

TOWN OF COTTESLOE



2007 / 2008

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

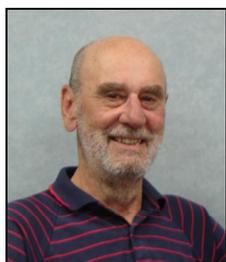
The exchange of good practice, support and mutual learning and partnerships with government and other stakeholders to progress the Town.

<u>Contents</u>	<u>Page</u>
OUR ELECTED MEMBERS	2
MAYOR'S REPORT	3
CEO'S REPORT	5
Engineering Services Report.....	6
Corporate Services Report.....	7
Development Services Report.....	9
Sustainability Report.....	11
Environmental Health Report	13
Building Services Report.....	15
STATUTORY REPORTS.....	16
National Competition Policy.....	16
Disability Services Plan.....	16
Payments Made to Employees	17
Register of Complaints	17
Records Management.....	17
Plan for the Future.....	18
Annual Financial Statements.....	21
Independent Audit Report	73

OUR ELECTED MEMBERS - JUNE 2008



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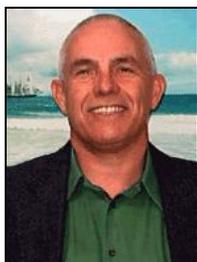
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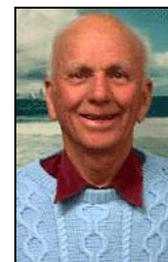
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MAYOR'S REPORT

I am pleased to present the Annual Report for the Town of Cottesloe for 2007/2008. I highlight the following issues of interest from the work of your Council.

Local Planning Scheme No.3

After fast-tracking the preparation of the new local planning scheme so that approval to advertise could be obtained from the Minister for Planning and Infrastructure, it took an extraordinary amount of time for the State Government to actually agree the final content of the advertised scheme.

In granting approval, the Minister decreed that the advertised scheme include some changes despite opposition from the Council. These changes included areas of increased density and the removal of predetermined height limits for special development zones - including the Council's depot site.

Council was also informed that the scheme had to be advertised with the potential for developments of up to five storeys on the beachfront and immediately behind. After protracted negotiations with the Minister on this and other issues, the potential for five storeys has now been confined to the two beachfront hotel sites.

At the present time we are challenging the State's preference for up to five storeys on the hotel sites through an Enquiry by Design process which will also be looking at a concept plan for the foreshore public domain, the realignment and design of Curtin Avenue and the railway and the use of vacant railway land immediately west of the town centre.

It is hoped that Local Planning Scheme No. 3 will be bedded down early in 2009.

Housing Density

In July 2007 the Town of Cottesloe examined the potential for higher density development of vacant railway land to the west of the town centre, as compared to the State Government's then preference that our new local planning scheme increase residential densities throughout the town in general.

The report confirmed the Council's view that arbitrary increases in residential densities of existing housing stock around railway stations and along Stirling Highway simply would not work. It helped convince the State Government that arbitrary increases in

densities did not make good planning sense under Local Planning Scheme No. 3.

The findings have been reinforced by a recent regional housing density study undertaken by eight local governments with a Western Suburbs presence. The report found that redevelopment opportunities are severely limited given the quality and value of existing housing stock and land.

The report also highlighted an ongoing concern that lack of housing choice may mean that residents cannot downsize without having to leave the district. Housing choice rather than population increase is now the critical planning issue for Cottesloe and other well-established local governments.

Asset Management

With the adoption of several five-year programs for the sustainable upkeep of the Town's assets, the implementation of year three of these programs has been completed. Works included;

- Integration of underground water reticulation systems
- Resurfacing of several roads including significant lengths of Curtin Avenue and Marine Parade
- New car parking facilities adjacent to Daisy's Café and the Seaview Kindergarten
- Provision of new stainless steel bins to the Cottesloe foreshore.
- Upgrades to three playgrounds.

The works also included year two of a four year program to install 280 new drainage soak pits, replace seven open drainage sumps with underground tanks, close off all ocean outfall drainage pipes and undertake public education to protect the underground aquifer. During 2007/08, 100 side entry soak pits were installed, 2 ocean outfall drainage pipes were closed off and another 2 of the 5 remaining large open drainage sumps were converted to underground detention systems or filled in.

Community Consultation

The Council genuinely recognises that community consultation is an essential ingredient to sound decision making. In addition to consulting with the community on specific town planning development applications,

MAYOR'S REPORT

the Council also undertook community consultation on a range of matters including:

- Restaurant & alfresco liquor policy
- Meter eye parking technology
- Proposed Lesser Hall redevelopment
- TPS Amendment No. 44: Brixton Street
- Time limits for beachfront car parking
- Sale of 25 Margaret Street
- Proposed loan for new library
- Amendments to parking local laws
- Car parking in Forrest & Railway Streets
- Traffic Management Study
- Local Planning Scheme No. 3

Sustainability

As part of its commitment to the social, environmental and economic sustainability of our community, the Council continued to explore and adopt initiatives to enhance community wellbeing, reduce our ecological footprint and to establish long-term financial and asset management planning.

Some of our more significant sustainability achievements during 2007/2008 included:

- Our **'Think Water'** community education campaign, as part of the Cottesloe Groundwater Restoration project.
- Our **Climate Change Vulnerability Report** which highlighted the potential impacts of Climate Change on the Cottesloe foreshore.
- Incorporation of important Environmentally Sustainable Design initiatives into building plans for the proposed new joint library.
- Community Safety and Crime Prevention initiatives, including the formation of a Liquor Licensing Working Group to develop strategies to reduce beachfront hotel patron numbers to a sustainable level.
- Appointment of a Community Development Officer to help us to devise and implement community development initiatives.

- Community-based celebrations of the Town's centenary of municipal government, including publication of *Cottesloe - A Town of Distinction* narrating the Town's history.

Year Ahead

The construction of the new joint library remains high on the agenda, as does the completion of the current building works to upgrade the Civic Centre.

We are close to finalising Local Planning Scheme No.3 as well as the joint Enquiry by Design with the State Government which will additionally address the preparation of a blueprint for future upgrades to the central foreshore public open space, a design solution for Curtin Avenue and the railway and east-west traffic and pedestrian links.

The results of the Enquiry by Design will then be the subject of a community consultation process, as will the various draft planning policies that are currently being prepared to support Local Planning Scheme 3.

Work will also continue on addressing town centre parking requirements, including the formulation of parameters for the future use of the Council-owned public car park and sump sites on Station Street.

Your Council has also committed itself to working with the Western Suburbs Regional Organisation of Councils to seek out functional efficiencies through increased regional cooperation and resource sharing.

Special Thanks

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

Kevin Morgan
Mayor

CEO'S REPORT

The six elements of best practice continue to be implemented throughout the organisation.

Strategy

The Strategic Planning Committee met on four occasions during 2007/2008. Significant strategic actions that were acted upon included:

- Community consultation on loan fund arrangements for the new library.
- Community consultation on the introduction of Meter Eye parking technology.
- Formation of the Liquor Licensing Working Group to prepare a strategy for reducing beachfront hotel patron numbers.
- Completion of a DPI/MRWA report on engineering options for Curtin Avenue.
- Completion of a parking study for the Town Centre.
- Advertising of Local Planning Scheme No. 3

The direct linkage of strategic actions with key performance indicators for senior staff is now monitored through bi-monthly meetings of the committee and ensures that day-to-day issues do not dominate to the exclusion of all else.

Organisational Structure

The organisational structure of the Town of Cottesloe is relatively static and reflects the stability of an established residential suburb. However increasing demands for the implementation of community development initiatives has necessitated the appointment of a Community Development Officer.

The Town shares a CoastCare Officer, a TravelSmart Officer and a Heritage Advisor with various local governments and with financial assistance from the Commonwealth and State governments.

Technology & Process Improvement

Major improvements have been made to financial management and records systems with the successful take-up of new enterprise software (Authority). The new software integrates with the Town's records management system (TRIM) and geographic information system (MapInfo).

The trial of Meter Eye parking meter technology has been completed and has been rolled out on the beachfront for this summer.

Contractors have been engaged where the specialist nature of certain jobs results in higher quality works or services for the same dollar outlay.

The Town's website is being renewed to improve the presentation of information and overall accountability and service levels. Rates, fines and invoices can now be paid on-line.

Video surveillance cameras are being trialled on the beachfront.

Measurement & Control Systems

The Town of Cottesloe is in good financial shape notwithstanding the use of loan funds for the Civic Centre and new library developments.

There is a keen appreciation of the need to properly manage the asset base of the Town and as a consequence the Town has committed to Western Australian Asset Management Improvement Program.

External Relations and Linkages

The Western Suburbs Regional Organisation of Councils remains our most important external linkage in terms of political advocacy and resource sharing. A number of significant WESROC reports and submissions with regional and local implications for Cottesloe were completed during the year.

Human Resources Management

The economic climate and general lack of depth in local government staff resources has continued to make it difficult to attract and retain skilled and experienced staff.

The upgrade of office accommodation currently underway will assist greatly and Council's commitment in this regard is deeply appreciated.

Stephen Tindale
CEO

ENGINEERING SERVICES REPORT

National Water Initiative Project

This four year \$2.58 million project is well advanced with another 100 side entry soak pits installed, two ocean outfall drains closed and two open drainage sumps on Railway Street and Forrest Street converted to underground detention systems and landscaped.

The first of three water education packages were developed and delivered to every Cottesloe property. This initiative has been taken up by other Western Suburbs local governments and the Department of Water for wider use.

Margaret Street Sump

The Margaret Street sump was filled in and sold following the re-equipping of surrounding residential streets with new soak-pit drainage systems

Sale proceeds have been directed towards the refurbishment of the Cottesloe Civic Centre and War Memorial Town Hall.

Reticulation/Bores

A new pipeline was constructed along Broome Street to connect the Pearse Street bore with the Napier Street bore pipeline.

This has enhanced the Town's capacity to better manage water resources and reticulated areas in times of maintenance shut downs.

Andrews Park was equipped with an automatic pop up reticulation system.

Roadworks

Two major projects for resurfacing were completed, using a two-thirds subsidy from Main Roads WA on Marine Parade from Curtin Avenue to Salvado Street and Curtin Avenue from Victoria Street to Eric Street.

