our services to residents, ratepayers and visitors.

Year Ahead

In the next twelve months Council has identified a number of strategic projects that will require the administration's time and resources, including managing the potential outcomes from the State Government's reform of local government in metropolitan Perth, finalisation of the LPS3 process, disposal of the existing depot site, redevelopment of the public domain in both the foreshore precinct and Town Centre, and a review of Council's Strategic Plan. As we complete the new beachfront disability access path we are advancing the designs and construction of new public change rooms and facilities.

As your CEO, I would like to express my appreciation to the Mayor, Councillors and staff for their professionalism and support throughout 2012/13.

I am proud of the achievements listed in this report, and our compliance with all statutory obligations required under legislation. Once again, I am looking forward to working with our professional and committed team of staff and elected members to deliver high quality services to the Cottesloe community.

Carl Askew

Chief Executive Officer

ENGINEERING SERVICES REPORT

Roadworks

Under Council's 5 year road resurfacing program, sections of nine streets (Vera St, Lillian St, Federal St, Broome St, Stanhope St, Lane St, Hillside St, Avonmore Terrace and Railway St) received asphalt resurfacing with new drainage pits and some replacement kerbing.

Playgrounds

A new shade sail was installed over the playground at Jasper Green. Extra soft fall rubber surfacing was installed at several playground sites.

Black Spots

Council received a \$90,000 State Blackspot grant for two thirds of the cost of the installation from Main Roads WA for 2 pedestrian crossing islands on Curtin Avenue opposite the Mosman Park railway station, plus associated lighting, widening and footpath works.

Footpaths

Sixteen sections of concrete slab footpaths were replaced with in-situ concrete during 2012/13. This work included pedestrian access ramps designed for disability access at all path intersections with street kerbing.

Design works and the acceptance of a construction contract were completed for the new Disability Access path at the Cottesloe Main Beach. This project should be completed by the end of September 2013.

Laneway Upgrading

Under Council's long term program to seal and drain existing unsealed laneways, two laneways had improvement works completed: ROW 50 and ROW 51 between Railway Street and Lane Street.

Road Safety Installations

As part of an ongoing long term program to reduce speed and increase safety on Cottesloe streets, one project was completed. A red asphalt speed plateau was installed at the Railway Street/Napoleon Street intersection.

Community Improvement Works

The ongoing restoration of the Civic Centre paths and limestone walls continued, as part of the commitment to fully restore the building and

grounds to their previous quality condition. A section of failed internal Civic Centre asphalt access roads were also resurfaced.

Cottesloe Depot Operations

All Town of Cottesloe depot operation control and storage activities were relocated to a leased private property in Stack Street, Fremantle. All buildings at the old Cottesloe depot were then demolished, with any pollution source being removed from the site.

This was in preparation for the sale of the total site for a residential subdivision.

Public Building Improvements

Napier Street toilets were upgraded, including the removal and replacement of an asbestos ceiling, painting and a plumbing upgrade. Anderson Pavilion had upgrading works completed to the kitchen and shower areas.

New Car Park and Drainage Works

The Station Street open sump has had a new underground drainage structure installed and a new kerbed, landscaped, night lit and sealed car park installed on top of the drainage system to provide 50 extra car bays in the commercial area.

Geoff Trigg

Manager Engineering Services

CORPORATE & COMMUNITY SERVICES REPORT

Finance

At the completion of the 2012 / 2013 financial year, the Town of Cottesloe is in a very sound financial position. The reserves the Town has will provide a solid buffer and the operating position of the Town is such that it can now start to consider the implementation of additional strategic projects.

One of the main aims of our current financial plan has been to maximise the funds that are available to be deployed for strategic projects, while keeping rate increases at, or close to, the level of inflation. To do this, non-rate sources of income have been maximised and recurrent expenditure scrutinised for efficiencies. The net result of this is that in June 2013, the Council was able to adopt a budget with a 3.8% rate increase, that allowed for several strategic projects to be initiated, while providing for the entire operational budget and all of the required asset renewals and replacements.

During the first half of the 2013/2014 financial year, the Town will review the current 10 year financial plan and implement a new model, which will cover until the completion of the June 2023 financial year. This plan will be based on a continued improvement of the Town's reserves, while seeking to keep rate increases at or close to the level of inflation.

Governance and Administration

Community Survey

In March 2013, the Council appointed a market research company, Catalyse, to undertake a Community Perspectives Survey, to gauge the level of satisfaction of the community with the services provided by the Town, as well as gauging community opinion on a number of issues. The survey has been completed and the report is available on the Town's website. The overall satisfaction rating with the services and governance provided is the highest that Catalyse has seen in Western Australia. The result is very pleasing for Council and staff, who have put many years of hard work into providing for the community.

The Community Perspectives Survey was the first part of a planning process, which will see a new Strategic Community Plan prepared by the end of this calendar year, with a corporate business plan and supporting strategies to follow shortly after.

Policies reviewed

The following policies were reviewed and updated during the 2012/13 year and are available on the Town's website for inspection.

- Conferences, Seminars and Training Policy
- Fireworks Policy
- Event Classification Policy
- Traffic Management Policy
- Street Trees Policy
- Sale of Fixed Assets with Realisable Value
- Crossover Construction Policy
- Engineering Programs Long Term Policy
- Open Committee Meeting Policy
- Media Policy
- Professional Membership Fees Policy
- Playground Equipment Donations Policy (deleted)

Ranger Services

Parking

While never popular, the enforcement of parking regulations has improved during the 2012/2013 financial year. Previously, a reliance on the electronic detection systems and the subsequent reliance on overstay infringements had meant that other problem parking had not been closely regulated. Rangers have implemented a new strategy, where the primary focus has been compliance with regulatory parking signs (no stopping, no parking) which has resulted in improved efficiencies.

Provided below is a summary of the actions taken during the 2012/2013 financial year.

Parking Infringement Statistics

Total Parking Infringements	9777
Cautions Issued	51
Infringements Sent to F E R	1079
Reminder Notices Sent	5663
Final Demand	2925
F E R Warning Notice	1772
Prosecutions	7

CORPORATE & COMMUNITY SERVICES REPORT

Dog Control

There have been an increase in dog related issues during the 2012/13 financial year. Whilst it is difficult to give an exact cause, anecdotally there does appear to be a greater number of dogs in and visiting the area, and people appear to be more knowledgeable of the process for reporting issues involving dogs.

Unfortunately there have been a number of attacks, that have resulted in either a settlement between the parties, or the Town being required to take action against owners. In the actions taken, one dog was declared a dangerous dog, which has significant implications for the owners of that animal.

The following is a summary of actions involving dogs during the 2012/2013 financial year.

Dog Control Statistics

Dog Attacks	15
Dog Nuisances	28
Dogs Impounded	28
Cautions Issued	895
Infringements issued	6
Reminder Notices Sent	0
Final Demands Sent	0
Prosecutions	0

Beach Patrols

The Town once again engaged the services of Surf Life Saving WA to patrol Cottesloe Beach on weekdays from October through to April. There were no major incidents during this time and by all reports the season was relatively uneventful. The report provided by SLSWA indicates that overall beach attendances were lower than previous years. While this possible a seasonal issue, it is likely that recent media coverage of shark attacks has decreased the number of people who regularly swim in the ocean.

Library Services

The Grove Library has enjoyed another successful year. Overall, library memberships grew by 4.19% and the library once again operated within its budget allocation. The shared library services appears to be serving the 3 member local governments well and still represents good value for money for ratepayers.

During the current financial year, some of the more ambitious sustainability components of the building have had to be reviewed, following either breakdowns, higher than expected running costs or a lower level of efficiency than expected. Each of the systems will be reviewed in the near future, and while the clear majority of systems are expected to be retained, some may be set aside if they prove too costly or unsustainable to maintain.

Mat Humfrey

Manager Corporate & Community Services

DEVELOPMENT SERVICES REPORT

During 2012/13 the Town Planning team has provided ongoing customer service, progressed the Scheme Review and planning projects, and liaised 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 local 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 217 development applications were processed by the Town, mainly handled by staff under delegated authority. The remainder were referred to the Development Services Committee and Council, as they were major proposals or involved a significant exercise of discretion. A few were regional planning approvals involving the Western Australian Planning Commission (WAPC). The total number was similar to the previous year and predominantly residential. The volume which went to Council was limited by staff facilitating proposals suitable for delegated determination.

Significant non-residential developments approved in the district have included conservation and expansion of the Wanslea Centre on Railway Street, expansion of the Child Care Centre and redevelopment of the Toy Library on Marmion Street and redevelopment of the Scout Hall on Eric Street.

Important public domain projects approved include a disability access path at Cottesloe Beach and conversion of the sump site in Station Street to a car park for the Town Centre.

Subdivisions and Stratas

Some nine subdivision or survey strata proposals were received during the year for referral to and

determination by the WAPC. This represents a relatively low level of subdivision activity in the built-up district. A significant proposal advanced by the Town is the subdivision of the former depot site.

Compliance

Compliance monitoring, problem-solving, informal negotiation/mediation and enforcement action comprises another important task in relation to all of the types of approvals managed by the Planning staff in liaison with the Building 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 balanced 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 and there has been only one this year, which had an acceptable outcome mediated.

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.

Proposed Local Planning Scheme No. 3

Council lodged the Scheme for final approval in June 2009 and in December 2010 that the Minister for Planning required numerous modifications to be advertised, which Council undertook in April-May 2011. Subsequently Council assessed some 1860 submissions and resubmitted the Scheme for final approval in September 2011, including Council's preferred outcome for the beachfront. In April 2012 the Minister issued further required modifications which remain contrary to Council's planning outlook. Consequently Council has initiated a legal challenge to the Minister's decision, which has been delayed but is being pursued.

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

DEVELOPMENT SERVICES REPORT

Planning Projects

Planning projects involving working groups and consultants to examine certain matters have continued this year. In the Town Centre this has included the Station Street sites under examination, while the adopted Foreshore Redevelopment Plan has served as a basis for the consideration of more detailed projects, including additional public toilets/change-rooms and parking distribution.

Regional Planning

Development Services has also participated in a number of ongoing regional planning activities which have a bearing on Cottesloe, including: the Stirling Highway Activity Corridor Study and related proposed Metropolitan Region Scheme Amendment; the new Development Assessments Panels process and Metropolitan Redevelopment Authority; and the ongoing reviews of Residential Design Codes and the State Coastal Planning Policy 2.6.

Andrew Jackson

Manager Development Services

SUSTAINABILITY REPORT

Sustainability is a priority for the Town as it recognises the important role of Local Government in proactive programs and encouraging community participation. 2012/2013 has seen a number of significant achievements for the Town in the sphere of sustainability.

