

TOWN OF COTTESLOE



2009 / 2010

ANNUAL REPORT

OUR VISION

An iconic coastal community with a relaxed lifestyle.

OUR MISSION

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

UNDERPINNING PRINCIPLES

Sustainable Development

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

Community Participation

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

Good Governance

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

Co-operation

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

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OUR ELECTED MEMBERS – JUNE 2010



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MAYOR'S REPORT

I am pleased to present the Annual Report for the Town of Cottesloe for 2009/2010 and I highlight the following issues of interest from the work of your Council.

Local Government Reform

Since February 2009 when the Minister for Local Government launched a wide-ranging reform of the local government sector, this Council has considered the issues of amalgamation and the Regional Transition Group (RTG) process. In September 2009 Council completed its reform submission, and following a later invitation the Council in March 2010 advised the Minister that the Town was willing to enter into an RTG to stage 1 (development of a business plan) and then review its position, subject to a number of specific conditions. The RTG partners were limited on the Towns of Claremont and Mosman Park and Shire of Peppermint Grove. In May 2010 the Town advised the Minister that in light of the positions adopted by the Town of Mosman Park and Shire of Peppermint Grove that the Town was unable to enter into an RTG. It was therefore resolved to form a Regional Council and invite the Towns of Claremont and Mosman Park and Shire of Peppermint Grove to participate. In August this year Council again reaffirmed entering an RTG with Mosman Park, Claremont, and Peppermint Grove, and including boundary adjustments with North Fremantle and the coastal strip of Swanbourne.

Local Planning

As reported last year, and once again this year, now nearly 5 years after lodging our draft Local Planning Scheme No. 3 with the State Government, Cottesloe is still waiting for its final approval by the Minister for Planning. This is despite that draft having since been amended to accommodate changes demanded by the Minister, including all changes recommended by a panel of experts during the Enquiry-by-Design (EbD) process jointly conducted with the State Government to determine height controls for the Cottesloe Beach Hotel and Ocean Beach Hotel sites.

Once in place the new scheme will guide the strategic direction and statutory regulation of land use and development in Cottesloe for at least the next 6 years. In anticipation of our scheme being finalised Council has been developing our vision for the foreshore and planning for our Town Centre.

In addition the State Government's introduction of the Approvals & Related Reforms (no 4) (Planning) Bill 2009 has also created significant work and consideration by all local governments and will result in changes to the way some planning approvals are determined including the introduction of Development Assessment Panels (DAP's) and local Improvement Schemes. Despite Council's opposition to these changes they have been subsequently endorsed by State Parliament.

Library and Community Centre

After lengthy and detailed planning, construction is nearly complete on our new joint library and community centre, the Grove.

Sustainability

Sustainability is a significant feature of the Town's operations. Social, environmental and economic sustainability form the basis of a long term commitment to our community's future, informing strategic planning activities, and providing significant opportunities to reduce our ecological footprint, thus conserving resources for future generations. This year we have, amongst other projects, delivered our Living Smart course, worked with our Coastcare volunteers in implementing our Natural Areas Management Plan, continued with our successful anti-littering campaign and Cott Cat shuttle services and successfully completed our four year 'think water' campaign.

Elections

The local government election of October 2009 saw the retirement of Councillors John Utting and Bryan Miller and I take this opportunity to thank them for their commitment and service to the Town. We have also seen the return of Councillors Patricia Carmichael, Jo Dawkins and Ian Woodhill and we welcome Councillors Rob Rowell and Davina Goldthorpe. As your re-elected Mayor I thank you for your support and look forward to leading your new Council on your behalf.

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, staff and our many community volunteers for their commitment and efforts to improve our community.

Kevin Morgan
Mayor

CHIEF EXECUTIVE OFFICER'S REPORT

During the last 12 months the day to day business of Council has kept the administration fully occupied and we have either completed or nearly completed some major capital projects, including the National Water Initiative and construction of the *Grove Library & Community Centre*.

Strategic Planning

Local Government *reform* has been an ongoing issue throughout the year and this will continue into 2010/11. We are also hopeful that our proposed Planning Scheme No. 3 will be endorsed very soon as this will deliver some planning certainty for our community. The State Government's introduction of the *Approvals & Related Reforms (no 4) (Planning) Bill 2009* will also result in changes to the way some planning approvals are determined in the future.

Council's Strategic Planning Committee met on four occasions during 2009/10 and focused on priorities from its Future Plan including; regular action plan reviews, local government reform, the setting of key result areas for the CEO, future use of the Civic Centre, a process to achieve carbon neutral status for the Town, and State government planning reforms.