Under Council's five year road resurfacing program, seven streets (Albion Street, Birkbeck Avenue, Torrens Street, Torrens Court, Brighton Street, Eileen Street, Perth Street and part of Marmion Street) were resurfaced with asphalt and upgraded with new drainage pits and replacement kerbing.

Playgrounds

Three playgrounds received new replacement equipment including the Marine Parade/Napier Street playground which was doubled in size.

Blackspots

A total of six accident-prone intersections were made safer under the Blackspot program. They were the left hand turn lanes on Curtin Avenue at Salvado Street and Victoria Street and the island treatments at the intersections of Curtin Avenue & Warton Street, Curtin Avenue & Hawkstone Street, Marmion Street & Hawkstone Street and Marine Parade & Forrest Street.

These works all received a two-thirds funding subsidy from the State Government's Blackspot program.

Footpaths

Eleven sections of concrete slab footpaths were replaced with in-situ concrete during 2007/08. The works included pedestrian access ramps designed for disability access at all path intersections with street kerbing.

Community Improvement Works

- 1) The unsealed parking area in Grant Street opposite Daisy's Café has been asphalt sealed and kerbed to improve safety, accessibility and aesthetics.
- 2) The western leg of the four way intersection of Broome Street and Jarrad Street has been upgraded as well as parking at the Sea View Kindergarten. A new roundabout at the intersection will be completed in 2008/09.
- 3) Over \$100,000 was spent on the purchase and installation of 33 double sets of stainless steel rubbish/recycling bins at the Cottesloe Beach foreshore and adjacent section of Marine Parade.

Geoff Trigg
Manager Engineering Services

CORPORATE SERVICES REPORT

Finance and Administration Services

The income statement shows a net result for 2007/08 of \$2,266,947 against an estimated surplus for the year of \$1,587,691.

The favourable variance arises from higher than expected operating revenue in most programs, particularly *Transport* and lower than expected expenditure in nearly all areas and especially *Community Amenities*.

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

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

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

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

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

Council Software

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

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

Ranger Services

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

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

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

Parking Infringement Statistics

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

Dog Control Statistics

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

Beach Patrols

Surf Life Saving Western Australia continues to provide contract lifeguard services at Cottesloe Beach.

During patrol hours between 2 October 2007 and 30 April 2008, over 223,000 people attended Cottesloe Beach. This represented a decrease of 11.2% on the previous year and was mainly due to unfavourable conditions and lower than average temperatures.

CORPORATE SERVICES REPORT

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

Cottesloe Civic Centre

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

Library Services

For the year 2007-2008 the Cottesloe-Peppermint Grove-Mosman Park Library recorded 119,191 physical visitors and some 41,366 virtual visitors via the library website demonstrating that the library continues to provide a friendly service representing good value for money and meeting its vision; to be a vibrant, active service that contributes to an educated, informed, recreated and connected community.

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

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

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

The Local History Collection is steadily growing with the assistance of some dedicated volunteers. There are 350 images in the photographic collection and the oral

history programme added a further 15 interviews bringing the number of recorded oral histories to 92. Subject areas covered include sporting and recreational activities, the beaches, surf life saving, business and retail trade, cinemas and social life, daily living, the river and its importance to the community, flora of the area, prominent local identities, architectural observations and council affairs. Work is continuing to make these resources readily accessible.

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

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

Graham Patrick
Manager Corporate Services

DEVELOPMENT SERVICES REPORT

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 designers in meeting development requirements whilst respecting the character of streetscapes and contributing to residential amenity.

During the year 244 development applications were processed by the Town, of which 178 were handled by staff under delegated authority. The remaining 37 were referred to the Development Services Committee and Council as they were major proposals or involved a significant exercise of discretion.

Of those referred to Council, most were approved, while a few were deferred for revision and further consideration or refused. The total number of development applications processed by the Town was only slightly less than the previous year. However the number that went to Council was significantly reduced by staff facilitating proposals to a stage where they could be determined by staff acting under delegated power from Council rather than being referred through to Council.

The town centre and beachfront attracted a number of relatively minor proposals for improvements to particular properties while some more significant proposals are being formulated for both of these localities.

A total of 23 subdivision / survey strata proposals were processed during the year, mainly under delegation and most of which were supported with conditions for referral to and determination by the Western Australian Planning Commission (WAPC).

State Administrative Tribunal

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

Council decisions on three development applications were referred by the applicants to the State

Administrative Tribunal (SAT) for review. One was dismissed, one withdrawn and the other was allowed.

Design Advisory Panel

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

Heritage Advice

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

Liquor Licensing

The review of the State liquor licensing laws was completed in May 2007 with the revamped *Liquor Control Act* and the new Small Bar Licence and Extended Trading Permit allowing restaurants to serve Liquor without a Meal. Council has been generally supportive of the reforms and adopted a policy to assist in its consideration of liquor licensing applications.

Proposed Local Planning Scheme No. 3

Council advanced the review of its town planning scheme during 2005/2006 and the draft scheme was submitted in February 2006 to the WAPC for assessment and reporting to the Minister for Planning and Infrastructure for consent to advertise. Following an extended process of discussions between Council, the WAPC and Minister agreement was reached on the content of the draft scheme.

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

DEVELOPMENT SERVICES REPORT

In addition, agreement was reached for an Enquiry-by-Design (EbD) process to address the beachfront height issue for the Cottesloe Beach Hotel and Ocean Beach Hotel sites, as well as planning for the railway lands/Town Centre area including east-west connectivity and future Curtin Avenue. The EbD is scheduled for late October-early November, It is intended that the outcomes be advertising for further consideration before determination of the Scheme provisions for the subject sites/areas.

Preparation of a number of draft planning policies to complement the Scheme has also been progressed, including the review of existing minor policies.

Council is due to resubmit the proposed Scheme in early 2009 towards resolution of any remaining matters and final approval in that year.

Foreshore Vision

In November 2005 Council was presented with a privately-produced plan of a Vision for the possible future enhancement of the Cottesloe foreshore, and Council publicised the Vision to gain initial community feedback.

The Vision and community feedback has provided Council with a valuable resource which will assist with the further consideration of improvements to the beachfront in the medium to long term. Council has made a commitment to pursue a vision generally in connection with the Scheme Review and any such implementation would involve considerable detailed planning, a range of statutory processes and additional community consultation. This is to be taken into consideration as part of the Enquiry-by-Design process to complete the Scheme Review.

Station Street Concepts

An examination of the development potential of the Council-owned public car park and sump sites on Station Street has been advanced by a working group including Procott representation and urban design consultants, with a view to formulating development parameters for the sites in the context of the street and town centre.

Further consideration by Council is intended determine the future of these sites.

Housing Density Study

A key initiative has been participation in and project management of a study of land use patterns and residential densities in the western suburbs as part of the Western Suburbs Regional Organisation of Councils (WESROC), as a basis for ongoing planning and dialogue with the Department for Planning & Infrastructure regarding urban growth and development.

Regional Planning and Other Initiatives

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

The Town has also continued working with State Government agencies towards a solution for the future of Curtin Avenue, following on from the earlier Town Centre Study and in connection with the Scheme Review and associated Enquiry by Design.

The aim is to settle a preferred alignment and preliminary design solution for this route which takes into account the opportunities for land use, transit-oriented development, east-west links, open space/landscaping and overall amenity in managing through traffic and local movement.

Andrew Jackson

Manager Development Services

SUSTAINABILITY OFFICER'S REPORT

Sustainable Development

Sustainability is a permanent feature of the Town of Cottesloe's operations.

Social, environmental and economic sustainability forms the basis of a long term commitment to our community's future by informing strategic planning activities and providing significant opportunities to reduce our ecological footprint thus conserving resources for future generations.

This year, the following sustainability outcomes have been achieved:

- A **Climate Change Vulnerability Report** was produced outlining the potential impacts of Climate Change on the Cottesloe foreshore. The report highlighted risks to major infrastructure under future climate change scenarios and provided Council with options to mitigate and adapt to these risks.
- As part of the Cottesloe Groundwater Restoration project, the **'Think Water'** community education campaign was launched. This campaign included an information pack to all residents highlighting the importance of groundwater resources on the Cottesloe Peninsula and tips to reduce water use and water pollution.
- **Household Eco-Audits** were conducted. Information was provided to residents on reducing greenhouse gas emissions, energy use and water use in the home through a range of actions tailored to each individual household.
- **Native Trees** - Council staff planted 1637 native trees and shrubs. These were primarily at the following sites: Flourmill Park garden extension, sump conversions at Brixton St and Forrest St, the Vlamingh Memorial and roundabout and corners at the Broome and Napier Streets intersection.
- Residents purchased 1731 native plants through Council's subsidy scheme.
- Sustainable gardening and food gardening workshops were held at the Civic Centre. These are run by the **Great Gardens** team and is aimed at encouraging waterwise and fertiliserwise gardening practices.

- Milestones 2 and 3 of the **ICLEI Water Campaign** were achieved. These were:

Milestone 2 ó Establishing a water consumption reduction goal and a water quality improvement goal.

Milestone 3 ó Developing and adopting a Local Action Plan.

- The Town of Cottesloe won two awards under the inaugural **Clean Beach Challenge** administered by Keep Australia Beautiful Council (KABC). These were: *Community Action*, and *Protection of the Environment*.
- The free to the public **Cottesloe Cat Shuttle** service operated from December 2007 to March 2008. This provides visitors with an incentive to leave their car at home and catch the shuttle from Cottesloe Train Station to Cottesloe Beach. A new funding contract was approved in 2008 for the Public Transport Authority to co-fund the shuttle service until 2011.
- The 2008 **Community Waste Calendar** was produced in conjunction with Earthcarers. This year, the calendar's scope was extended to incorporate sustainability highlighting the importance of additional environmental issues e.g. energy, water, biodiversity and waste. Artwork is provided by local primary school students.
- **Renewable Energy** continues to power the Cottesloe Civic Centre.

Jade Hankin
Sustainability Officer

PRINCIPAL ENVIRONMENTAL HEALTH OFFICER'S REPORT

Food Monitoring

The Town's Principal Environmental Health Officer ensures that food sold in the community is safe. High risk foods produced or offered for sale in Cottesloe are tested for microbiological safety and checked for compliance with standards. The food monitoring program consists of checks of food storage and transport, food temperature control, food preparation, labelling and chemical and microbiological standards. There is a high level of compliance.