Council funded events and campaigns encourage the community to take responsibility for their impacts on the environment. In March a joint Clean up Australia Day event with the Town of Mosman Park and the Western Earth Carers had a record number of community participants with almost 80 bags of rubbish and recyclables collected. The Town also encouraged sustainable transport by providing bicycle maintenance workshops and cycling skills training for school kids during Bike Week 2013. The Town also continued to encourage local schools to embrace sustainability by funding gardening projects and "Car Free Friday" breakfasts. In a significant move to reduce litter and improve recycling in WA, Council agreed to support a Cash for Containers scheme in the State, and staff held a community event where 7,500 containers were collected and refunded at 10c each.

Water Management

Together with the other WESROC Councils, Cottesloe has retained its 'Waterwise Council' status, first achieved in 2011. In 2013 it also completed the fifth and final milestone in the ICLEI Water Campaign. The Town committed to work through the five milestones in 2006 and has since implemented numerous measures to reduce water consumption and protect water quality. The Town is on track to reach its corporate consumption goal of a 20% reduction this year. In eight out of nine facility types, the Town has significantly reduced its water consumption since 2003/2004. Despite an increase in residents, the Cottesloe community has reduced its per capita water consumption as a result of ongoing engagement and education. Actions to protect water quality such as groundwater management and erosion control have meant the Town has far exceeded its goals in water quality. The actions to date and the completion of Milestone 5 are significant achievements and a great demonstration of the Town's commitment to integrated water management.

Tackling Climate Change

In order to proactively reduce its contribution to climate change, the Council resolved to become a carbon neutral organization by 2015. Gaining this accreditation will distinguish the Town as a leader in reduced energy use, energy efficiency and climate change action. The Town has completed two out of the four stages in the process, with stage 1 completed in 2010 and stage 2 in June 2012. Ongoing collection and analysis of activity data demonstrates the progress to date in reducing the Town's footprint. Since 2009/2010, Council-related emissions have been reduced from 806 to 478 tonnes of CO_{2-e}, a reduction of 40% of our total footprint.

In 2012/2013, a number of significant actions were implemented to further reduce the Town's emissions. In late 2012, the Town installed a 15kW solar power system at the Civic Centre. Analysis demonstrates that since installation, electricity purchased at the Civic Centre has reduced by approximately 23%, reducing the energy costs to Council by approximately \$1500 per month. While this will vary seasonally it demonstrates a significant financial saving for the Town as well as a reduction in Council-related greenhouse gas emissions. Further actions will be implemented to cut Council's emissions in 2013/2014 as the Town continues to progress through the necessary steps to become carbon neutral.

Encouraging Alternative Transport

The Town initiated a number of new projects this year to encourage the community and staff to use sustainable travel options. With the help of the Department of Transport, Dismantle and Cycling WA the Town hosted two free community events during Bike Week to encourage community participation in cycling. Additionally, the "Cadillac" bike parking demonstration project on Marine Parade illustrated that in the space required for one car, 12 bikes can be securely parked. In order to understand bicycle movement in Cottesloe, the Town participated in the Super Tuesday bike count in March. This national event collects and analyses bike rider movement to assist in future planning. This will be integrated in the upcoming review of the Towns' Local Bike Plan. To encourage staff cycling, a weeklong 'ride to work' challenge was held in March, with the winner taking

SUSTAINABILITY REPORT

home a gift voucher. The incentive was very effective in increasing cycling for the week.

These bike initiatives were complemented by the long running and ever popular Cott Cat shuttle bus which operated throughout the busy summer months. The service is well used during the Sculpture by the Sea exhibition when approximately 250,000 visitors flock to Cottesloe. The Cott Cat runs every day during the exhibition assisting people to access the beach and reducing congestion.

Cottesloe Sustainability Calendar

The 2013 Cottesloe Sustainability Calendar featured the artworks of North Cottesloe Primary School students, under the theme of “waterwise”. With information on events and tips on saving water the calendar is an effective way of engaging with the community on sustainability issues. As usual this year’s calendar was popular with residents and a great showcase of student creativity.

Nikki Pursell
Sustainability Officer

ENVIRONMENTAL HEALTH REPORT

The Environmental Health program aims to maintain and improve the health and well-being of the community through statutory services and community-based programs.

Food Safety

Environmental Health Officers have a regulatory duty to ensure safety of food, which is taken very seriously.

There are a wide variety of food businesses registered by the Town of Cottesloe under the Food Act 2008. Most food operators display good food-handling skills and knowledge and routine inspections are sufficient to ensure that food from their kitchens is safe. An enforcement policy is in place to deal with businesses that do not comply with the requirements.

In all, 206 food-related activities were conducted this year for a total of 55 food businesses registered as low to high risk.

The Town has been supportive of Health Department-run sampling programs by participating regularly in coordinated sampling programs and also taking samples of food suspected to be unsafe. Most samples taken have complied with the requirements. For any non-complying samples follow-up was conducted until compliance was achieved.

Alcohol Policy

The Environmental Health team continues to liaise with the licensed premises community to reduce anti-social behaviour during the summer months. Meetings are held with community representatives, the Police, Department of Racing, Gaming and Liquor (DRGL), Council Officers, representatives of the licensed premises and Elected Members of Council. Meetings were held on alternate months from October to April. In this regard the Town made a submission to the DRGL objecting to extended trading hours proposed by one of the hotels.

Noise

Environmental Health Officers are authorised under the Environmental Protection Act 1986 to monitor any unreasonable noise within the community.

Noise from patrons and music at the Cottesloe Beach Hotel has been a concern for some residents and this matter is being addressed.

The total number of noise-related activities for the year rose to 186 from 115 last year. A noise meter with logging capabilities was purchased to reduce time and aid with complaint resolution.

Public Buildings and Lodging Houses

Routine risk assessments of public buildings and lodging houses are conducted by Environmental Health Officers to ensure public health and safety. Officers have inspected all public buildings and lodging houses to ensure statutory compliance relating to safe egress from the building, review of building accommodation numbers and compliance with structural soundness and electrical works.

Swimming Pools

The monitoring of water quality in public pools during the summer months is a high priority. Daily monitoring is carried out by the pool operators and Environmental Health Officers collect monthly water samples for microbiological testing. All pools returned satisfactory results throughout the year. In addition to water sampling, officers are required to inspect the pool, equipment and surrounds during the monthly water-sampling activity.

Public Toilets

The Environmental Health team has been monitoring the public toilets located at Indiana and Barchetta. Due to the age of the Indiana facilities, systemic plumbing issues and there continue to be problems during the summer months when activity is high.

To address this situation Council has commenced a process for the design, approval and construction of additional public toilets and change-room facilities at the beachfront.

Customer Requests

Environmental Health Officers receive a number of service requests relating to non-compliance with various local laws or state legislation. These relate to asbestos, odours, illegal discharges, rats, mosquitoes and rubbish, amongst other matters.

All requests for service have been attended to promptly. The total number of activities recorded for customer requests was 309.

ENVIRONMENTAL HEALTH REPORT

Waste Management and Recycling

The Town is committed to reducing waste sent to landfill, while continuing to provide a quality and timely service at the lowest cost possible. The Town's yearly report to the Department of Environment Regulation indicates that Cottesloe diverted 39% of residential waste from landfill in 2012/13.

Residential waste diversion is as a result of the fortnightly recycling collection and the four scheduled verge-side green waste collections. The waste from the annual verge-side bulk waste collections currently all goes to landfill.

In an initiative to divert residential green waste from general rubbish bins, the Town sought feedback from the community on its proposal to introduce a third bin for source-separation of green waste. The survey results indicated that 95% of the respondents were in support of the project. The commencement of the kerb-side green waste collection is planned for December 2013. Initially, 240L green waste bins will be provided to all single-residential properties. The bins will be emptied on the weeks alternating with the recycle week. The new three bin system will ensure higher recovery rates and savings in disposal costs, making the project both sustainable and financially viable.

The Town is a member of the Western Metropolitan Regional Council (WMRC). The WMRC operates a transfer station located at the corner of Brockway Road and Lemnos Street, Shenton Park. The transfer station is now a permanent receiver of E-waste and Household Hazardous Waste (HHW) such as paints, thinners, mercury, etc. Residents are able to take all e-waste and HHW directly to the WMRC. The WMRC-issued tip passes are also available for purchase for disposal of additional loads of green and bulk waste in-between the verge collections.

With Council endorsement and the assistance of the WMRC's Western Earth Carers, the Town of Cottesloe hosted two stalls, one at the Hullabaloo Festival and one at Cottesloe Beach to promote the WALGA advocacy 'Cash for Container' Campaign. The aim of the events was to raise awareness and support for the campaign. The events were successful with 7,500 refunds provided for containers recycled. The introduction of the scheme

in WA would mean increased diversion rates and reduced litter around Cottesloe beach.

The Town has been actively involved in the progress of the DiCOM project which will ensure that organic waste gets processed leaving a fraction of the waste created, achieving further diversion of waste from landfill. The DiCOM project has been operating for some time.

In the coming year with a three-bin service including green waste separation and the DiCOM facility processing organic waste, the Town's residential waste diversion rate can potentially increase to 60%. This would make the Town one of the leaders in waste diversion in WA.

Environmental Health Services to Shire of Peppermint Grove

The Town has been contracted to provide a comprehensive Environmental Health Service to the Shire of Peppermint Grove.

The Shire has 20 food premises registered and there are five public buildings and a public swimming pool at the Presbyterian Ladies College that have all been inspected regularly by the Town's Environmental Health Officers. A total of 36 food-related activities and 11 public building-related activities were conducted over the year. Water quality sampling of the swimming pool at the college was conducted every month with satisfactory results throughout the year.

The Town also managed nuisance and noise complaints for the Shire. The total of these customer request activities for the year was 46.

Darrell Monteiro

Principal Environmental Health Officer

BUILDING SERVICES REPORT

Building Services is responsible for assessment and management of building approvals by certifying plans and structures in accordance with building legislation and issuing building permits to start construction. The fundamental role of a building surveyor is to ensure that the buildings are safe, accessible and energy efficient. Building surveying has an impact on the design and functionality of buildings. It can detect and diagnose problems with design issues, construction techniques and materials.

Building compliance is another function to ensure that buildings under construction are built in accordance with the approved plans, Building Code of Australia and over 90 Australian, New Zealand and International construction Standards called up in legislation and to ensure developments respect the surrounding developments and provide for compliant buildings.