Communication

2009 saw a successful Council election in October and a new Council formed, with the return of the Mayor and most Councillors for an additional term. This will see the retention of corporate knowledge and leadership in Council and the continued advancement of key strategic projects. We have maintained our practice of keeping the community informed throughout the year with our monthly Cottesloe News page, local advertisements, use of the website and via the Civic Centre and Library notice boards. In addition Council also endorsed an update of its website, and we have been working to both redesign and improve functionality of the site. Data transfer and information updates should see the launch of the new site in October 2010.

Town Operations

Our budget this year has been focused on achieving Council's priorities and objectives and is underpinned by a number of five (5) year programs for our major infrastructure and asset classes. We have continued to invest in capital projects including road resurfacing, drainage, footpaths and playground equipment, and Council has identified

two key projects for 2010/11, including the relocation of depot operations and the restoration of the War Memorial Town Hall roof. The Town is in good financial shape, notwithstanding the use of loan funds for the Civic Centre and new library and work on our long term financial sustainability has resulted in Council adopting the new ten (10) year Plan in August 2010.

Administration

The organisational structure of the Town is relatively static and reflects the stability of an established residential suburb. Quality staff are a critical component of any business success and during the year we have welcomed some new faces to the team at Cottesloe. We look forward to their contribution and efforts in maintaining and improving our services to our residents and ratepayers. In particular I would like to specifically make mention of Petra Zele our sustainability officer who tragically passed away in June this year. Petra was a bright and friendly young woman who will be greatly missed by her colleagues in Cottesloe.

Year Ahead

In the next twelve months Council has identified a number of strategic projects that will require the administration's time and resources, including a finalisation of the LPS3 process, opening of the Grove library, completion of the War Memorial roof restoration, progressing solutions for Council's depot operations and existing site, planning for the redevelopment of the foreshore precinct, Station Street and Town Centre land, review of Council's strategic plan and a review of ward boundaries and elected member numbers.

As your CEO, I would like to express my appreciation to the Mayor, Councillors and staff for their professionalism and support throughout 2009/10. I am proud of the achievements listed in this report, and our compliance with all statutory obligations required under legislation. Once again, I am looking forward to working with our professional and committed team of staff and elected members to deliver high quality services to our community.

Carl Askew
Chief Executive Officer

ENGINEERING SERVICES REPORT

National Water Initiative Project

This four year \$2.58 million project is now completed, with the final 100 side entry soak pits installed, two ocean outfall drains closed and one open drainage sump opposite the Marine parade and Forrest St intersection converted to an underground detention system and landscaped.

The last of three public education packages was also developed in the form of hand towels and tea towels featuring Think Water reminders and made available from the Civic Centre. This package may now be taken up by other WESROC councils and the Department of Water for widespread use, similar to the first two packages.

Roadworks

Under Councils 5 year road resurfacing program, five streets (Balfour St, Edward St, Napier St, Salisbury St and Warnham Rd) received asphalt resurfacing with new drainage pits and some replacement kerbing.

Playgrounds

The Railway St playground received replacement equipment and the Marine Parade/Beach Street playground was equipped with a shade sail and with extra play equipment.

Blackspots

A total of four sites received Blackspot improvements. These were improved lighting at the Forrest Street/Broome Street intersection, intersection islands at the North St/Elizabeth St intersection, a median island in Eileen St at the Marine Parade intersection and a four way intersection island treatment at North St/Lyons St. One of these works received 100% funding from the Federal Blackspot program, with the remaining sites receiving two thirds funding from the State Blackspot program

Footpaths

Ten sections of concrete slab footpaths were replaced with in-situ concrete during 2009/10. This work included pedestrian access ramps designed for disability access at all path intersections with street kerbing.

Community Improvement Works

A new asphalt surfaced, drained and kerbed carpark was installed on the west side of Railway St, near Vera St.

The Cottesloe Beach Pylon received major restoration works on the upper shaft and its connection to the concrete base. This was stage one of a two stage project. Funds expended on the project came from the State Lotteries Commission and from the Federal Regional and Local Community Infrastructure Program.

Geoff Trigg

Manager Engineering Services

CORPORATE & COMMUNITY SERVICES REPORT

Finance and Administration Services

The income statement shows a net result for 2009/10 of \$941,127 against an estimated deficit for the year of \$46,833. The favourable variance arises from higher than expected operating revenue with increased interest received and parking revenue as well as generally lower than budgeted expenses across all programs.

General Purpose Funding was \$257,501 more than budgeted due primarily to higher than anticipated interest received. This followed the delayed start of the library compare to what we had been planned. The funds we had set aside were invested and produced additional interest revenue.