Food Premises

By working closely with food premises proprietors and their staff, the Town has significantly improved the standard of all food premises in Cottesloe. Food hygiene education and training is provided free of charge to all staff employed in the food industry in the district.

Regular inspections of all food premises continue to be conducted on a risk assessment basis and there has been a noticeable increase in participation in the assessment process by the business proprietors.

Public Buildings

Large public buildings include hotels and licensed restaurants and can include outdoor events and concerts. Smaller venues are sporting clubs, churches and public halls. Regular checks of public buildings are undertaken to ensure they are safe for the public. Inspections are made of access and egress, fire safety equipment, lighting and ventilation and patron numbers. A very high standard of compliance is maintained by all premises.

Liquor Licensing

The Town plays an active role in liquor licensing matters. With its increasing popularity as a destination for young people and tourists coming to Cottesloe to enjoy the beach and entertainment venues, alcohol consumption adversely impacts on the community. Regular meetings are held with the two major beachfront hotels, the community and other stakeholders to resolve concerns. Council also assesses liquor license applications for new premises and extended trading hours requests.

Noise Control

The Principal Environmental Health Officer responds to and monitors noise complaints.

Noisy air conditioners continue to be a source of disturbance to neighbours. Larger homes and smaller blocks make it increasingly difficult to physically locate air conditioners in those positions where they do not impact on neighbours.

Home owners are urged to ensure that the installers of air conditioning systems guarantee compliance with the *Environmental Protection (Noise) Regulations* prior to engaging them.

Loud stereos and refrigeration equipment located on commercial premises are also significant noise sources. Noisy parties are handled by the Police unless they are an on-going event. Discussion with property owners and installers of equipment has achieved a satisfactory resolution to noise problems.

Public Swimming Pools

A very high standard of water quality is maintained in the Town's public (i.e. non-domestic) swimming pools. The hot summer months create ideal conditions for the growth of harmful bacteria and amoeba and pools are checked for safety requirements and water quality. In addition to the water testing and safety checks undertaken by the Environmental Health Officer daily monitoring of water quality is undertaken by the premises themselves.

Infectious Disease

Cases of notifiable and infectious disease are investigated to prevent the outbreak and spread of disease. The purpose of these investigations is to establish links that may assist in determining the source of infection as quickly as possible, thus preventing further spread of disease in the wider community.

ENVIRONMENTAL HEALTH OFFICER'S REPORT

Waste Disposal

The Town is a member of the Western Metropolitan Regional Council which manages the disposal of waste at the Brockway Road Transfer Station in Claremont.

A trial of the Anaeco Dicom bio-digestion plant is on schedule to commence in October 2008 at Brockway Road Transfer Station. The long awaited trial which was delayed due to funding and construction issues, will convert up to 80% of the town's general waste into compost and will generate energy to power its operation. Currently only 40% of waste is diverted from landfill.

Waste Education

The Volunteer Earth Carer Program has expanded its role to encompass a number of environmental initiatives and continues to provide education to the community of Cottesloe. The volunteers are a valued and important link with the residents providing outreach to assist with waste and other education.

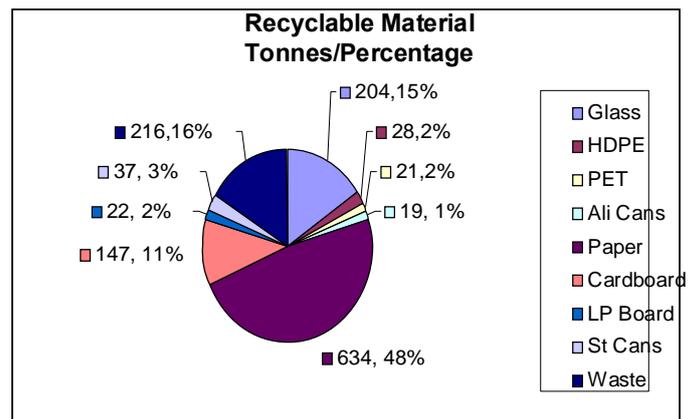
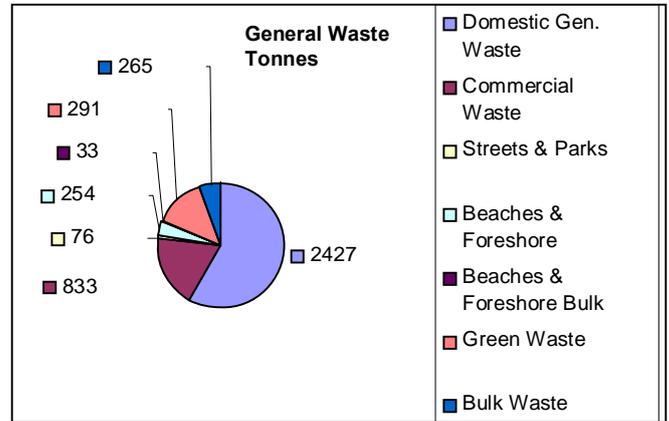
Waste Collection

The residential collection service consists of a weekly 120 litre general waste bin and a fortnightly 240 litre recycling bin collection. There are four green waste collections provided annually, two of which are bulk waste services. The special green waste bags continue to be very popular with residents for the recycling of small prunings and leaves. This initiative significantly reduces the amount of green waste being sent to landfill and reduces greenhouse gas emissions.

In addition the Town separates eWaste, plastics and metals from the bulk waste and provides a drop off facility at the Town's depot. Cottesloe residents have one of the highest recycling rates in the Perth metropolitan area.

The service to commercial properties consists of general waste and recycling services weekly or as required.

Tonnages of waste collected and recycled materials are shown on the graphs below.



Ruth Levett
Principal Environmental Health Officer

BUILDING SERVICES REPORT

The primary role of the Building Services staff is to assess building licence applications for compliance with the Building Code of Australia (BCA) and relevant Australian Standards. Upon issue of the Building License, the projects are monitored to ensure compliance with the approved plans.

The Building staff also provides customer advice on all building-related matters plus manage Demolition Licences, Sign Licences, Verge Licences, the Private Swimming Pool Inspection Program and overall compliance with these approvals.

Building & Demolition Licences

The 2007/2008 year saw a decline in the number of new homes approved, down by 34% on the last financial year. Approval numbers for each of the construction sectors was down, with the only increase being the number of new Swimming Pools approved. There was a significant drop in the value of construction work from \$64 million to \$41 million, which is taken as a reflection of the decline of the building boom.

Signage

The Town's *Signs, Hoardings and Billposting By-Law No. 33* is important to managing the standard of signage within the Town of Cottesloe. The local law review is due for completion later this year.

Private Swimming Pools

The Town has a statutory obligation to inspect private swimming pools at least once every four years to ensure compliance with the Australian Standard for Swimming Pool Safety (AS1926). The programme was completed last year however it is essential that owners maintain complying safety barriers at all times.

Construction Hours

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

From 1 November 2008 to 30 April 2009 work will be allowed to commence at 6.00am Monday to Friday, in accordance with an approved *Noise Management Plan* pursuant to Regulation 13 of the Environmental Protection (Noise) Regulations 1997. The start time on Saturdays will remain at 7.00am.

Use of Verges & Medians

In the coming year, the use of street verges will continue to be monitored to ensure that damage is minimised and amenity is maintained. Council is also considering a policy measure to prohibit the use of median strips for building activity.

Compliance

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

New Projects

The Civic Centre renovation and conservation works are well underway with office works due for completion in February 2009 and War Memorial Town Hall renovation works due for completion in April 2009.

The proposed new library, a combined project with Mosman Park and Peppermint Grove, is expected to be under construction early in the New Year.

Sam Neale

Principal Building Surveyor

STATUTORY REPORTS

NATIONAL COMPETITION POLICY

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

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

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

Competitive Neutrality

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

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

Structural Reform of Public Monopolies

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

Legislative Review

The following local laws have been reviewed for competitive neutrality:

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

DISABILITY ACCESS & INCLUSION PLAN

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

Council adopted a revised plan at its August 2001 meeting and a copy of the plan is available at the Council's Offices.

Council's Disability Services Advisory Committee assists with the review and implementation of the plan.

Highlights during the past year include:

- The donation of a beach wheelchair and 25 metres of beach matting from Surf Live Saving WA. The equipment was made available for use at North Cottesloe Surf Life saving Club during the summer.
- Ongoing works to public buildings following a specialist audit identifying required changes to make these buildings comply with current disability access legislation.
- A public forum which enabled community members, with a focus on sporting and other clubs, to provide feedback on their particular requirements.
- A grant of \$25,000 received under the 'You're Welcome' initiative from Disability Services Commission. The grant was used to hire a casual staff member who collated relevant information on disabled services within the Town of Cottesloe. This information has been forwarded to the Disability Services Commission and will be available on their website from October 2008. A link to this site will be included from the Town's web page to assist visitors to Cottesloe.

STATUTORY REPORTS

PAYMENTS MADE TO EMPLOYEES

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

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

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

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

REGISTER OF COMPLAINTS

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

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

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

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

RECORDS MANAGEMENT

The Town of Cottesloe is required under the *State Records Act 2000* to provide an annual report on its record keeping 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.

The Town's *Record Keeping Plan* was approved by the State Records Commission in October 2006 and is to be reviewed by October 2009.

In 2006 the Town took a major step with the implementation of TRIM Context ó an electronic records management system.

An obligation under the Town's *Record Keeping Plan*, to prepare and adopt a new policy and procedures manual once the new electronic records management system was in place was fulfilled in August 2007.

Record-keeping Training Program

A compulsory induction programme is in place for all staff who create, collect and use records during their time at the Town of Cottesloe. The programme addresses;

- why staff need to keep records,
- staff record keeping responsibilities,
- how to create full and accurate records, and
- how to keep the Record Keeping System.

At the conclusion of a three month probationary period, a meeting is held with each new employee to ensure record keeping procedures are understood and being followed.