Building /Demolition applications

The town has been operating under a new building approval system for an entire year. The total number of certified applications have increased however there have been no signs of slowing down in building activity. A total of approximately 255 building applications were determined during the year with the total value of \$35.4million. The majority of the Permits (183) are for residential dwellings and dwelling additions/alterations. 23 Dwellings and 2 public buildings were demolished last year. The Town has seen a substantial increase in fees of \$119,235 in comparison with last year of \$66,329.

Swimming Pool Safety Barrier

The Town has a statutory obligation to inspect new swimming pools to ensure compliance with the AS 1926.1-1993. Building Regulations 2012 require issuing of a building permit for swimming pool safety barriers. All pools are scheduled for a 4 year inspection towards the end of 2014.

The 2012 version of the Australian Standard 1926.1 has been adopted by the Building Code of Australia (BCA) in five of the eight states and territories, however Queensland, Northern Territory and Western Australia are yet to do so. Western Australia has always been at the forefront of swimming pool safety. Efforts are being made

nationally to achieve harmonization of the swimming and spa barrier requirement across Australia. A new addition of AS1926.1 was published in 2012 to correct and clarify inconsistencies and areas of ambiguity that have been identified during the review. It is proposed that Western Australia adopt AS 1926.1-2012 through the BCA for swimming and spa pool barriers through amendments that will take effect from 1 May 2014.

Use of Verges

Damage to Town property in the road reserve area such as the road pavement, kerbs, footpaths, drains, street trees is sometimes caused by building and demolition works. Furthermore the Town receives a number of complaints from residents about the inability to use footpaths. The Council has acted decisively and has introduced some effective work practices which place greater accountability on owners and builders when they use the Town's verges. The Town also has a greater control of building activities on verges, i.e storing of building materials and has seen a substantial increase in verge permit applications from approximately March 2013.

Council is looking to improve the processing of bonds paid. Our objective is to refund bonds, in full in an efficient and timely manner where no damage has been identified.

The Town carries out routine inspections to ensure verge permit conditions are adhered to. Post development inspections of building sites identify if any damage has been done. The number and frequency of the periodic inspections depend on the scale of works undertaken, the risk to the public, complaints about a particular site or past performance of a permit holder.

New commercial projects:

- Scout Hall on Eric Street
- Additions/renovations to child care centre and redevelopment of the toy library on Marmion Avenue.
- Disability access path at Cottesloe beach.
- Other commercial projects are due to commence, i.e WANSLEA renovations/additions.

BUILDING SERVICES REPORT

Compliance

The Building Services team has expert knowledge in a range of building legislation, technical codes and construction standards. Enforcement of building control legislation is undertaken on an almost daily basis, and involves initial and follow up inspections, dispute resolutions, issuing of building orders, forensic inspections and collection of evidence.

Elena Boull

Principal Building Surveyor

STATUTORY REPORTS

National Competition Policy

The Competition Principles Agreement is an intergovernmental agreement between the Commonwealth and State/Territory governments that sets out how governments will apply National Competition Policy principles to public sector organisations within their jurisdiction.

The State Government released a policy statement effective from July 1996 called the Clause 7 Statement, which forms part of the Competition Principles Agreement. The provisions of Clause 7 requires Local Government to report annually on their implementation, application and effects of Competition Policy as well as the structural reform of public monopolies and the implementation of Legislative review.

Competition Policy does not require contracting out or competitive tendering. It does not preclude local government from continuing to subsidize its business activities from general revenue, nor does it require privatisation of government functions.

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

During the 2012/13 financial year the Town met its obligations relating to the National Competition Policy. It continues to monitor Council policies and local laws for anti-competitive practices. No complaints were received by the Town in the 2012/13 financial year regarding anti-competitive practices.

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

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 in August 2012 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:

- The Disability Access and Inclusion Plan annual update (signed off and sent into the Disability Services Commission in late August 2013).
- The Town hosted a feedback forum for the residents and ratepayers, with a focus on Disability Services in the Town.
- A range of minor works including parking bays, signage, kerb ramps and handrails at a number of community facilities.
- The Town applied for grant assistance from Lotterywest to construct a universal access path at Cottesloe Beach, at a cost of \$300,000. This grant was approved with works commencing in the 2012/2013 financial year.

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 that falls within each band of \$10,000 over \$100,000 is;

- \$110,000 to \$119,999:- 2
- \$120,000 to \$129,999:- 1
- \$130,000 to \$139,999:- 1

Please note the figures shown represent the cash component of any salary package.

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 5.115(2) 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 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

The purpose of the Record Keeping Plan (RKP) is to set out the matters about which records are to be created by the Town of Cottesloe and how the Town is to retain its records. The RKP is to provide an accurate reflection of the record keeping program within the organisation including information regarding the organisation's record keeping systems, disposal arrangements, policies, procedures and practises. The RKP is the primary means of providing evidence of compliance with the State Records Act 2000 and the implementation of best practice record keeping within the organisation.

The objectives of the Town of Cottesloe RKP are to ensure the following:

- Compliance with Section 28 of the State Records Act 2000;
- Recordkeeping within the Local Government is moving towards compliance with State Records Commission Standards and Records Management Standard AS ISO 15489;
- Processes are in place to facilitate the complete and accurate record of business transactions and decisions;
- Recorded information can be retrieved quickly, accurately and cheaply when required; and
- Protection and preservation of the Local Government's records.

The Town submitted a new Record Keeping Plan to the State Records Commission in October 2010 and it was approved in August 2011.

PLAN FOR THE FUTURE

Strategic Plan Review

As part of the suite of changes introduced by the Minister for Local Government in 2011, all Councils have been advised of the need to undertake and improve their strategic planning. An *Integrated Planning and Reporting Framework* has been prepared, together with associated guidelines for local governments, and inclusive of asset management and long term financial planning.

All local governments are currently required to produce a plan for the future under S5.56 (1) of the *Local Government Act 1995* (the Act). It is intended that regulations will be made under S5.56(2) of the Act to briefly outline the minimum requirements to achieve this. These changes are anticipated to be made by the Department in August 2011.

The Integrated Strategic Planning Framework provides the basis for improving the practice of strategic planning in local government. It addresses the minimum requirements to meet the intent of the Act and outlines processes and activities to achieve an integrated strategic plan at the individual local government level.

There are three major parties to the development of an integrated strategic plan:

1. The community – participates in a community planning process to determine major vision or intended big picture directions and also participates in regular reviews of those directions.
2. The Council – signs off the Strategic Community Plan resulting from the community planning process, the four year reviews updating that plan, and the annual budget.
3. The local government administration – supports delivery of the Strategic Community Plan, the 4-yearly reviews, and annual budget through its corporate business planning.

To achieve an integrated strategic planning process at least two plans are needed: The minimum requirement to meet the intent of the plan for the future is the development of:

- A Strategic Community Plan; and
- A Corporate Business Plan.

The key principle of the planning process is to provide both the future aspirations for the local government and a path to achieve them. Specific strategies address issues such as community safety or disability plans and place or local area plans. Strategic outcomes are supported by the identification and planning of all financial, human resource, asset and infrastructure requirements and income opportunities over the longer term. It is acknowledged that local governments will have different starting points for integrated strategic planning and many will have existing processes that specify how place or area plans, specific strategies, Council endorsement of four year plans or annual plans are to be treated.

The framework does not intend to require a single methodology to be applied by local governments and is intended to guide local governments to a successful integrated strategic planning process, which, at its most simple, would deliver the following outcomes:

- a long term strategic plan that clearly links the community's aspirations with the Council's vision and long term strategy.
- a Corporate Business Plan that integrates resourcing plans and specific council plans with the Strategic Plan.
- a clearly stated vision for the future viability of the local government area.

The Town will finalise its Strategic Planning Plan during 2013 and its Corporate Business Plan during the first half of 2014.

TOWN OF COTTESLOE



2012 - 2013

ANNUAL FINANCIAL STATEMENTS

TOWN OF COTTESLOE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

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TOWN OF COTTESLOE

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2013


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 2013 are in my opinion properly drawn up to present fairly the financial position of the Town of Cottesloe at 30th June 2013 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 as authorisation of issue on the 16TH day of DECEMBER 2013



Carl Askew
Chief Executive Officer

TOWN OF COTTESLOE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Rates	23	8,190,821	8,115,312	7,725,957
Operating Grants, Subsidies and Contributions	29	306,266	228,578	354,923
Fees and Charges	28	2,059,009	1,356,100	1,476,452
Interest Earnings	2(a)	277,864	180,400	228,624
Other Revenue	2(a)	3,053,281	247,904	403,372
		<u>13,887,241</u>	<u>10,128,294</u>	<u>10,189,328</u>
Expenses				
Employee Costs		(3,343,726)	(3,497,000)	(3,261,633)
Materials and Contracts		(3,921,630)	(3,591,369)	(3,541,393)
Utility Charges		(295,467)	(312,910)	(188,022)
Depreciation on Non-Current Assets	2(a)	(2,024,406)	(1,853,525)	(1,843,364)
Interest Expenses	2(a)	(381,798)	(381,983)	(401,950)
Insurance Expenses		(173,006)	(146,160)	(152,483)
Other Expenditure		(899,007)	(814,975)	(781,632)
		<u>(11,039,040)</u>	<u>(10,597,922)</u>	<u>(10,170,477)</u>
		2,848,201	(469,628)	18,851
Non-Operating Grants, Subsidies and Contributions	29	194,907	248,363	85,328
Profit on Asset Disposals	21	30,741	0	83,641
Loss on Asset Disposal	21	(16,760)	0	(4,630)
		<u>208,888</u>	<u>248,363</u>	<u>164,339</u>
Net Result		3,057,089	(221,265)	183,190
Other Comprehensive Income				
Changes on revaluation of non-current assets	13	239,554	0	(10,608)
Total Other Comprehensive Income		239,554	0	(10,608)
Total Comprehensive Income		<u>3,296,643</u>	<u>(221,265)</u>	<u>172,582</u>

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

TOWN OF COTTESLOE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Governance		38,438	36,300	42,879
General Purpose Funding		8,785,301	8,526,890	8,367,869
Law, Order, Public Safety		17,395	14,700	16,810
Health		96,786	73,550	73,927
Education and Welfare		33,912	34,900	37,439
Community Amenities		551,752	430,750	490,957
Recreation and Culture		3,158,024	365,856	420,949
Transport		1,050,083	503,398	575,356
Economic Services		134,858	140,450	162,609
Other Property and Services		20,692	1,500	533
	2(a)	<u>13,887,241</u>	<u>10,128,294</u>	<u>10,189,328</u>
Expenses				
Governance		(559,887)	(623,721)	(611,526)
General Purpose Funding		(218,551)	(216,074)	(190,620)
Law, Order, Public Safety		(247,465)	(254,613)	(235,325)
Health		(175,345)	(219,031)	(177,235)
Education and Welfare		(196,740)	(185,571)	(192,027)
Community Amenities		(3,057,646)	(2,980,664)	(2,693,612)
Recreation and Culture		(2,948,967)	(2,784,468)	(2,727,006)
Transport		(2,905,030)	(2,618,126)	(2,598,441)
Economic Services		(347,611)	(333,671)	(310,092)
Other Property and Services		0	0	(32,643)
	2(a)	<u>(10,657,242)</u>	<u>(10,215,939)</u>	<u>(9,768,527)</u>
Finance Costs				
Governance		(20)	(1,500)	(842)
Recreation and Culture		(381,778)	(380,483)	(401,108)
	2(a)	<u>(381,798)</u>	<u>(381,983)</u>	<u>(401,950)</u>
Non-Operating Grants, Subsidies & Contributions				
Recreation and Culture		60,000	3,456	61,237
Transport		134,907	244,907	24,091
		<u>194,907</u>	<u>248,363</u>	<u>85,328</u>
Profit/(Loss) on Disposal of Assets				
Governance		3,669	0	8,912
Community Amenities		10	0	3,670
Recreation and Culture		(1,253)	0	3
Transport		6,758	0	62,495
Economic Services		0	0	3,931
Other Property and Services		4,797	0	0
		<u>13,981</u>	<u>0</u>	<u>79,011</u>
Net Result		<u>3,057,089</u>	<u>(221,265)</u>	<u>183,190</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	13	239,554	0	(10,608)
Total Other Comprehensive Income		<u>239,554</u>	<u>0</u>	<u>(10,608)</u>
Total Comprehensive Income		<u><u>3,296,643</u></u>	<u><u>(221,265)</u></u>	<u><u>172,582</u></u>

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

**TOWN OF COTTESLOE
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2013**

	NOTE	2013 \$	2012 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,960,597	2,485,595
Trade and Other Receivables	4	348,736	302,129
Inventories	5	98,745	46,125
TOTAL CURRENT ASSETS		<u>3,408,078</u>	<u>2,833,849</u>
NON-CURRENT ASSETS			
Other Receivables	4	490,453	543,031
Other Financial Assets	6	1,055,826	1,186,212
Property, Plant and Equipment	7	15,839,525	13,176,763
Infrastructure	8	14,042,393	14,053,140
TOTAL NON-CURRENT ASSETS		<u>31,428,197</u>	<u>28,959,146</u>
TOTAL ASSETS		<u>34,836,275</u>	<u>31,792,995</u>
CURRENT LIABILITIES			
Trade and Other Payables	9	929,352	945,182
Short Term Borrowings	9(a)	0	13,992
Long Term Borrowings	10	357,642	337,457
Provisions	11	584,942	482,354
TOTAL CURRENT LIABILITIES		<u>1,871,936</u>	<u>1,778,985</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	10	5,513,130	5,870,772
Provisions	11	64,648	53,320
TOTAL NON-CURRENT LIABILITIES		<u>5,577,778</u>	<u>5,924,092</u>
TOTAL LIABILITIES		<u>7,449,714</u>	<u>7,703,077</u>
NET ASSETS		<u>27,386,561</u>	<u>24,089,918</u>
EQUITY			
Retained Surplus		25,776,740	23,028,659
Reserves - Cash Backed	12	1,370,267	1,061,259
Revaluation Surplus	13	239,554	0
TOTAL EQUITY		<u>27,386,561</u>	<u>24,089,918</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 2013

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2011		23,103,842	802,886	10,608	23,917,336
Comprehensive Income					
Net Result		183,190	0	0	183,190
Changes on Revaluation of Non-Current Assets	13	0	0	(10,608)	(10,608)
Total Comprehensive Income		<u>183,190</u>	<u>0</u>	<u>(10,608)</u>	<u>172,582</u>
Reserve Transfers		(258,373)	258,373	0	0
Balance as at 30 June 2012		23,028,659	1,061,259	0	24,089,918
Comprehensive Income					
Net Result		3,057,089	0	0	3,057,089
Changes on Revaluation of Non-Current Assets	13	0	0	239,554	239,554
Total Other Comprehensive Income		<u>3,057,089</u>	<u>0</u>	<u>239,554</u>	<u>3,296,643</u>
Reserve Transfers		(309,008)	309,008	0	0
Balance as at 30 June 2013		<u>25,776,740</u>	<u>1,370,267</u>	<u>239,554</u>	<u>27,386,561</u>

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

**TOWN OF COTTESLOE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
Cash Flows From Operating Activities				
Receipts				
Rates		8,248,335	8,190,000	7,665,851
Operating Grants, Subsidies and Contributions		268,305	225,000	349,206
Fees and Charges		2,063,503	1,350,000	1,467,180
Interest Earnings		260,107	180,000	234,609
Goods and Services Tax		580,590	540,000	575,659
Other Revenue		404,142	246,000	321,747
		<u>11,824,982</u>	<u>10,731,000</u>	<u>10,614,252</u>
Payments				
Employee Costs		(3,127,224)	(3,497,000)	(3,224,866)
Materials and Contracts		(4,018,228)	(3,737,000)	(3,426,242)
Utility Charges		(295,663)	(167,000)	(188,022)
Insurance Expenses		(173,006)	(146,000)	(152,483)
Interest Expenses		(387,022)	(381,983)	(406,878)
Goods and Services Tax		(655,467)	(520,000)	(532,223)
Other Expenditure		(755,300)	(800,000)	(761,084)
		<u>(9,411,910)</u>	<u>(9,248,983)</u>	<u>(8,691,798)</u>
Net Cash Provided By (Used In) Operating Activities	14(b)	<u>2,413,072</u>	<u>1,482,017</u>	<u>1,922,454</u>
Cash Flows from Investing Activities				
Payments for Development of				
Land Held for Resale		(57,191)	0	0
Payments for Purchase of				
Property, Plant & Equipment		(516,521)	(396,600)	(653,400)
Payments for Construction of				
Infrastructure		(1,317,870)	(1,031,000)	(849,303)
Non-Operating Grants, Subsidies and Contributions				
		194,907	248,000	100,408
Proceeds from Sale of Plant & Equipment		66,912	68,000	131,019
Movement in Reserve Cash Balance on Joint Venture		0	0	(16,786)
		<u>0</u>	<u>0</u>	<u>(16,786)</u>
Net Cash Provided By (Used In) Investing Activities		<u>(1,629,763)</u>	<u>(1,111,600)</u>	<u>(1,288,062)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(337,457)	(337,457)	(318,423)
Proceeds from Self Supporting Loans		43,142	43,141	40,680
		<u>43,142</u>	<u>43,141</u>	<u>40,680</u>
Net Cash Provided By (Used In) Financing Activities		<u>(294,315)</u>	<u>(294,316)</u>	<u>(277,743)</u>
Net Increase (Decrease) in Cash Held		488,994	76,101	356,649
Cash at Beginning of Year		2,471,603	1,919,210	2,114,954
Cash and Cash Equivalents at the End of the Year	14(a)	<u><u>2,960,597</u></u>	<u><u>1,995,311</u></u>	<u><u>2,471,603</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 2013**

	NOTE	2013 Actual \$	2013 Budget \$	2012 Actual \$
Revenue				
Governance		42,107	36,300	51,791
General Purpose Funding		594,480	411,578	641,912
Law, Order, Public Safety		17,395	14,700	16,810
Health		96,786	73,550	73,927
Education and Welfare		33,912	34,900	37,439
Community Amenities		551,763	430,750	497,879
Recreation and Culture		3,220,594	369,312	482,189
Transport		1,204,684	748,305	663,320
Economic Services		134,858	140,450	166,540
Other Property and Services		25,489	1,500	533
		<u>5,922,068</u>	<u>2,261,345</u>	<u>2,632,340</u>
Expenses				
Governance		(559,907)	(625,221)	(612,368)
General Purpose Funding		(218,551)	(216,074)	(190,620)
Law, Order, Public Safety		(247,465)	(254,613)	(235,325)
Health		(175,345)	(219,031)	(177,235)
Education and Welfare		(196,740)	(185,571)	(192,027)
Community Amenities		(3,057,646)	(2,980,664)	(2,696,864)
Recreation and Culture		(3,334,568)	(3,164,951)	(3,128,114)
Transport		(2,917,967)	(2,618,126)	(2,599,819)
Economic Services		(347,611)	(333,671)	(310,092)
Other Property and Services		0	0	(32,643)
		<u>(11,055,800)</u>	<u>(10,597,922)</u>	<u>(10,175,107)</u>
Net Result Excluding Rates		(5,133,732)	(8,336,577)	(7,542,767)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
Initial Recognition of Assets due to Change in Regulations		(2,659,458)	0	0
(Profit)/Loss on Asset Disposals	21	(13,981)	0	(79,011)
Movement in Equity Accounted Joint Ventures		130,386	0	(24,749)
Movement in Equity of Combined Library		(5,301)	0	0
Movement in Deferred Pensioner Rates (Non-Current)		6,824	0	(4,328)
Movement in Employee Benefit Provisions (Non-Current)		123,269	0	56,168
Depreciation and Amortisation on Assets	2(a)	2,024,406	1,853,525	1,843,364
Capital Expenditure and Revenue				
Purchase Land Held for Resale		(57,191)	0	0
Purchase Land and Buildings		(327,554)	(291,725)	(265,083)
Purchase Infrastructure Assets		(1,317,870)	(1,030,964)	(849,303)
Purchase Plant and Equipment		(145,064)	(142,300)	(291,031)
Purchase Furniture and Equipment		(43,903)	(37,700)	(97,286)
Proceeds from Disposal of Assets	21	66,912	67,950	131,019
Repayment of Debentures	22	(337,457)	(337,457)	(318,423)
Proceeds from New Debentures	22	0	0	0
Self-Supporting Loan Principal Income		43,143	43,141	40,680
Transfers to Reserves (Restricted Assets)	12	(895,140)	(37,802)	(530,822)
Transfers from Reserves (Restricted Assets)	12	586,132	0	272,449
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	23(b)	770,273	134,597	703,439
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	23(b)	1,005,515	0	770,273
Total Amount Raised from General Rate	23(a)	<u>(8,190,821)</u>	<u>(8,115,312)</u>	<u>(7,725,957)</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 2013**

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

(a) Basis of Preparation

The financial report is a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations.

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

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 which form the basis of making the judgements about carrying values of assets and liabilities that are 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 20 to these financial statements.