PLAN FOR THE FUTURE

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

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

Broad Objectives

The broad objectives expressed in the plan relate to

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

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

Strategic Profile

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

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

However, the presence of the many visitors causes disruption to the lifestyle of residents – in particular anti-social behaviour associated with liquor consumption, late trading hours, traffic congestion, pollution and car parking are problems.

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

Strategic Initiatives for 2008/09

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

OBJECTIVE 2 – TO ACHIEVE CONNECTIVITY BETWEEN EAST AND WEST COTTESLOE

Strategic Profile

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

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

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

At the same time, properly planned redevelopment will result in greater connectivity between east and west Cottesloe. In particular the dual barriers of road and

PLAN FOR THE FUTURE

rail cut off the beach and foreshore from the town centre, which fragments the two main activity hubs of the district. These hubs could be complimentary in their contribution to a greater sense of community and increased opportunities for the local economy since they each have a well-defined and different focus.

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

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

Strategic Initiative for 2008/09

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

OBJECTIVE 3 – TO ENHANCE BEACH ACCESS AND THE FORESHORE

Strategic Profile

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

The natural and built environment amenity of the beachfront precinct is a delicately balanced combination of coastal care and sensitive development and access to the beach must be carefully managed in order to avoid environmental degradation. The beaches have a picturesque, unique character and are spacious and clean.

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

People moving into Cottesloe who have paid higher land prices and long standing residents who are exposed to quality presentation when they travel interstate and overseas have expectations that public infrastructure

will be provided not only with a high level of amenity but also with some sense of style.

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

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

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

Strategic Initiatives for 2008/09

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

OBJECTIVE 4 – TO MANAGE DEVELOPMENT PRESSURES

Strategic Profile

Fundamentally the pressures for development in Cottesloe are associated with the attractions of the area that mean it is a highly sought after location in which to live and invest. There are responsibilities for us inherent in the social changes that are taking place all across Western Australia – rapid increases in population, demographic changes in society with resultant demand for different housing choices and impositions by the State Government.

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

Over the last few decades Cottesloe has consolidated as a residential district and was thought to be virtually fully developed as a suburb where successive generations have grown up. However, now and into the

PLAN FOR THE FUTURE

future the number of new dwellings is expected to exceed the number of new lots. This means there is a marked trend for strata title development. There are conflicts within the community and also within individuals themselves where infill development generally is not supported but many people wish to retain the ability to subdivide their own properties.

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

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

Strategic Initiatives for 2008/09

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

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

Strategic Profile

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

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

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

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

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

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

Strategic Initiatives for 2008/09

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

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

Strategic Profile

Council recognizes the invaluable contribution that many residents play in the community life of Cottesloe

PLAN FOR THE FUTURE

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

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

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

Elected members and staff will listen to the community views, understand, discuss and explore possibilities in an environment of greater collaboration. There is an appreciation that perception is the reality for many people and it is important to provide information so that the community can make informed input.

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

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

Strategic Initiative for 2008/09

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

ANNUAL FINANCIAL STATEMENTS

STATEMENT BY CHIEF EXECUTIVE OFFICER

**TOWN OF COTTESLOE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

**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 2008 are in my opinion properly drawn up to present fairly the financial position of the Town of Cottesloe at 30th June 2008 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 regulations under that Act.

Signed on the **14th** day of October 2008.



Stephen Tindale
Chief Executive Officer

ANNUAL FINANCIAL STATEMENTS

INCOME STATEMENT BY NATURE OR TYPE

TOWN OF COTTESLOE

INCOME STATEMENT

BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2008 Budget \$	2007 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	24	5,637,334	5,697,138	5,385,404
Grants and Subsidies	30	312,044	212,139	255,353
Contributions Reimbursements and Donations		303,570	123,450	180,752
Fees and Charges	29	1,369,619	1,425,640	1,225,816
Interest Earnings	2(a)	226,515	151,600	191,035
Other Revenue		125,736	110,739	79,114
		<u>7,974,818</u>	<u>7,720,706</u>	<u>7,317,474</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(3,166,165)	(2,710,978)	(2,500,586)
Materials and Contracts		(3,136,820)	(3,852,302)	(2,813,644)
Utilities		(137,076)	(60,000)	(60,967)
Depreciation	2(a)	(1,371,223)	(1,200,394)	(1,224,778)
Interest Expenses	2(a)	(16,710)	(17,329)	(21,099)
Insurance		(110,979)	(100,000)	(105,578)
Other Expenditure		(229,101)	(312,127)	(357,444)
		<u>(8,168,074)</u>	<u>(8,253,130)</u>	<u>(7,084,096)</u>
		(193,256)	(532,424)	233,378
Grants and Subsidies - non-operating	30	719,261	680,115	1,137,977
Contributions Reimbursements and Donations - non-operating		0	0	0
Fair value adjustments to financial assets at fair value through profit or loss		0	0	0
Profit on Asset Disposals	22	1,763,995	1,440,000	1,543,993
Loss on Asset Disposals	22	(23,053)	0	(43,901)
NET RESULT		<u>2,266,947</u>	<u>1,587,691</u>	<u>2,871,447</u>

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

ANNUAL FINANCIAL STATEMENTS

INCOME STATEMENT BY PROGRAM

TOWN OF COTTESLOE

INCOME STATEMENT

BY PROGRAM

FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2008 Budget \$	2007 \$
REVENUES FROM ORDINARY ACTIVITIES				
Governance		133,898	45,250	41,933
General Purpose Funding		6,118,137	6,116,177	5,829,700
Law, Order, Public Safety		16,491	9,700	35,303
Health		46,621	34,800	37,569
Education and Welfare		35,441	23,400	56,960
Community Amenities		565,979	362,853	378,835
Recreation and Culture		485,260	387,311	603,940
Transport		2,848,501	2,695,255	2,799,933
Economic Services		198,030	164,075	201,331
Other Property and Services		9,716	2,000	13,940
	2 (a)	<u>10,458,074</u>	<u>9,840,821</u>	<u>9,999,444</u>
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE				
Governance		(894,301)	(783,342)	(678,419)
General Purpose Funding		(206,489)	(217,502)	(147,186)
Law, Order, Public Safety		(151,355)	(212,541)	(159,417)
Health		(133,673)	(168,751)	(142,089)
Education and Welfare		(79,629)	(143,497)	(121,810)
Community Amenities		(1,822,902)	(2,084,069)	(1,699,884)
Recreation & Culture		(2,282,759)	(1,901,246)	(1,595,657)
Transport		(2,197,565)	(2,422,938)	(2,242,671)
Economic Services		(271,019)	(281,809)	(311,988)
Other Property and Services		(134,725)	(20,109)	(7,777)
	2 (a)	<u>(8,174,417)</u>	<u>(8,235,804)</u>	<u>(7,106,898)</u>
BORROWING COSTS EXPENSE				
Governance		(126)	0	(120)
Recreation & Culture		(8,870)	(9,562)	(10,134)
Transport		(7,714)	(7,764)	(10,845)
	2 (a)	<u>(16,710)</u>	<u>(17,326)</u>	<u>(21,099)</u>
NET RESULT		<u>2,266,947</u>	<u>1,587,691</u>	<u>2,871,447</u>

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

ANNUAL FINANCIAL STATEMENTS

BALANCE SHEET

TOWN OF COTTESLOE

BALANCE SHEET

AS AT 30TH JUNE 2008

	NOTE	2008 \$	2007 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,836,181	1,777,109
Trade and Other Receivables	5	425,898	873,686
Inventories	6	60,638	0
TOTAL CURRENT ASSETS		<u>3,322,717</u>	<u>2,650,795</u>
NON-CURRENT ASSETS			
Trade & Other Receivables	5	326,580	309,554
Investment Accounted for using the Equity Method	7	999,681	958,289
Property, Plant and Equipment	8	3,516,023	2,781,365
Infrastructure	9	13,924,326	12,739,304
TOTAL NON-CURRENT ASSETS		<u>18,766,610</u>	<u>16,788,512</u>
TOTAL ASSETS		<u>22,089,327</u>	<u>19,439,307</u>
CURRENT LIABILITIES			
Trade and Other Payables	10	721,701	346,430
Long Term Borrowings	11	69,854	65,536
Provisions	12	405,131	296,934
TOTAL CURRENT LIABILITIES		<u>1,196,686</u>	<u>708,900</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	11	150,530	220,384
Provisions	12	225	35,084
TOTAL NON-CURRENT LIABILITIES		<u>150,755</u>	<u>255,468</u>
TOTAL LIABILITIES		<u>1,347,441</u>	<u>964,368</u>
NET ASSETS		<u>20,741,886</u>	<u>18,474,939</u>
EQUITY			
Retained Surplus		18,088,363	17,103,262
Reserves - Cash Backed	13	2,496,954	1,215,108
Reserves - Asset Revaluation	14	156,569	156,569
TOTAL EQUITY		<u>20,741,886</u>	<u>18,474,939</u>

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

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

TOWN OF COTTESLOE

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2007 \$
RETAINED SURPLUS			
Balance as at 1 July 2007		17,103,262	14,762,651
Net Result		2,266,947	2,871,447
Transfer from/(to) Reserves		(1,281,846)	(530,836)
Balance as at 30 June 2008		<u>18,088,363</u>	<u>17,103,262</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2007		1,215,108	684,272
Amount Transferred (to)/from Retained Surplus		1,281,846	530,836
Balance as at 30 June 2008	13	<u>2,496,954</u>	<u>1,215,108</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2007		156,569	156,569
Revaluation Increment		0	0
Revaluation Decrement		0	0
Balance as at 30 June 2008	14	<u>156,569</u>	<u>156,569</u>
TOTAL EQUITY		<u>20,741,886</u>	<u>18,474,939</u>

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

ANNUAL FINANCIAL STATEMENTS

CASH FLOW STATEMENT

TOWN OF COTTESLOE
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2008 Budget \$	2007 \$
Cash Flows From Operating Activities				
Receipts				
Rates		5,853,516	5,720,000	5,275,090
Grants and Subsidies - operating		651,091	212,139	255,353
Contributions, Reimbursements & Donations		266,972	185,000	177,575
Fees and Charges		1,413,206	1,493,439	1,161,122
Interest Earnings		228,921	150,000	191,035
Goods and Services Tax		637,161	537,200	621,818
Other		23,032	110,000	74,583
		<u>9,073,899</u>	<u>8,407,778</u>	<u>7,756,576</u>
Payments				
Employee Costs		(2,995,934)	(2,710,978)	(2,493,421)
Materials and Contracts		(3,161,893)	(3,873,189)	(3,179,843)
Utilities (gas, electricity, water, etc)		(137,400)	(60,000)	(63,831)
Insurance		(110,979)	(108,000)	(105,578)
Interest		(16,962)	(30,000)	(21,399)
Goods and Services Tax		(666,970)	(547,855)	(653,064)
Other		(229,466)	(400,000)	(357,929)
		<u>(7,319,604)</u>	<u>(7,730,022)</u>	<u>(6,875,065)</u>
Net Cash Provided By (Used In)				
Operating Activities	15(b)	<u>1,754,295</u>	<u>677,756</u>	<u>881,511</u>
Cash Flows from Investing Activities				
Payments for Purchase of				
Property, Plant & Equipment		(1,205,660)	(3,670,664)	(1,036,429)
Payments for Construction of				
Infrastructure		(1,972,249)	(2,281,700)	(2,421,705)
Advances to Community Groups		0	0	0
Payments for Purchase of Investments		0	0	0
Grants/Contributions for				
the Development of Assets		598,261	680,115	817,753
Proceeds from Sale of Plant & Equipment		1,932,340	1,763,600	1,775,658
Proceeds from Advances		0	0	0
Proceeds from Sale of Investments		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
Net Cash Provided By (Used In)				
Investing Activities		(647,308)	(3,508,649)	(864,723)
Cash Flows from Financing Activities				
Repayment of Debentures		(65,536)	(65,536)	(64,587)
Repayment of Finance Leases		0	0	0
Proceeds from Self Supporting Loans		17,621	17,622	19,752
Proceeds from New Debentures		0	1,400,000	0
		<u>0</u>	<u>1,400,000</u>	<u>0</u>
Net Cash Provided By (Used In)				
Financing Activities		(47,915)	1,352,086	(44,835)
Net Increase (Decrease) in Cash Held		1,059,072	(1,478,807)	(28,047)
Cash at Beginning of Year		1,777,109	2,705,812	1,805,156
Cash and Cash Equivalents				
at the End of the Year	15(a)	<u>2,836,181</u>	<u>1,227,005</u>	<u>1,777,109</u>

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

ANNUAL FINANCIAL STATEMENTS

RATE SETTING STATEMENT

TOWN OF COTTESLOE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2008 Budget \$
REVENUES			
Governance		133,898	45,250
General Purpose Funding		480,803	419,039
Law, Order, Public Safety		16,491	9,700
Health		46,621	34,800
Education and Welfare		35,441	23,400
Community Amenities		565,979	362,853
Recreation and Culture		485,260	387,311
Transport		2,848,501	2,695,255
Economic Services		198,030	164,075
Other Property and Services		9,716	2,000
		<u>4,820,740</u>	<u>4,143,683</u>
EXPENSES			
Governance		(894,427)	(783,342)
General Purpose Funding		(206,489)	(217,502)
Law, Order, Public Safety		(151,355)	(212,541)
Health		(133,673)	(168,751)
Education and Welfare		(79,629)	(143,497)
Community Amenities		(1,822,902)	(2,084,069)
Recreation & Culture		(2,291,629)	(1,910,808)
Transport		(2,205,279)	(2,430,702)
Economic Services		(271,019)	(281,809)
Other Property and Services		(134,725)	(20,109)
		<u>(8,191,127)</u>	<u>(8,253,130)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(1,740,942)	(1,440,000)
Movement in Accrued Interest		(252)	0
Movement in Deferred Pensioner Rates (Non-Current)		(70,448)	0
Movement in Accrued Salaries and Wages		13,817	0
Movement in Employee Benefit Provisions		73,338	0
Movement in Equity of Joint Venture		(41,392)	0
Depreciation and Amortisation on Assets		1,371,223	1,200,394
Capital Expenditure and Revenue			
Purchase Land Held for Resale			0
Purchase Land and Buildings		(717,487)	(3,050,000)
Purchase Infrastructure Assets		(2,276,637)	(2,281,700)
Purchase Plant and Equipment		(330,791)	(450,753)
Purchase Furniture and Equipment		(157,382)	(189,910)
Purchase of Investments		0	0
Proceeds from Disposal of Investments		0	0
Proceeds from Disposal of Assets		1,932,340	1,763,600
Repayment of Debentures		(65,536)	(65,536)
Proceeds from New Debentures		0	1,400,000
Self-Supporting Loan Principal Income		17,622	17,622
Transfers to Reserves (Restricted Assets)		(1,549,427)	(338,311)
Transfers from Reserves (Restricted Assets)		267,581	801,096
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		1,060,248	1,045,807
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		52,822	0
Amount Required to be Raised from Rates	24	<u>(5,637,334)</u>	<u>(5,697,138)</u>

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

ANNUAL FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) **Basis of Preparation**

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

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

Critical Accounting Estimates

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

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

(b) **The Local Government Reporting Entity**

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

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

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

(c) **Goods and Services Tax**

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

(d) **Cash and Cash Equivalents**

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

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

ANNUAL FINANCIAL STATEMENTS

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008****1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(e) Trade and Other Receivables**

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

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

(f) Inventories**General**

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories held from trading are classified as current even if not expected to be realised in the next 12 months.

Land Held for Resale

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

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

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

(g) Fixed Assets**Initial Recognition**

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

Revaluation

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

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

Land under Roads

Land under roads is excluded from infrastructure in accordance with the transition arrangements available under AASB 1045 and in accordance with legislative requirements.

ANNUAL FINANCIAL STATEMENTS

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(h) Depreciation of Non-Current Assets**

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

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

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

ANNUAL FINANCIAL STATEMENTS

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008****1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(i) Investments and Other Financial Assets*****Classification***

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Recognition and derecognition

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

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

ANNUAL FINANCIAL STATEMENTS

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008****1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(i) Investments and Other Financial Assets (Continued)*****Subsequent measurement***

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

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

Impairment

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

(j) Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

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

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

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

ANNUAL FINANCIAL STATEMENTS

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008****1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(k) Impairment**

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

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 'Impairment of Assets' and appropriate adjustments made.

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

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

(l) Trade and Other Payables

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

(m) Employee Benefits

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

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

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

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

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

(n) Interest-bearing Loans and Borrowings

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

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

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

Borrowing Costs

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

ANNUAL FINANCIAL STATEMENTS

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions

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

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

(p) Leases

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

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

(q) Joint Venture

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

(r) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising 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 Town of Cottesloe contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.

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

ANNUAL FINANCIAL STATEMENTS

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Rounding Off Figures

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

(u) Comparative Figures

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

(v) Current and Non-Current Classification

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

ANNUAL FINANCIAL STATEMENTS

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2008.

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

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB-I 12 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession Arrangements:	February 2007	1 January 2008	Nil – Council is not party to any Service Concession Arrangements.
(ii) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8	February 2007	1 January 2009	Nil – The Standard is not applicable to not-for-profit entities.
(iii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	June 2007	1 January 2009	Nil – The revised Standard has removed the option to expense all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Council as the council already capitalises borrowing costs relating to qualifying assets.
(iv) AASB-I 13 Customer Loyalty Programmes	August 2007	1 July 2008	Nil – Council has no Customer Loyalty Programmes.

ANNUAL FINANCIAL STATEMENTS

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	August 2007	1 January 2008	Nil – The Interpretation provides guidance on the maximum amount that may be recognised as an asset in defined benefit plans. Council does not currently contribute to any defined benefit plans. Consequently, there is not expected to be any impact on the financial statements.
(vi) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101	September 2007 and December 2007	1 January 2009	Nil – The revised Standard requires the presentation of a Statement of comprehensive income and makes changes to the Statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If Council has made a prior period adjustment or has reclassified items in the financial statements, it is likely it will need to disclose a third balance sheet (Statement of financial position), being as at the beginning of the comparative period.
(vii) AASB 1049 Whole of Government and General Government Sector Financial	October 2007	1 July 2008(+)	Nil – The Standard is not applicable to Local Governments.

ANNUAL FINANCIAL STATEMENTS

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 1050 Administered Items: AASB 1051 Land Under Roads, AASB 1052 Disaggregated Disclosures, revised AASB 1004 Contributions, AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AAS 27, AAS 29 and AAS 31 and revised interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities	December 2007	1 July 2008(+)	<ul style="list-style-type: none"> • AASB 1050 is only applicable to Government departments and will have no impact on Council. • AASB 1051 will allow Council to recognise or not recognise land under roads acquired before 30 June 2008. Land under roads acquired after 30 June 2008 must be recognised. • AASB 1052 requires disclosure of financial information by function or activity. Council already provides this information so there will be no additional impact on the financial statements. • This Standard will have a significant impact on the Council's financial statements. • AASB 1004 requires contributions made to Council to be recognised at fair value when they are controlled and to be appropriately disclosed. Council already accounts for contributions in this manner so there will be no additional impact on the financial statements.

Notes:

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

(+)- Applicable to not-for-profit and/or public sector entities only.

ANNUAL FINANCIAL STATEMENTS

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES AND EXPENSES	2008	2007
	\$	\$
(a) Result from Ordinary Activities		
The Result from Ordinary Activities includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit	11,100	9,875
- Other Services	8,300	3,940
Depreciation		
Buildings	56,710	53,890
Furniture and Equipment	115,554	68,800
Plant and Equipment	227,504	193,027
Infrastructure		
- Roads	587,429	545,513
- Footpaths	168,318	164,153
- Drainage	67,468	63,501
- Parks & Ovals	25,018	22,538
- Street Furniture etc	9,057	12,287
- Rights of Way	49,343	49,340
- Irrigation	61,788	51,729
- Miscellaneous	3,034	0
	<u>1,371,223</u>	<u>1,224,778</u>
Interest Expenses		
Bank Overdraft	126	120
Debentures (refer Note 22(a))	16,584	20,979
	<u>16,710</u>	<u>21,099</u>
Rental Charges		
- Operating Leases	11,400	7,080
	<u>11,400</u>	<u>7,080</u>
(ii) Crediting as Revenue:		
	2008	2008
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	100,399	38,000
- Other Funds	113,750	107,600
Other Interest Revenue (refer note 28)	12,366	6,465
	<u>226,515</u>	<u>191,035</u>
	<u>226,515</u>	<u>191,035</u>

ANNUAL FINANCIAL STATEMENTS

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

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

GENERAL PURPOSE FUNDING

Includes income relating to rating, the 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.