(c) Goods and Services Tax (GST)

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

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) **Cash and Cash Equivalents**

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

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

(e) **Trade and Other Receivables**

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

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

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

(f) **Inventories**

General

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

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

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

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

(b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

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

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

Council has commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

Land Under Control

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

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Initial Recognition

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

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

Revaluation

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

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

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

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

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

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

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

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Transitional Arrangement

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

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

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

Early Adoption of AASB 13 - Fair Value Measurement

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

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

Due to the nature and timing of the adoption (driven by legislation), the adoption of this standard has had no effect on previous reporting periods.

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.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets

All non-current assets having a limited useful life (excluding freehold land) 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.

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

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

Buildings	40 years
Furniture and Equipment	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

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

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

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

Capitalisation Threshold

Expenditure on buildings construction, purchase of plant, furniture and equipment under \$1,000 is not capitalised. This threshold is \$5,000 for infrastructure construction.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Intangible Assets

Easements

Due to legislative changes, Easements are required to be recognised as assets. If significant, they are initially recognised at cost and have an indefinite useful life.

(i) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

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

Amortised cost is calculated as:

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

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

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

Impairment

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

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Derecognition

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

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

(j) Impairment

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

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

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

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

(k) Trade and Other Payables

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

(l) Employee Benefits

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

(m) 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 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are recognised when:

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

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

(o) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(p) Investments in Associates

Associates are entities in which the Council has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Council. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Council's share of net assets of the associate entity. In addition, Council's share of the profit or loss of the associate entity is included in the Council's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition, whereby the Council's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Council and the associate are eliminated to the extent of the Council's interest in the associate.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Joint Venture

The Council'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 appropriate line items of the financial statement. Information about the joint ventures are set out in Notes 6 & 17.

The Council's interest in joint venture entities are recorded using the equity method of accounting (refer to Note 1(o) for details) in the financial report.

When the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of gain or loss not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

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

(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 the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on Council's intentions to release for sale.

(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.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Comparative Figures

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

(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 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Council.

Management's assessment of the new and amended pronouncement that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows.

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures	September 2012	Deferred AASB 9 until 1 January 2015	
(ii) AASB 2009 – 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(iii) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iv) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 -Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 super cede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB 2011 - 9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(vi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2012-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(vii) AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 32]	June 2012	01 January 2013	Principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This Standard is not expected to significantly impact on the Council's financial statements.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	01 January 2014	This Standard adds application guidance to AASB 132: <i>Financial Instruments: Presentation</i> to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.
(ix) AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132, 134 and Interpretation 2]	June 2012	01 January 2013	This Standard is not expected to significantly impact on the Council’s financial statements. Outlines changes to the various standards and interpretations as listed. These topics are not currently relevant to Council, nor are they expected to be in the future. As a consequence, this Standard is not expected to significantly impact on the Council’s financial statements.
(x) AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]	December 2012	01 January 2013	Mainly consequential changes relating to transition guidance. It is not expected to have a significant impact on Council.

(*) 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 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Adoption of New and Revised Accounting Standards

During the current year, the Council adopted all of the new and revised Australian Accounting Standards and Interpretations which became mandatory and which were applicable to its operations.

These new and revised standards were:

AASB 2010 – 8
AASB 2011 - 3
AASB 2011 - 13

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

The Council also chose to early adopt AASB 13 – *Fair Value Measurement* as allowed for in the standard. For further details with respect to this early adoption, refer to Note 1(g).

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2. REVENUE AND EXPENSES	2013	2012	
	\$	\$	
(a) Net Result			
The Net Result includes:			
(i) Charging as an Expense:			
Auditors Remuneration			
- Audit of the Financial Report	17,000	17,500	
- Other Services	14,615	7,718	
Depreciation			
Buildings	367,334	317,935	
Furniture and Equipment	112,785	105,258	
Plant and Equipment	215,670	210,897	
Roads	695,996	685,596	
Car Parks	3,681	0	
Footpaths	184,044	179,706	
Drainage	103,975	103,695	
Parks and Ovals	72,127	59,949	
Street Furniture	26,014	25,466	
Rights of Way	5,584	2,655	
Irrigation	70,668	70,532	
Miscellaneous	166,528	81,675	
	<u>2,024,406</u>	<u>1,843,364</u>	
Interest Expenses (Finance Costs)			
Other Interest Charges	21	842	
Debentures (<i>refer Note 21(a)</i>)	381,777	401,108	
	<u>381,798</u>	<u>401,950</u>	
Rental Charges			
- Operating Leases	<u>9,551</u>	<u>10,363</u>	
(ii) Crediting as Revenue:			
	2013	2013	2012
	\$	Budget	\$
Interest Earnings			
Investments			
- Reserve Funds	50,927	35,000	46,994
- Other Funds	162,465	97,000	152,186
Other Interest Revenue (<i>refer note 26</i>)	64,472	48,400	29,444
	<u>277,864</u>	<u>180,400</u>	<u>228,624</u>
Significant Revenue			
Initial Recognition of Assets due to Change in Regulation			
Recreation and Culture		<u>2,659,458</u>	<u>0</u>

This significant revenue relates to the initial recognition of Crown Land under the Town's control in accordance with amendments to the Financial Management Regulations. It has been classified as Other Revenue in Nature or Type.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

2. REVENUE 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 United 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.

ECONOMIC SERVICES

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

OTHER PROPERTY AND SERVICES

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2. REVENUE AND EXPENSES (Continued)

Grant/Contribution	Function/ Activity	Opening		Closing		Expended		Closing	
		Balance (*) 1-Jul-11	Received (+) 2011/12	Expended (#) 2011/12	Balance (*) 30-Jun-12	Received (+) 2012/13	Expended (#) 2012/13	Balance 30-Jun-13	
		\$	\$	\$	\$	\$	\$	\$	
	Recreation & Culture	854	0	(854)	0	0	0	0	
	Recreation & Culture	2486	0	(2,486)	0	0	0	0	
	North Metro Foreshore Weed Eradication Project	13,091	8,381	(18,740)	2,732	14,350	(16,954)	128	
	Federal Stimulus Package (Round 2 - Playgrounds)	72	0	0	72	0	0	72	
	Federal Stimulus Package (Round 3 - Disability)	13,793	0	(10,987)	2,806	0	0	2,806	
Total		30,296	8,381	(33,067)	5,610	14,350	(16,954)	3,006	

Notes:

- (*) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (+) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (#) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

	2013	2012
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	1,587,324	1,418,726
Restricted	1,373,273	1,066,869
	<u>2,960,597</u>	<u>2,485,595</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Area Improvement Reserve	857	857
Civic Centre Improvements Reserve	1,533	20,770
Waste Management Reserve	73,365	70,064
Leave Reserve	169,232	137,620
Parking Reserve	9,677	398,165
Property Reserve	365,869	85,743
Infrastructure Reserve	379,667	122,866
Unspent Grants/Funds Reserve	1,193	142,052
Legal Reserve	63,215	33,675
Parking Facilities	232,778	0
Sub Total	<u>1,297,386</u>	<u>1,011,812</u>
Combined Library	72,881	49,447
Sub Total	<u>1,370,267</u>	<u>1,061,259</u>
Unspent Grants Other	3,006	5,610
	<u>1,373,273</u>	<u>1,066,869</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	56,450	107,140
Sundry Debtors	173,128	91,173
Other Tax Debtors	294	0
Accrued Income	19,329	60,673
GST Receivable	53,780	0
Loans - Clubs/Institutions	45,755	43,143
	<u>348,736</u>	<u>302,129</u>
Non-Current		
Rates Outstanding - Pensioners	198,596	205,420
Loans - Clubs/Institutions	291,857	337,611
	<u>490,453</u>	<u>543,031</u>
5. INVENTORIES		
Current		
Centenary Books	41,554	46,125
Land Held for Resale - Cost		
Development Costs	57,191	0
	<u>98,745</u>	<u>46,125</u>

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

6. 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:

	2013	2012
	\$	\$
(a) Retained Earnings attributable to interest in joint venture:		
Balance at the beginning of the financial year	562,475	416,908
Adjustment from prior year audited Financial Statements	1,012	0
Net Transfers (to)/from reserves	101,714	117,058
Share of joint venture's profit/(loss) from ordinary activities after tax	12,644	28,509
Loss on Revaluation of Assets	<u>(185,913)</u>	<u>0</u>
Balance at the end of the financial year:	<u>491,932</u>	<u>562,475</u>
(b) Reserves - Cash Backed:		
Balance at the beginning of the financial year	623,737	757,138
Transfer to Reserves	23,866	40,111
Transfer from Reserves	<u>(125,579)</u>	<u>(173,512)</u>
Balance at the end of the financial year:	<u><u>522,024</u></u>	<u><u>623,737</u></u>
(c) Revaluation Surplus:		
Balance at the beginning of the financial year	0	0
Changes in Revaluation of Non-Current Assets	41,870	0
Balance at the end of the financial year:	<u><u>41,870</u></u>	<u><u>0</u></u>
(c) Carrying amount of investment in joint venture:		
Balance at the beginning of the financial year	1,186,212	1,157,703
Adjustment from prior year audited Financial Statements	1,012	0
Share of profit/(loss) from ordinary activities	12,644	28,509
Loss on Revaluation of Assets	(185,913)	0
Share of Total Other Comprehensive Income	41,870	0
Balance at the end of the financial year:	<u><u>1,055,826</u></u>	<u><u>1,186,212</u></u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

7. PROPERTY, PLANT AND EQUIPMENT	2013	2012
	\$	\$
Land at Cost		
Land Vested In and Under Control of Council	2,659,458	0
Freehold Land	<u>347,304</u>	<u>347,304</u>
Total Land	3,006,762	347,304
Buildings - Cost	14,830,623	14,583,704
Less Accumulated Depreciation	<u>(3,147,900)</u>	<u>(2,848,330)</u>
	11,682,723	11,735,374
Total Land and Buildings	<u>14,689,485</u>	<u>12,082,678</u>
Combined Library - Plant and Equipment - Cost	12,032	12,032
Less Accumulated Depreciation	<u>(2,406)</u>	<u>0</u>
	9,626	12,032
Combined Library - Furniture and Equipment - Cost	49,838	49,838
Less Accumulated Depreciation	<u>(48,691)</u>	<u>(47,046)</u>
	1,147	2,792
Plant and Equipment - Independent Valuation 2013	1,083,084	0
Plant and Equipment - Management Valuation 2013	120,939	0
Plant and Equipment - Cost	0	1,223,408
Less Accumulated Depreciation	<u>(449,138)</u>	<u>(544,691)</u>
	754,885	678,717
Furniture and Equipment - Management Valuation 2013	1,286,871	0
Furniture and Equipment - Cost	0	1,099,749
Less Accumulated Depreciation	<u>(902,489)</u>	<u>(699,205)</u>
	384,382	400,544
	<u>15,839,525</u>	<u>13,176,763</u>

Reserves Vested in and Under the Control of Council

In accordance with Local Government (Financial Management) Regulations 16(a) and 16(b) the Council is required to recognise as an asset;

- a) Crown land operated by a local government as a golf course, showground, racecourse, or other sporting or recreational facility of State or regional significance; and
- b) Any structures or improvements on the land referred to in paragraph (a)

Under this regulation the following land has been recognised as at 30 June 2013:

	2013
	\$
- Sea View Golf Club (Lot 401 Deposited Plan 34252 and Lot 501 Deposited Plan 58314)	<u>2,659,458</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Major Plant and Equipment

The Town's Major Plant and Equipment was revalued at 30 June 2013 by independent valuers. All of the valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy).

The revaluation resulted in an overall increase of \$186,834 in the net value of the Town's Major Plant and Equipment. All of this surplus was credited to the revaluation surplus in the Town's equity (refer note 13(a) for further details) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

Minor Plant and Equipment

The Town's Minor Plant and Equipment was revalued at 30 June 2013 by management valuation having regard to the current composition of this class of assets, the assets current written down values, their future values and patterns of consumption utilising current information.

The assumptions and analysis used in the overall fair value assessment are level 3 inputs which have indicated that the current written down value of Councils Minor Plant and Equipment equates in all material aspects, to its fair value as at 30 June 2013. If the basis of these assumptions were varied, they have potential to result in a significantly higher or lower fair value measurement.

The revaluation resulted in neither an increase nor decrease in the net value of the Town's Minor Plant and Equipment. Consequently, no adjustment was recognised in either the net result or other comprehensive income in the Statement of Comprehensive Income.

Furniture and Equipment:

The Town's Furniture and Equipment with a carrying value greater than \$5,000 was revalued at 30 June 2013 by management valuation having regard for their current replacement cost, condition assessment (Level 2 inputs in the fair value hierarchy), residual values and remaining estimated useful life (Level 3 inputs in the fair value hierarchy).

Given the significance of the level 3 inputs into the overall fair value measurement, the assets are deemed to have been valued using Level 3 inputs.

These Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

The revaluation resulted in an overall increase of \$52,720 in the net value of the Town's furniture and office equipment. All of this surplus was credited to the revaluation surplus in the Town's equity (refer note 13(c) for further details) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2013

7a. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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 Vested in Council	Land	Total Land	Buildings	Total Land and Buildings	Combined Library - Plant and Equipment	Combined Library - Furniture and Equipment	Plant and Equipment (Level 2)	Plant and Equipment (Level 3)	Total Plant and Equipment	Furniture and Equipment (Level 3)	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at the beginning of the year	0	347,304	347,304	11,735,374	12,082,678	12,032	2,792	669,883	8,834	678,717	400,544	13,176,763
Additions	0	0	0	327,554	327,554	0	0	123,106	21,958	145,064	43,903	516,521
(Disposals)	0	0	0	(12,871)	(12,871)	0	0	(37,156)	(2,904)	(40,060)	0	(52,931)
Revaluation - Increments	0	0	0	0	0	0	0	186,834	0	186,834	52,720	239,554
Initial Recognition of Assets due to Changes in Regulations	2,659,458	0	2,659,458	0	2,659,458	0	0	0	0	0	0	2,659,458
Depreciation (Expense)	0	0	0	(367,334)	(367,334)	0	0	(202,202)	(13,468)	(215,670)	(112,785)	(695,789)
Other Movements	0	0	0	0	0	(2,406)	(1,645)	0	0	0	0	(4,051)
Carrying amount at the end of year	2,659,458	347,304	3,006,762	11,682,723	14,689,485	9,626	1,147	740,465	14,420	754,885	384,382	15,839,525

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013	2012
	\$	\$
8. INFRASTRUCTURE		
Roads - Cost	17,838,820	17,437,999
Less Accumulated Depreciation	<u>(11,037,245)</u>	<u>(10,345,544)</u>
	6,801,575	7,092,455
Car Parks - Cost	527,449	0
Less Accumulated Depreciation	<u>(7,976)</u>	<u>0</u>
	519,473	0
Footpaths - Cost	5,186,961	5,024,780
Less Accumulated Depreciation	<u>(3,483,332)</u>	<u>(3,299,289)</u>
	1,703,629	1,725,491
Drainage - Cost	5,198,429	5,198,429
Less Accumulated Depreciation	<u>(1,751,402)</u>	<u>(1,647,427)</u>
	3,447,027	3,551,002
Parks & Ovals - Cost	727,450	671,195
Less Accumulated Depreciation	<u>(560,571)</u>	<u>(488,444)</u>
	166,879	182,751
Street Furniture - Cost	472,844	466,760
Less Accumulated Depreciation	<u>(258,487)</u>	<u>(232,472)</u>
	214,357	234,288
Right of Ways - Cost	1,495,698	1,446,679
Less Accumulated Depreciation	<u>(1,297,528)</u>	<u>(1,291,945)</u>
	198,170	154,734
Irrigation - Cost	1,234,082	1,228,246
Less Accumulated Depreciation	<u>(948,354)</u>	<u>(877,686)</u>
	285,728	350,560
Miscellaneous - at Cost	1,144,491	1,034,268
Less Accumulated Depreciation	<u>(438,936)</u>	<u>(272,409)</u>
	705,555	761,859
	<u>14,042,393</u>	<u>14,053,140</u>

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2013

8a. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Roads	Car Parks	Footpaths	Drainage	Parks and Ovals	Street Furniture	Rights of Way	Irrigation	Misc	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of the year	7,092,455	0	1,725,491	3,551,002	182,751	234,288	154,734	350,560	761,859	14,053,140
Additions	405,116	523,154	162,182	0	56,255	6,083	49,020	5,836	110,224	1,317,870
(Disposals)	0	0	0	0	0	0	0	0	0	0
Revaluation - Increments - (Decrements)	0	0	0	0	0	0	0	0	0	0
Impairment - (Losses) - Reversals	0	0	0	0	0	0	0	0	0	0
Depreciation (Expense)	(695,996)	(3,681)	(184,044)	(103,975)	(72,127)	(26,014)	(5,584)	(70,668)	(166,528)	(1,328,617)
Carrying amount at the end of year	<u>6,801,575</u>	<u>519,473</u>	<u>1,703,629</u>	<u>3,447,027</u>	<u>166,879</u>	<u>214,357</u>	<u>198,170</u>	<u>285,728</u>	<u>705,555</u>	<u>14,042,393</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013	2012
	\$	\$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	152,769	216,074
Accrued Expenses	459,013	483,711
Accrued Interest on Debentures	104,205	109,429
Accrued Salaries and Wages	140,846	135,968
Other Tax Liabilities	72,519	0
	<u>929,352</u>	<u>945,182</u>
9(a). SHORT TERM BORROWINGS		
Bank Overdraft	<u>0</u>	<u>13,992</u>
	<u>0</u>	<u>13,992</u>
10. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge Debentures	<u>357,642</u>	<u>337,457</u>
	<u>357,642</u>	<u>337,457</u>
Non-Current		
Secured by Floating Charge Debentures	<u>5,513,130</u>	<u>5,870,772</u>
	<u>5,513,130</u>	<u>5,870,772</u>

Additional detail on borrowings is provided in Note 22.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

11. PROVISIONS	2013 \$	2012 \$
Analysis of Total Provisions		
Current	584,942	482,354
Non-Current	64,648	53,320
	649,590	535,674

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Provisions - Combined Library \$	Total \$
Opening balance as at 1 July 2012	294,707	204,283	36,684	535,674
Additional provisions	226,043	70,251	0	296,294
Amounts used	(134,176)	(38,850)	(9,352)	(182,378)
Unused amounts reversed	0	0	0	0
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	0	0	0
Balance at 30 June 2013	386,574	235,684	27,332	649,590

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013 \$	2013 Budget \$	2012 \$
12. RESERVES - CASH BACKED			
(a) Area Improvement Reserve			
Opening Balance	857	0	71,342
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	(70,485)
	<u>857</u>	<u>0</u>	<u>857</u>
(b) Civic Centre Improvements Reserve			
Opening Balance	20,770	20,191	19,391
Amount Set Aside / Transfer to Reserve	954	737	1,379
Amount Used / Transfer from Reserve	(20,191)	0	0
	<u>1,533</u>	<u>20,928</u>	<u>20,770</u>
(c) Waste Management Reserve			
Opening Balance	70,064	68,961	66,061
Amount Set Aside / Transfer to Reserve	3,301	2,517	4,003
Amount Used / Transfer from Reserve	0	0	0
	<u>73,365</u>	<u>71,478</u>	<u>70,064</u>
(d) Leave Reserve			
Opening Balance	137,620	132,819	42,419
Amount Set Aside / Transfer to Reserve	31,612	7,650	95,201
Amount Used / Transfer from Reserve	0	0	0
	<u>169,232</u>	<u>140,469</u>	<u>137,620</u>
(e) Parking Reserve			
Opening Balance	398,165	395,234	375,234
Amount Set Aside / Transfer to Reserve	11,512	14,276	22,931
Amount Used / Transfer from Reserve	(400,000)	0	0
	<u>9,677</u>	<u>409,510</u>	<u>398,165</u>
(f) Property Reserve			
Opening Balance	85,743	108,196	81,102
Amount Set Aside / Transfer to Reserve	304,935	3,949	104,641
Amount Used / Transfer from Reserve	(24,809)	0	(100,000)
	<u>365,869</u>	<u>112,145</u>	<u>85,743</u>
(g) Infrastructure Reserve			
Opening Balance	122,866	204,604	81,104
Amount Set Aside / Transfer to Reserve	256,801	7,468	126,940
Amount Used / Transfer from Reserve	0	0	(85,178)
	<u>379,667</u>	<u>212,072</u>	<u>122,866</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013 \$	2013 Budget \$	2012 \$
12. RESERVES - CASH BACKED (Continued)			
(h) Unspent Grants/Funds Reserve			
Opening Balance	142,052	0	0
Amount Set Aside / Transfer to Reserve	273	0	142,052
Amount Used / Transfer from Reserve	(141,132)	0	0
	<u>1,193</u>	<u>0</u>	<u>142,052</u>
(i) Legal Reserve			
Opening Balance	33,675	33,000	0
Amount Set Aside / Transfer to Reserve	29,540	1,205	33,675
Amount Used / Transfer from Reserve	0	0	0
	<u>63,215</u>	<u>34,205</u>	<u>33,675</u>
(j) Parking Facilities Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	232,778	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>232,778</u>	<u>0</u>	<u>0</u>
(k) Combined Library Reserve			
Opening Balance	49,447	0	66,233
Amount Set Aside / Transfer to Reserve	23,434	0	0
Amount Used / Transfer from Reserve	0	0	(16,786)
	<u>72,881</u>	<u>0</u>	<u>49,447</u>
TOTAL CASH BACKED RESERVES	<u><u>1,370,267</u></u>	<u><u>1,000,807</u></u>	<u><u>1,061,259</u></u>

All of the reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash in this financial report.