ANNUAL FINANCIAL STATEMENTS

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES AND EXPENSES (Continued)**(b) Statement of Objective (Continued)****ECONOMIC SERVICES**

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

OTHER PROPERTY & SERVICES

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

	2008 \$	2007 \$
(c) Conditions Over Contributions		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).		
Grants for Roads to Recovery (Transport)	0	45,816
Grants for Community Water Initiatives (Recreation & Culture)	0	45,000
Grants for Roadworks (Transport)	0	58,666
Grants for Blackspot Works (Transport)	32,000	0
	<u>32,000</u>	<u>149,482</u>
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Grants for Blackspot Works (Transport)	0	32,000
Less:		
Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.		
Grants for Roads to Recovery (Transport)	0	45,816
Grants for Community Water Initiatives (Recreation & Culture)	0	45,000
Grants for Roadworks (Transport)	0	58,666
Grants for Blackspot Works (Transport)	32,000	0
Closing balances of unexpended grants	<u><u>64,000</u></u>	<u><u>32,000</u></u>
Comprises:		
Grants for Blackspot Works (Transport)	0	32,000
	<u><u>0</u></u>	<u><u>32,000</u></u>

ANNUAL FINANCIAL STATEMENTS

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	299,843	490,617
Restricted	2,536,338	1,286,492
	<u>2,836,181</u>	<u>1,777,109</u>

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

Area Improvement Reserve	238,335	223,400
Civic Centre Improvements Reserve	1,405,050	0
Waste Management Reserve	94,756	87,911
Leave Reserve	43,464	40,622
Parking Reserve	97,214	90,855
Plant Replacement Reserve	0	16,415
Environmental Improvement Reserve	555,560	755,905
Library Reserve	62,575	0
Combined Library	39,384	39,384
Unspent Grants	0	32,000
	<u>2,536,338</u>	<u>1,286,492</u>

4. INVESTMENTS

Council did not hold any Non-Bank investments during the 2007-2008 Financial Year.

ANNUAL FINANCIAL STATEMENTS

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
5. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	65,682	194,351
Sundry Debtors	270,635	596,242
Provision for Doubtful Debts	(63,000)	0
Accrued Income	44,402	5,751
GST Receivable	89,529	59,720
Loans - Clubs/Institutions	18,650	17,622
	<u>425,898</u>	<u>873,686</u>
Non-Current		
Rates Outstanding - Pensioners	202,773	167,098
Loans - Clubs/Institutions	123,807	142,456
	<u>326,580</u>	<u>309,554</u>
6. INVENTORIES		
Current		
Centenary Books	60,638	0
	<u>60,638</u>	<u>0</u>

7. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD**INVESTMENT IN JOINT VENTURE - 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:

	2008	2007
	\$	\$
(a) Retained Surplus attributable to interest in joint venture:		
Balance at the beginning of the financial year	219,965	193,793
Share of joint venture's profit from ordinary activities after tax	41,392	26,172
Balance at the end of the financial year:	<u>261,357</u>	<u>219,965</u>
(b) Carrying amount of investment in joint venture:		
Balance at the beginning of the financial year	958,289	932,117
Share of profit from ordinary activities	41,392	26,172
Balance at the end of the financial year:	<u>999,681</u>	<u>958,289</u>

ANNUAL FINANCIAL STATEMENTS

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

8. PROPERTY, PLANT AND EQUIPMENT	2008 \$	2007 \$
Land and Buildings - Cost	5,247,606	4,491,835
Less Accumulated Depreciation	<u>(2,785,695)</u>	<u>(2,729,185)</u>
	2,461,911	1,762,650
 Furniture and Equipment - Cost	 1,052,985	 901,796
Less Accumulated Depreciation	<u>(604,827)</u>	<u>(497,773)</u>
	448,158	404,023
 Plant and Equipment - Cost	 1,159,509	 1,049,603
Less Accumulated Depreciation	<u>(658,805)</u>	<u>(540,161)</u>
	500,704	509,442
 Combined Library - at Cost	 245,729	 245,729
Less Accumulated Depreciation	<u>(140,479)</u>	<u>(140,479)</u>
	105,250	105,250
	<u><u>3,516,023</u></u>	<u><u>2,781,365</u></u>

ANNUAL FINANCIAL STATEMENTS

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Combined Library \$	Total \$
Balance as at 1 July 2007	1,762,650	404,023	509,442	105,250	2,781,365
Additions	717,487	157,382	330,791	0	1,205,660
(Disposals)	(44,555)	0	(111,944)	0	(156,499)
Revaluation - Increments	0	0	0	0	0
- (Decrements)	0	0	0	0	0
Impairment - (losses)	0	0	0	0	0
- reversals	0	0	0	0	0
Depreciation (Expense)	(56,710)	(115,554)	(227,504)	0	(399,768)
Other Movements	83,039	2,307	(81)	0	85,265
Balance as at 30 June 2008	<u>2,461,911</u>	<u>448,158</u>	<u>500,704</u>	<u>105,250</u>	<u>3,516,023</u>

ANNUAL FINANCIAL STATEMENTS

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
9. INFRASTRUCTURE		
Roads - Cost	15,670,681	14,708,102
Less Accumulated Depreciation	<u>(7,707,132)</u>	<u>(7,119,703)</u>
	7,963,549	7,588,399
Footpaths - Cost	4,531,612	4,412,066
Less Accumulated Depreciation	<u>(2,593,822)</u>	<u>(2,423,471)</u>
	1,937,790	1,988,595
Drainage - Cost	4,154,111	3,710,147
Less Accumulated Depreciation	<u>(1,263,966)</u>	<u>(1,233,530)</u>
	2,890,145	2,476,617
Parks & Ovals - Cost	520,890	265,178
Less Accumulated Depreciation	<u>(347,115)</u>	<u>(220,954)</u>
	173,775	44,224
Street Furniture - Cost	415,657	267,762
Less Accumulated Depreciation	<u>(154,860)</u>	<u>(122,908)</u>
	260,797	144,854
Right of Ways - Cost	1,300,716	1,233,508
Less Accumulated Depreciation	<u>(1,248,538)</u>	<u>(1,159,846)</u>
	52,178	73,662
Irrigation - Cost	1,114,216	1,000,372
Less Accumulated Depreciation	<u>(644,426)</u>	<u>(577,419)</u>
	469,790	422,953
Miscellaneous - at Cost	240,608	0
Less Accumulated Depreciation	<u>(64,306)</u>	<u>0</u>
	176,302	0
	<u>13,924,326</u>	<u>12,739,304</u>

ANNUAL FINANCIAL STATEMENTS

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2008

9. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads	Footpaths	Drainage	Parks and Ovals	Street Furniture	Rights of Way	Irrigation	Miscellaneous	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2007	7,588,399	1,988,595	2,476,617	44,224	144,854	73,662	422,953	0	12,739,304
Additions	984,962	104,016	851,113	121,050	118,988	25,200	27,036	44,273	2,276,638
(Disposals)	0	0	(25,797)	0	0	0	0	(9,102)	(34,899)
Revaluation - Increments	0	0	0	0	0	0	0	0	0
- (Decrements)	0	0	0	0	0	0	0	0	0
Impairment - (losses)	0	0	0	0	0	0	0	0	0
- reversals	0	0	0	0	0	0	0	0	0
Depreciation (Expense)	(587,429)	(168,318)	(67,468)	(25,018)	(9,057)	(49,343)	(61,788)	(3,034)	(971,455)
Other Movements	(22,383)	13,497	(344,320)	33,519	6,012	2,659	81,689	144,165	(85,262)
Balance as at 30 June 2008	<u>7,963,549</u>	<u>1,937,790</u>	<u>2,890,145</u>	<u>173,775</u>	<u>260,797</u>	<u>62,176</u>	<u>469,790</u>	<u>176,302</u>	<u>13,924,326</u>

ANNUAL FINANCIAL STATEMENTS

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2007 \$
10. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	446,370	70,039
Accrued Expenses	233,772	248,397
Accrued Interest on Debentures	1,706	1,958
Accrued Salaries and Wages	39,853	26,036
	<u>721,701</u>	<u>346,430</u>
11. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge Debentures	<u>69,854</u>	<u>65,536</u>
	<u>69,854</u>	<u>65,536</u>
Non-Current		
Secured by Floating Charge Debentures	<u>150,530</u>	<u>220,384</u>
	<u>150,530</u>	<u>220,384</u>
Additional detail on borrowings is provided in Note 23.		
12. PROVISIONS		
Current		
Provision for Annual Leave	202,337	166,203
Provision for Long Service Leave	183,085	116,763
Other Provisions	5,741	0
Combined Library Annual Leave Provision	13,968	13,968
	<u>405,131</u>	<u>296,934</u>
Non-Current		
Provision for Long Service Leave	<u>225</u>	<u>35,084</u>
	<u>225</u>	<u>35,084</u>