In accordance with council resolutions in relation to each reserve account, the purpose for which the funds 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.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

12. RESERVES - CASH BACKED (Continued)

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.

Property Reserve

- to contribute towards future property construction/renewal.

Infrastructure Reserve

- to contribute towards future infrastructure construction/renewal.

Unspent Grants/Funds Reserve

- to carry forward available funding for uncompleted projects and grants that will be utilised in ensuing financial years.

Legal Reserve

- to contribute towards unanticipated legal expenses incurred by Council.

Parking Facilities Reserve

- to fund improvements to Parking Facilities within the Town of Cottesloe

Combined Library Reserve

- to fund the operations of the combined library

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

Leave Reserve - as staff take leave.

Area Improvement - to fund ongoing improvement of facilities within the Town.

Civic Centre Improvements Reserve - to 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 fund ongoing upgrades to parking facilities within the Town

Property Reserve - to contribute to ongoing future property construction/renewal.

Infrastructure Reserve - to contribute towards ongoing future infrastructure construction/renewal.

Unspent Grants/Funds Reserve - to carry forward available funding for uncompleted projects and grants that will be utilised in ensuing financial years.

Legal Reserve - to fund unanticipated legal expenses over the next two years.

Parking Facilities Reserve - to fund Parking Facilities within the Town of Cottesloe over the next five years.

Combined Library Reserve - to fund ongoing library operations.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

13. REVALUATION SURPLUS

2013
\$

2012
\$

Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:

(a) Plant and Equipment

Opening Balance	0	0
Revaluation Increment	186,834	0
Revaluation Decrement	0	0
	186,834	0

(b) Combined Library

Opening Balance	0	10,608
Revaluation Increment	0	0
Revaluation Decrement	0	(10,608)
	0	0

(c) Furniture and Office Equipment

Opening Balance	0	0
Revaluation Increment	52,720	0
Revaluation Decrement	0	0
	52,720	0

TOTAL ASSET REVALUATION SURPLUS

	239,554	0
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TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2013 \$	2013 Budget \$	2012 \$
Cash and Cash Equivalents	2,960,597	1,995,311	2,485,595
Bank Overdraft	<u>0</u>	<u>0</u>	<u>(13,992)</u>
Total	<u><u>2,960,597</u></u>	<u><u>1,995,311</u></u>	<u><u>2,471,603</u></u>

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

Net Result	3,057,089	(221,265)	183,190
Depreciation	2,024,406	1,853,525	1,843,364
(Profit)/Loss on Sale of Asset	(13,981)	0	(79,011)
(Increase)/Decrease in Receivables	(30,347)	7,084	(59,382)
(Increase)/Decrease in Deferred Rates	(6,824)	0	(4,328)
(Increase)/Decrease in Inventories	4,571	0	279
Increase/(Decrease) in Payables	(15,830)	110,673	49,349
Increase/(Decrease) in Employee Provisions	113,916	(20,000)	97,364
Increase/(Decrease) in Equity Accounted Joint Ventures	134,437	0	(7,963)
Grants/Contributions for the Development of Assets	(194,907)	(248,000)	(100,408)
Initial Recognition of Assets due to Change in Regulation	<u>(2,659,458)</u>	<u>0</u>	<u>0</u>
Net Cash from Operating Activities	<u><u>2,413,072</u></u>	<u><u>1,482,017</u></u>	<u><u>1,922,454</u></u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	250,000	250,000
Bank Overdraft at Balance Date	0	(13,992)
Credit Card limit	5,000	5,000
Credit Card Balance at Balance Date	<u>(4,633)</u>	<u>(316)</u>
Total Amount of Credit Unused	<u><u>250,367</u></u>	<u><u>240,692</u></u>

Loan Facilities

Loan Facilities - Current	357,642	337,457
Loan Facilities - Non-Current	5,513,130	5,870,772
Total Facilities in Use at Balance Date	<u><u>5,870,772</u></u>	<u><u>6,208,229</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 2013

15. CONTINGENT LIABILITIES

The Town has no contingent liabilities as at 30-06-2013.

16. CAPITAL AND LEASING COMMITMENTS

2013

2012

\$

\$

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year

2,158

9,517

- later than one year but not later than five years

0

0

- later than five years

0

0

2,158

9,517

(b) Other Expenditure Commitments

Contracted for:

- waste collection contracts

309,445

866,102

Payable:

- not later than one year

309,445

671,435

- later than one year but not later than five years

0

194,667

- later than five years

0

0

309,445

866,102

(c) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

263,755

0

Payable:

- not later than one year

263,755

0

- later than one year but not later than five years

0

0

- later than five years

0

0

263,755

0

The capital expenditure project outstanding at the end of the current reporting period represents the construction of a new disability footpath at Cottesloe Beach Foreshore.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

17. 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 each Local Governments population as per the 2006 census. The Town of Cottesloe's share was 42.47% and its share of assets and liabilities are contained in balances elsewhere as follows:

	2013	2012
	\$	\$
CURRENT ASSETS		
Cash		
- Library Restricted Reserves	72,881	49,447
	<u>72,881</u>	<u>49,447</u>
NON CURRENT ASSETS		
Plant and Equipment - at Cost	12,032	12,032
Accumulated Depreciation	(2,406)	0
	<u>9,626</u>	<u>12,032</u>
Furniture and Equipment - at Cost	49,838	49,838
Accumulated Depreciation	(48,691)	(47,046)
	<u>1,147</u>	<u>2,792</u>
Buildings at:		
- Cost	6,181,159	6,157,327
Less Accumulated Depreciation	(387,882)	(228,112)
	<u>5,793,277</u>	<u>5,929,215</u>
TOTAL ASSETS	<u>5,875,784</u>	<u>5,990,694</u>
CURRENT LIABILITIES		
Long Term Borrowings	157,694	147,908
Provision for Leave	27,332	36,684
	<u>185,026</u>	<u>184,592</u>
NON CURRENT LIABILITIES		
Long Term Borrowings	4,318,204	4,475,898
	<u>4,318,204</u>	<u>4,475,898</u>
TOTAL LIABILITIES	<u>4,503,230</u>	<u>4,660,490</u>
SHARE OF NET ASSETS OF JOINT VENTURE	<u>1,372,554</u>	<u>1,330,204</u>

At the time of completion of the Town of Cottesloe's 2012-2013 audit, audited financial statements for the year ended 30th June 2013 were not available from the Shire of Peppermint Grove, therefore draft figures for 2012-2013 supplied by the Shire of Peppermint Grove have been used.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2013	2012
	\$	\$
Governance	441,377	504,613
General Purpose Funding	424,098	486,345
Law, Order, Public Safety	11,128	9,721
Health	14,014	13,751
Education and Welfare	398,392	322,982
Community Amenities	1,400,554	1,629,391
Recreation and Culture	15,739,260	12,512,427
Transport	14,068,190	14,516,057
Economic Services	25,591	26,571
Other Property and Services	140,167	114,157
Unallocated	2,173,504	1,656,980
	<u>34,836,275</u>	<u>31,792,995</u>

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

19. FINANCIAL RATIOS	2013	2012	2011
Current Ratio	1.20	1.08	1.04
Asset Sustainability Ratio	0.53	0.68	1.52
Debt Service Cover Ratio	7.32	3.25	3.18
Operating Surplus Ratio	0.26	0.01	0.01
Own Source Revenue Coverage Ratio	0.99	0.97	0.98

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

Notes:

Information relating to the Asset Consumption Ratio and the Asset Renewal Funding Ratio can be found on Page 63 of this document - Supplementary Ratio Information.

Three of the 2013 ratios disclosed above are distorted by items of significant revenue and expenses relating to:

- The initial recognition of Land under the Town's control in accordance with amendments to the Financial Management Regulations amounting to \$2,659,458. (Refer to notes 1g, 1h and 2(a)(ii) for further details). This forms part of operating revenue.

- The significant expense relates to an Impairment Loss of \$185,913 at the Western Metropolitan Regional Council. (Refer note 6 for further details). This forms part of operating expenditure.

These items form part of operating revenue and expenditure and have been included in the calculations above. These items of significant revenue and expenditure are considered to be "one-off" and are non-cash in nature and, if they were ignored, the calculations disclosed in the 2013 column above would be as follows:

	2013
Debt Service Cover Ratio	3.89
Operating Surplus Ratio	0.04
Own Source Revenue Coverage Ratio	1.01

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

20. TRUST FUNDS

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

	Balance 1-Jul-12 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-13 \$
BCITF Levy	0	91,296	(91,296)	0
BRB Levy	41	0	(41)	0
Building Services Levy	1,253	46,181	(41,755)	5,679
Infrastructure Deposits	471,498	300,136	(267,160)	504,474
Right of Ways	47,566	0	0	47,566
Miscellaneous	43,961	12,176	(9,731)	46,406
	<u>564,319</u>			<u>604,125</u>

21. DISPOSALS OF ASSETS - 2012/13 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 and Vehicles	40,060	67,950	66,852	67,950	26,792	0
Furniture and Office Equipment	0	0	60	0	60	0
Property	12,871	0	0	0	(12,871)	0
	<u>52,931</u>	<u>67,950</u>	<u>66,912</u>	<u>67,950</u>	<u>13,981</u>	<u>0</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-12 \$	New Loans \$	Principal Repayments		Principal 30-Jun-13		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation and Culture Cottesloe Tennis Club - Loan No 104*	61,074		23,396	23,395	37,678	37,679	3,030	3,020
Seaview Golf Club - Loan No 105*	319,680		19,747	19,746	299,933	299,933	19,519	19,638
Civic Centre Extension - Loan No 106	1,203,669		146,406	146,407	1,057,263	1,057,262	60,335	60,527
Joint Library - Loan No 107	4,623,806		147,908	147,909	4,475,898	4,475,896	298,893	297,298
	6,208,229	0	337,457	337,457	5,870,772	5,870,770	381,777	380,483

(*) Self supporting loan financed by payments from third parties.
All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2012/13

There were no new debentures during the 2012/2013 financial year.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

22. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Council had no unspent debentures as at 30 June 2013.