ANNUAL FINANCIAL STATEMENTS

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
13. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	40,622	40,180	38,488
Amount Set Aside / Transfer to Reserve	2,842	2,310	2,134
Amount Used / Transfer from Reserve	0	0	0
	<u>43,464</u>	<u>42,490</u>	<u>40,622</u>
(b) Area Improvement Reserve			
Opening Balance	223,400	221,893	211,611
Amount Set Aside / Transfer to Reserve	14,935	0	11,789
Amount Used / Transfer from Reserve	0	(221,893)	0
	<u>238,335</u>	<u>0</u>	<u>223,400</u>
(c) Civic Centre Improvements Reserve			
Opening Balance	0	0	7,359
Amount Set Aside / Transfer to Reserve	1,405,050	0	282
Amount Used / Transfer from Reserve	0	0	(7,641)
	<u>1,405,050</u>	<u>0</u>	<u>0</u>
(d) Waste Management Reserve			
Opening Balance	87,911	86,963	83,291
Amount Set Aside / Transfer to Reserve	6,845	3,037	4,620
Amount Used / Transfer from Reserve	0	(90,000)	0
	<u>94,756</u>	<u>0</u>	<u>87,911</u>
(e) Computer Hardware/Software Reserve			
Opening Balance	0	0	156,916
Amount Set Aside / Transfer to Reserve	0	0	7,406
Amount Used / Transfer from Reserve	0	0	(164,322)
	<u>0</u>	<u>0</u>	<u>0</u>
(f) Parking Reserve			
Opening Balance	90,855	90,407	86,078
Amount Set Aside / Transfer to Reserve	6,359	227,091	4,777
Amount Used / Transfer from Reserve	0	(221,893)	0
	<u>97,214</u>	<u>95,605</u>	<u>90,855</u>
(g) Plant Replacement Reserve			
Opening Balance	16,415	16,369	15,553
Amount Set Aside / Transfer to Reserve	1,166	941	862
Amount Used / Transfer from Reserve	(17,581)	(17,310)	0
	<u>0</u>	<u>0</u>	<u>16,415</u>

ANNUAL FINANCIAL STATEMENTS

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
13. RESERVES - CASH BACKED (Continued)			
(h) Coast Care Officer Reserve			
Opening Balance	0	0	8,697
Amount Set Aside / Transfer to Reserve	0	0	412
Amount Used / Transfer from Reserve	0	0	(9,109)
	<u>0</u>	<u>0</u>	<u>0</u>
Cottesloe Community Safety and			
(i) Crime Prevention Plan Reserve			
Opening Balance	0	0	20,588
Amount Set Aside / Transfer to Reserve	0	0	971
Amount Used / Transfer from Reserve	0	0	(21,559)
	<u>0</u>	<u>0</u>	<u>0</u>
(j) Cottesloe Town Centre Area Promotion Reserve			
Opening Balance	0	0	55,186
Amount Set Aside / Transfer to Reserve	0	0	2,666
Amount Used / Transfer from Reserve	0	0	(57,852)
	<u>0</u>	<u>0</u>	<u>0</u>
(k) Environmental Improvement Reserve			
Opening Balance	755,905	750,000	0
Amount Set Aside / Transfer to Reserve	49,655	43,125	755,905
Amount Used / Transfer from Reserve	(250,000)	(250,000)	0
	<u>555,560</u>	<u>543,125</u>	<u>755,905</u>
(l) Coastal Management Reserve			
Opening Balance	0	0	507
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	(507)
	<u>0</u>	<u>0</u>	<u>0</u>
(m) Library Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	62,575	61,807	0
Amount Used / Transfer from Reserve	0	0	0
	<u>62,575</u>	<u>61,807</u>	<u>0</u>
TOTAL CASH BACKED RESERVES	<u>2,496,954</u>	<u>743,027</u>	<u>1,215,108</u>

ANNUAL FINANCIAL STATEMENTS

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

13. RESERVES - CASH BACKED (Continued)

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

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

Leave Reserve

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

Area Improvement Reserve

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

Civic Centre Improvements Reserve

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

Waste Management Reserve

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

Computer Software/Hardware Reserve

- to fund the cost of replacing/upgrading of computer and ancillary equipment.

Parking Reserve

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

Plant Replacement Reserve

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

Coast Care Officer Reserve

- to fund shortfalls in the employment of the Coast Care Officer

Cottesloe Community Safety and Crime Prevention Plan Reserve

- to fund the drafting and implementation of the Community Safety and Crime Prevention Plan.

Cottesloe Town Centre Area Promotion Reserve

- to fund area promotion of Cottesloe Town Council

Town Centre Revitalisation Study Reserve

- to fund the Town Centre Revitalisation Study.

Environmental Improvement Reserve

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

Library Reserve

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

INDEPENDENT AUDIT REPORT

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

13. RESERVES - CASH BACKED (Continued)

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

Leave Reserve - as staff take leave.

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

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

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

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

Plant Replacement Reserve - ongoing replacement/upgrade of plant and equipment.

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

14. RESERVES - ASSET REVALUATION

Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:

	2008	2007
	\$	\$
(a) Land and Buildings		
Balance as at 1 July 2007	44,413	44,413
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2008	<u>44,413</u>	<u>44,413</u>
(b) Roads		
Balance as at 1 July 2007	54,405	54,405
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2008	<u>54,405</u>	<u>54,405</u>
(c) Combined Library		
Balance as at 1 July 2007	57,751	57,751
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2008	<u>57,751</u>	<u>57,751</u>
TOTAL ASSET REVALUATION RESERVES	<u>156,569</u>	<u>156,569</u>

INDEPENDENT AUDIT REPORT

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

15. NOTES TO THE CASH FLOW STATEMENT**(a) Reconciliation of Cash**

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

	2008 \$	2008 Budget \$	2007 \$
Cash and Cash Equivalents	<u>2,836,181</u>	<u>1,227,005</u>	<u>1,777,109</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net Result	2,266,947	1,587,691	2,871,447
Depreciation	1,371,223	1,200,394	1,224,778
Writedown in fair value of Investments			
Impairment (Loss)/Reversal	0	0	0
(Profit)/Loss on Sale of Asset	(1,740,942)	(1,440,000)	(1,500,092)
(Increase)/Decrease in Receivables	478,623	0	(504,837)
(Increase)/Decrease in Accrued Income	0	0	(3,177)
(Increase)/Decrease in Deferred Rates	(35,675)	(20,000)	0
(Increase)/Decrease in Inventories	(60,638)	0	0
Increase/(Decrease) in Payables	41,072	29,786	(351,952)
Increase/(Decrease) in Employee Provisions	73,338	0	(10,731)
(Increase)/Decrease in Equity			
Accounted Joint Ventures	(41,392)	0	(26,172)
Grants/Contributions for			
the Development of Assets	(598,261)	(680,115)	(817,753)
Net Cash from Operating Activities	<u>1,754,295</u>	<u>677,756</u>	<u>881,511</u>
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Bank Overdraft limit	100,000		100,000
Total Amount of Credit Unused	<u>100,000</u>		<u>100,000</u>
Loan Facilities			
Loan Facilities - Current	69,854		65,536
Loan Facilities - Non-Current	150,530		220,384
Total Facilities in Use at Balance Date	<u>220,384</u>		<u>285,920</u>
Unused Loan Facilities at Balance Date	<u>0</u>		<u>0</u>

INDEPENDENT AUDIT REPORT

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

16. CONTINGENT LIABILITIES

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

17. CAPITAL AND LEASING COMMITMENTS	2008	2007
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	<u>11,400</u>	<u>7,080</u>
	<u>11,400</u>	<u>7,080</u>
(b) Other Operating Commitments		
Other waste collection contracts contracted as at 30-06-08.		
Payable:		
- not later than one year	300,000	600,000
- later than one year but not later than five years	<u>100,000</u>	<u>400,000</u>
	<u>400,000</u>	<u>1,000,000</u>
(c) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	4,439,501	92,934
Payable:		
- not later than one year	3,759,501	92,934
- later than one year but not later than five years	680,000	0
The capital expenditure project outstanding at the end of the current reporting period represents		
- an extension to the Civic Centre administration offices located at 109 Brome Street, Cottesloe (\$3,054,501)		
- other road and drainage infrastructure works (\$1,385,000)		

INDEPENDENT AUDIT REPORT

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

18. JOINT VENTURE

The Town, together with the Shire of Peppermint Grove and the Town of Mosman Park, have a joint venture arrangement with regard to the provision of Library Services in the area. The assets consist of property, furniture, equipment and a motor vehicle. Council's share of these assets, and its percentage share of annual contributions, are based upon the Town's percentage membership of library members. Based on memberships as at 30th June 2003, Cottesloe's share was 45.5%. At the time of preparing these accounts, final audited statements for the Library for the year ended 30th June 2008 were not available. The Town of Cottesloe's share of assets and liabilities are contained in balances elsewhere as follows:

	2008 \$	2007 \$
CURRENT ASSETS		
Cash		
- Library Restricted Reserves	39,384	39,384
NON CURRENT ASSETS		
Land & Buildings	178,308	178,308
Accumulated Depreciation	<u>(85,125)</u>	<u>(85,125)</u>
	93,183	93,183
Motor Vehicle	11,500	11,500
Accumulated Depreciation	<u>(5,936)</u>	<u>(5,936)</u>
	5,564	5,564
Furniture & Equipment	55,921	55,921
Accumulated Depreciation	<u>(49,418)</u>	<u>(49,418)</u>
	6,503	6,503
TOTAL ASSETS	<u>144,634</u>	<u>144,634</u>
CURRENT LIABILITIES		
Provision for Annual Leave	13,968	13,968
Provision for Long Service Leave	<u>0</u>	<u>0</u>
	13,968	13,968
NON CURRENT LIABILITIES		
Provision for Long Service Leave	0	0
TOTAL LIABILITIES	<u>13,968</u>	<u>13,968</u>
SHARE OF NET ASSETS OF JOINT VENTURE	<u>130,666</u>	<u>130,666</u>

INDEPENDENT AUDIT REPORT

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	554,767	404,023
General Purpose Funding	303,575	521,965
Law, Order, Public Safety	19,713	8,932
Health	0	24,804
Education & Welfare	427,249	0
Community Amenities	1,352,762	1,126,388
Recreation and Culture	4,726,465	2,578,592
Transport	13,933,276	12,823,466
Economic Services	16,950	22,176
Other Property and Services	83,402	65,336
Unallocated	671,168	1,863,625
	<u>22,089,327</u>	<u>19,439,307</u>

INDEPENDENT AUDIT REPORT

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007	2006
20. FINANCIAL RATIOS			
Current Ratio	0.70	2.55	1.37
Untied Cash to Trade Creditors Ratio	0.67	7.00	1.89
Debt Ratio	0.06	0.05	0.09
Debt Service Ratio	0.01	0.01	0.01
Gross Debt to Revenue Ratio	0.02	0.03	0.04
Gross Debt to			
Economically Realisable Assets Ratio	0.01	0.04	0.06
Rate Coverage Ratio	0.54	0.54	0.62
Outstanding Rates Ratio	0.01	0.06	0.03

The above ratios are calculated as follows:

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

INDEPENDENT AUDIT REPORT

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

21. TRUST FUNDS

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

	Balance 1-Jul-07 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-08 \$
BCITF Levy	0	106,177	(106,177)	0
BRB Levy	0	5,143	(5,143)	0
Infrastructure Deposits	277,054	136,044	(83,764)	329,334
Right of Ways	3,146	0	0	3,146
Miscellaneous	29,863	21,251	(1,897)	49,217
	<u>310,063</u>			<u>381,697</u>

22. DISPOSALS OF ASSETS - 2007/08 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 & Machinery	111,944	323,600	147,341	323,600	35,397	0
Land & Buildings	44,555	0	1,700,909	1,440,000	1,656,354	1,440,000
Infrastructure	34,899	0	84,090	0	49,191	0
	<u>191,398</u>	<u>323,600</u>	<u>1,932,340</u>	<u>1,763,600</u>	<u>1,740,942</u>	<u>1,440,000</u>

INDEPENDENT AUDIT REPORT

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

23. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-07 \$	New Loans \$	Principal Repayments		Principal 30-Jun-08		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation & Culture Cottesloe Tennis Club - Loan No 104*	160,078		17,622	17,622	142,456	142,456	9,069	9,562
Transport								
Capital Works 1998/1999 - Loan No 89	50,879		24,622	24,622	26,257	26,257	2,927	2,927
Capital Works 1999/2000 - Loan No 90	74,963		23,292	23,292	51,671	51,671	4,840	4,840
	285,920	0	65,536	65,536	220,384	220,384	16,836	17,329

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

(b) New Debentures - 2007/08

Council did not take out any new debentures during 2007-2008.

INDEPENDENT AUDIT REPORT

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

23. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Council had no unspent debentures as at 30th June 2008.

(d) Overdraft

Council established an overdraft facility of \$100,000 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2007 and 30 June 2008 was \$Nil.

INDEPENDENT AUDIT REPORT

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

24. RATING INFORMATION - 2007/08 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
GRV	0.0802	3,151	63,732,482	5,110,644	54,536	0	5,165,180	5,188,488	38,000	1,500	5,227,988 0
Sub-Totals		3,151	63,732,482	5,110,644	54,536	0	5,165,180	5,188,488	38,000	1,500	5,227,988
Minimum Rates	Minimum \$										
GRV	723.00	552	3,882,593	399,096	721	0	399,817	397,650	0	0	397,650 0
Sub-Totals		552	3,882,593	399,096	721	0	399,817	397,650	0	0	397,650
Specified Area Rate (refer note 24)							5,564,997				5,625,638
							72,337				71,500
							5,637,334				5,697,138
Discounts (refer note 26)							0				0
Totals							5,637,334				5,697,138

INDEPENDENT AUDIT REPORT

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

25. SPECIFIED AREA RATE - 2007/08 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Town Centre Area Promotion - Rate	0.0141	GRV	5,130,284	72,337	71,500	72,337	71,500
				72,337	71,500	72,337	71,500

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

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

26. SERVICE CHARGES - 2007/08 FINANCIAL YEAR

Council did not raise any service charges during the 2007/2008 financial year.

INDEPENDENT AUDIT REPORT

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2007/08 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates - Cottesloe Tennis Club	Discount	80%	2,897	3,000
Venue Hire - Various	Discount	Various	100	500
			2,997	3,500
Venue Hire - Various as per Policy	Waiver	100%	800	1,000
Sundry Debtors	Write-Off	N/A	201	750

A discount on venue hire is offered to residents and affiliated groups and also an incentive is offered 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.

28. INTEREST CHARGES AND INSTALMENTS - 2007/08 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		12,366	6,000
Charges on Instalment Plan		42	31,442	36,000
			43,808	42,000

Ratepayers had the option of paying rates in four equal instalments, due on 27th September 2007, 29th November 2007, 31st January 2008 and 27th March 2008. Administration charges and interest applied for the final three instalments.

29. FEES & CHARGES	2008 \$	2007 \$
Governance	182	0
General Purpose Funding	37,326	45,318
Law, Order, Public Safety	10,100	7,563
Health	46,621	36,841
Education & Welfare	25,234	20,795
Community Amenities	475,674	324,610
Recreation & Culture	236,398	231,926
Transport	344,108	359,111
Economic Services	193,976	199,652
	<u>1,369,619</u>	<u>1,225,816</u>

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

INDEPENDENT AUDIT REPORT

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

30. GRANT REVENUE	2008	2007
	\$	\$
By Nature and Type:		
Grants and Subsidies - operating	312,044	255,353
Grants and Subsidies - non-operating	719,261	1,137,977
	<u>1,031,305</u>	<u>1,393,330</u>
By Program:		
General Purpose Funding	216,214	207,982
Law, Order, Public Sector	0	20,000
Education & Welfare	0	25,000
Community Amenities	0	10,000
Recreation and Culture	70,830	246,345
Transport	744,261	884,003
	<u>1,031,305</u>	<u>1,393,330</u>

31. COUNCILLORS' REMUNERATION	2008	2008	2007
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	54,760	60,000	60,000
President's Allowance	5,000	5,000	5,000
Deputy President's Allowance	1,250	1,250	1,250
Travelling Expenses	0	250	0
Communications Allowance	14,047	17,900	17,900
Other Member Costs	3,714	5,200	4,330
	<u>78,771</u>	<u>89,600</u>	<u>88,480</u>

32. EMPLOYEES' REMUNERATION

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

Salary Range	2008	2007
\$		
110,000 - 119,999	1	1

33. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

2008	2007
<u>38</u>	<u>37</u>

INDEPENDENT AUDIT REPORT

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

34. MAJOR LAND TRANSACTIONS**Sale of Former Drainage Sump Sites**

(a) Details

Due to the installation of drainage facilities, Council has been able to develop former drainage sump sites. In the year ended 30th June 2008 the sump site at 25 Margaret Street was developed and sold by public auction.

	2008	2007
	\$	\$
(b) Current year transactions		
Operating Income		
- Profit on sale	1,656,354	1,503,757
Capital Income		
- Sale Proceeds	1,700,909	1,515,238
Capital Expenditure		
- Development Costs	44,555	11,481
	<u>44,555</u>	<u>11,481</u>

There are no liabilities in relation to this land transaction as at 30 June 2008.

(c) Expected Future Cash Flows

There are no expected future cash flows from the sale of the former sump site at 25 Margaret Street, Cottesloe.

35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2007/08 financial year.

INDEPENDENT AUDIT REPORT

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

36. FINANCIAL RISK MANAGEMENT

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

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

Financial risk management is carried out by the finance area under policies approved by the Council.

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2008	2007	2008	2007
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	2,836,183	1,777,109	2,836,183	1,777,109
Receivables	752,478	1,183,240	752,478	1,183,240
Financial assets at fair value through profit or loss	0	0	0	0
Available-for-sale financial assets	0	0	0	0
Held-to-maturity investments	0	0	0	0
	<u>3,588,661</u>	<u>2,960,349</u>	<u>3,588,661</u>	<u>2,960,349</u>
Financial Liabilities				
Payables	721,701	346,430	721,701	346,430
Borrowings	220,384	285,920	193,696	246,542
	<u>942,085</u>	<u>632,350</u>	<u>915,397</u>	<u>592,972</u>

Fair value is determined as follows:

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

INDEPENDENT AUDIT REPORT

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

36 FINANCIAL RISK MANAGEMENT (Continued)**(a) Cash and Cash Equivalents****Financial assets at fair value through profit or loss****Available-for-sale financial assets****Held-to-maturity investments**

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

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

Cash and investments are also subject to interest rate risk – the risk that movements in interest rates could affect returns.

Another risk associated with cash and investments is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

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

	30-Jun-08	30-Jun-07
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and cash equivalents:		
- Equity	28,361	17,771
- Income Statement	28,361	17,771

Notes:

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

Recent market volatility has seen large market movements for certain types of investments.

(+) Maximum impact.

INDEPENDENT AUDIT REPORT

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

36. FINANCIAL RISK MANAGEMENT (Continued)**(b) Receivables**

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies.

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

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

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

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

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

	30-Jun-08	30-Jun-07
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	93.00%	77.00%
- Overdue	7.00%	23.00%

INDEPENDENT AUDIT REPORT

TOWN OF COTTESLOE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

36. FINANCIAL RISK MANAGEMENT (Continued)**(c) Payables
Borrowings**

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2008</u>					
Payables	665,192	0	0	665,192	665,192
Borrowings	<u>82,372</u>	<u>134,895</u>	<u>40,036</u>	<u>257,303</u>	<u>220,384</u>
	<u>747,564</u>	<u>134,895</u>	<u>40,036</u>	<u>922,495</u>	<u>885,576</u>
<u>2007</u>					
Payables	346,430	0	0	346,430	346,430
Borrowings	<u>82,372</u>	<u>190,576</u>	<u>66,727</u>	<u>339,675</u>	<u>285,920</u>
	<u>428,802</u>	<u>190,576</u>	<u>66,727</u>	<u>686,105</u>	<u>632,350</u>

INDEPENDENT AUDIT REPORT

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2008

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Borrowings (Continued)

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2008								
Borrowings								
Fixed Rate Debentures	26,256	51,671	0	0	0	142,457	220,384	6.20%
Weighted Average Effective Interest Rate	6.53%	6.99%				5.85%		
Year Ended 30 June 2007								
Borrowings								
Fixed Rate Debentures	0	50,879	74,963	0	0	160,078	285,920	6.27%
Weighted Average Effective Interest Rate		6.53%	6.99%			5.85%		

INDEPENDENT AUDIT REPORT

INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE TOWN OF COTTESLOE**Report on the Financial Report**

We have audited the accompanying financial report of the Town of Cottesloe, which comprises the balance sheet as at 30 June 2008 and the income statement by nature or type, income statement by program, statement of changes in equity, cash flow statement and rate setting statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

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

- a. giving a true and fair view of the Shire's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

UHY Haines Norton - ABN 358 5397 1745

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INDEPENDENT AUDIT REPORT



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

Other Matters

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

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

UHY HAINES NORTON
CHARTERED ACCOUNTANTS

GREG GODWIN
PARTNER

Address: Perth, WA
Date: 14 October 2008

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