(d) Overdraft

Council established an overdraft facility of \$250,000 in 2009 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2012 and 30 June 2013 was \$13,992 and Nil respectively.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

23. RATING INFORMATION - 2012/13 FINANCIAL YEAR

(a) Rates

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 - Residential Improved (RI)	0.061811	3,075	104,156,030	6,437,988	71,556	3,684	6,513,228	6,427,655	0	0	6,427,655	
GRV - Residential Vacant (RV)	0.061811	80	3,925,270	242,625	(4,500)	(418)	237,707	248,021	0	0	248,021	
GRV - Commercial Improved (CI)	0.061811	68	7,254,904	448,433	6,173	2,428	457,034	448,433	0	0	448,433	
GRV - Commercial Town (CT)	0.072585	126	8,466,225	614,521	0	0	614,521	611,704	0	0	611,704	
GRV - Industrial (I)	0.061811	1	35,000	2,163	0	0	2,163	2,163	0	0	2,163	
Sub-Totals		3,350	123,837,429	7,745,730	73,229	5,694	7,824,653	7,737,976	0	0	7,737,976	
Minimum Rates												
GRV - Residential Improved (RI)	934	383	4,761,452	357,722	(3,501)	0	354,221	357,722	0	0	357,722	
GRV - Commercial Improved (CI)	934	10	104,250	9,340	0	0	9,340	9,340	0	0	9,340	
GRV - Commercial Town (CT)	934	7	77,405	6,538	0	0	6,538	10,274	0	0	10,274	
Sub-Totals		400	4,943,107	373,600	(3,501)	0	370,099	377,336	0	0	377,336	
							8,194,752			8,115,312		
Discounts (refer note 26)							(3,931)			0		
Total Amount Raised from General Rate							8,190,821			8,115,312		

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

23. RATING INFORMATION - 2012/13 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward	2013 (30 June 2013 Carried Forward) \$	2013 (1 July 2012 Carried Forward) \$
Surplus/(Deficit) - Rate Setting Statement	<u>1,005,515</u>	<u>770,273</u>
<u>Comprises:</u>		
Cash - Unrestricted	1,587,324	1,404,732
Cash - Restricted	1,370,267	1,011,812
Unspent Grant Transfer	3,006	5,610
Rates - Current	56,450	107,140
Sundry Debtors	173,128	91,173
Accrued Income	19,329	60,673
GST Receivable	53,780	0
Other Tax Liabilities	294	0
Inventories		
- History Books	41,554	46,125
Less:		
Reserves - Restricted Cash	(1,370,267)	(1,011,812)
Sundry Creditors	(152,769)	(216,072)
Accrued Expenses	(459,011)	(483,711)
Accrued Interest on Debentures	(104,205)	(109,429)
Accrued Salaries and Wages	(140,846)	(135,968)
Other Tax Liabilities	(72,519)	
Current Employee Benefits Provision	(584,942)	(482,354)
Add back: Component of Leave Liability not required to be funded	584,942	482,354
Surplus/(Deficit)	<u>1,005,515</u>	<u>770,273</u>

Difference:

There was no difference between the Surplus/(Deficit) 1 July 2012 Brought Forward position used in the 2013 audited financial report and the Surplus/(Def) Carried Forward position as disclosed in the 2012 audited financial report.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

24. SPECIFIED AREA RATE - 2012/13 FINANCIAL YEAR

Council did not raise a specified area rate during the 2012/2013 financial year.

25. SERVICE CHARGES - 2012/13 FINANCIAL YEAR

Council did not raise any service charges during the 2012/2013 financial year.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2012/13 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount		3,931	0
Venue Hire	Discount	10%-20%	500	4,000
Venue Hire	Waiver	100%	300	2,200

Council has resolved to give an eighty per cent discount of the annual rates to the Cottesloe Tennis Club.

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.

27. INTEREST CHARGES AND INSTALMENTS - 2012/13 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		32,378	14,100
Interest on Instalments Plan			32,094	34,300
Charges on Instalment Plan		18.60	15,678	16,000
			<u>80,150</u>	<u>64,400</u>

Ratepayers had the option of paying rates in four equal instalments, due on 17th September 2012, 19th November 2012, 21st January 2013 and 25th March 2013. Administration charges and interest applied for the final three instalments.

28. FEES & CHARGES	2013 \$	2012 \$
Governance		
General Purpose Funding	48,598	76,636
Law, Order, Public Safety	7,811	7,130
Health	86,798	66,247
Education and Welfare	19,577	24,571
Community Amenities	519,227	437,134
Recreation and Culture	236,232	205,117
Transport	987,073	498,395
Economic Services	133,023	161,222
Other Property and Services	20,670	0
	<u>2,059,009</u>	<u>1,476,452</u>

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

29. GRANT REVENUE

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

	2013	2012
By Nature and Type:	\$	\$
Operating Grants, Subsidies and Contributions	306,266	354,923
Non-Operating Grants, Subsidies and Contributions	194,907	85,328
	<u>501,173</u>	<u>440,251</u>
By Program:		
General Purpose Funding	268,018	335,391
Law, Order, Public Safety	500	500
Community Amenities	227	0
Recreation and Culture	75,785	64,467
Transport	156,643	39,893
	<u>501,173</u>	<u>440,251</u>

30. ELECTED MEMBERS REMUNERATION

	2013	2013	2012
	\$	Budget	\$
		\$	

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

Meeting Fees	62,000	74,000	55,586
Mayor's Allowance	3,750	7,500	7,500
Deputy Mayor's Allowance	1,250	1,250	1,250
Telecommunications Allowance	18,470	14,400	16,187
Travelling Expenses	0	1,250	0
Other Member Costs	8,289	8,200	5,139
	<u>93,759</u>	<u>106,600</u>	<u>85,662</u>

The variances between 2013 actual and budgeted amounts is as a result of timing differences of claims from elected members.

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2013	2012
	<u>42</u>	<u>41</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

32. MAJOR LAND TRANSACTIONS

Cottesloe Depot Redevelopment

(a) Details

The Town's Depot operations moved to leased premises in Fremantle during 2012-2013 and the buildings at the old site at the rear of Marmion Street, Cottesloe, were demolished. It is highly probable that this property will be sold during 2013-2014.

(b) Current Year Transactions	2013 \$	2013 Budget \$	2012 \$
<u>Operating Income</u>			
Profit on Sale	0	0	0
<u>Capital Income</u>			
Sale Proceeds	0	0	0
<u>Capital Expenditure</u>			
Purchase of Land	0	0	0
Development Costs (including demolition)	57,191	80,000	0
	57,191	80,000	0

(c) Expected Future Cash Flows	2014 \$	Total \$
<u>Cash Inflows</u>		
Sale Proceeds	9,000,000	9,000,000
<u>Cash Outflows</u>		
Legal and Planning Expenses	(68,805)	(68,805)
Net Cash Flows	8,931,195	8,931,195

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2012-2013 financial year.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

34. 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	
	2013	2012	2013	2012
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	2,960,597	2,485,595	2,960,597	2,485,595
Receivables	839,189	845,160	839,189	845,160
Investments	1,055,450	1,186,212	1,055,450	1,186,212
	<u>4,855,236</u>	<u>4,516,967</u>	<u>4,855,236</u>	<u>4,516,967</u>
Financial Liabilities				
Payables	929,352	945,182	929,352	945,182
Short Term Borrowings	0	13,992	0	13,992
Long Term Borrowings	5,870,772	6,208,229	5,701,861	5,999,997
	<u>6,800,124</u>	<u>7,167,403</u>	<u>6,631,213</u>	<u>6,959,171</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Investments – based on quoted market prices at the reporting date or at independent valuation.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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.

	2013	2012
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	29,325	24,940
- Statement of Comprehensive Income	29,325	24,940

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.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

34. 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:

	2013	2012
Percentage of Rates and Annual Charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of Other Receivables		
- Current	85%	99%
- Overdue	15%	1%

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2013

34. 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>2013</u>	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	929,352	0	0	0	929,352	929,352
Borrowings	720,496	2,787,048	5,555,114	9,062,658	5,870,770	5,870,770
	<u>1,649,848</u>	<u>2,787,048</u>	<u>5,555,114</u>	<u>9,992,010</u>	<u>6,800,122</u>	<u>6,800,122</u>
Payables	945,182	0	0	0	945,182	945,182
Borrowings	720,496	2,813,738	6,248,919	9,783,153	6,208,229	6,208,229
	<u>1,665,678</u>	<u>2,813,738</u>	<u>6,248,919</u>	<u>10,728,335</u>	<u>7,153,411</u>	<u>7,153,411</u>

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2013

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
 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 2013								
Payables								
Borrowings								
Fixed Rate Debentures	0	37,522	0	0	0	5,833,250	5,870,772	6.26%
Weighted Average Effective Interest Rate	0.00%	5.75%	0.00%	0.00%	0.00%	6.27%		
Year Ended 30 June 2012								
Payables								
Borrowings								
Fixed Rate Debentures	0	61,074	0	0	0	6,147,155	6,208,229	6.24%
Weighted Average Effective Interest Rate	0.00%	5.75%	0.00%	0.00%	0.00%	6.25%		

**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 statement of financial position as at 30 June 2013, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL REPORT

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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 about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation of the financial report that gives a true and fair view 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 Town's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

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 Town's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards, 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)**

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

During the course of the audit we became aware of the following instance where the Council did not comply with the Local Government (Financial Management) Regulations 1996 (as amended).

CHANGES TO PROPOSED DIFFERENTIAL RATES

The Town did not comply with Local Government (Financial Management) Regulation 56 (4)(b) as the reasons for the difference in the differential general rate proposed in the local public notice and appearing on the rate notice did not accompany, or be included on, the rate notice.

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 Town.
- b) Except for above, no other 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) In relation to the Supplementary Ratio Information presented at page 83 of this report (which is not subject to this Independent Audit Report) we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

Date: 16 December 2013
Perth, WA

UHY HAINES NORTON
CHARTERED ACCOUNTANTS


GREG GODWIN
PARTNER

**TOWN OF COTTESLOE
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2013**

RATIO INFORMATION

The following information relates to those ratios which only require attestation. They have been checked and are supported by verifiable information. This page does not form part of the audited financial report.

	2013	2012	2011
Asset Consumption Ratio	0.32	N/A	N/A
Asset Renewal Funding Ratio	1.05	N/A	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$
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Asset Renewal Funding Ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
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N/A -In keeping with amendments to Local Government (Financial Management) Regulation 50, comparatives for the two preceeding years (being 2012 and 2011) have not been reported as financial information is not available.