Community Amenities revenue was \$219,817 more than expected due to the Town's equity in the Western Metropolitan Regional Council increasing by \$171,209 and an additional \$51,617 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.

Transport revenue was \$183,069 more than expected due to the combination of favourable parking revenue and higher grant income. Transport expenditure was \$225,373 lower mainly due to decreased expenditure by Council on road, footpath and drainage maintenance, and decreased expenditure by rangers on contractors.

Governance expenditure was \$56,999 lower than expected with expenditure on IT contactors down \$48,560.

Law, Order & Public Safety expenditure was under budget by \$100,650 due mainly to lower than anticipated expenses for Ranger Services. This is a combination of lower contractor costs and wages.

Economic Services expenditure was down \$40,870 due to lower than expected costs in the areas of wages, building consultants and administrative overheads.

Ranger Services

This was the first year that included a full year of meter-eye on the beachfront and in the town area. There was an increase of 1,957 (41.3%) on infringements from last year. A factor in the increase was the long summer enjoyed this year.

The other significant activity this year was the development of a trial of ranger services for the Towns of Cottesloe, Claremont and Mosman Park and the Shire of Peppermint Grove. The trial commenced July 2010.

Parking Infringement Statistics

Total Parking Infringements	6696
Cautions Issued	10
Infringements Sent to F E R	805
Reminder Notices Sent	3854
Final Demand	2166
F E R Warning Notice	1490
Prosecutions	12

Dog Control Statistics

Dog Attacks	1
Dog Nuisances	8
Dogs Impounded	28
Cautions Issued	859
Infringements issued	5
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 1 October 2009 and 30 April 2010, over 302,000 people attended Cottesloe Beach. This represented an increase of 30.8% on the previous year and was mainly due to favourable conditions and a longer than average duration for the summer period.

The service attended 290 calls for first aid (the majority being for marine stings and abrasions) and 9 rescues (up from 4 in the previous year). Over 1,053 preventative actions were initiated.

Library Services

For the year 2009-10 the Cottesloe-Peppermint Grove-Mosman Park Library received 115,910 visitors averaging 420 per day. This was a slight decrease on the previous year due to the disruption caused by the building project. However there were over 130,000 virtual visitors making use of the catalogue, membership facilities and online databases demonstrating that the library continues

CORPORATE & COMMUNITY SERVICES REPORT

to provide a 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 38.35% of residents holding current membership. This figure is conservative as many families opt for one or two memberships per household; 16 items may be borrowed on each card.

The cost of the library to the three Councils in the 2009-10 financial year was \$895,543 or \$52.43 per capita or \$118.26 per member. Cottesloe's contribution was 44.31%. The operational cost of the library to the three Councils represents 4% of their revenue.

Over the year a total of 190,126 items were lent averaging 689 items per day. This was slightly down on the previous year due to the building program. The number of loans per year, per member was 25. In addition at least 12,189 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.

Programs 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 possible.

The Local History Collection is steadily growing with the assistance of some dedicated volunteers. There are over 600 images in the photographic collection of which 250 are available online at <http://www3.photos.com/thegrovelibrary/script/home.asp>. The oral history program added a further 15 interviews bringing the number of recorded oral histories to 141. 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.

The annual Literature Prize: *Now and Then* was again well supported the total number of entries received since its inception in 2005 is 588. 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 continues to be strengthened through collaborative and material sponsorship.

Construction of the library and community centre commenced in June 2009 and the library opened in the new premises on 16 August 2010. Following an extensive consultation process the new library was now named The Grove: *Leading. Learning. Living.* Completion of all site works and landscaping is expected by mid-November 2010.

Graham Patrick
Manager Corporate & Community Services

DEVELOPMENT SERVICES REPORT

During 2009-2010 the Town Planning team has provided ongoing customer service, progressed the Scheme Review and planning projects, and liaised with owners, designers, neighbours and the community in the assessment of planning proposals.

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

Development Applications

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

During the year 253 development and 29 demolition planning applications were processed by the Town, mainly handled by staff under delegated authority. The remainder were referred to the Development Services Committee and Council, as they were major proposals or involved a significant exercise of discretion. A few were regional planning approvals involving the Western Australian Planning Commission (WAPC). Of those referred to Council, most were approved, while only a couple were deferred for revision or refused. The total number was a moderate increase from the previous year. The volume which went to Council was limited by staff facilitating proposals suitable for delegated determination. The bulk of applications comprised new dwellings (many being two-storey) or residential renovations, carports/garages, fences and swimming pools; as well as variations to approvals, alterations to commercial premises, signs and so on.

The town centre and beachfront have attracted various proposals for changes of use and improvements to particular properties throughout the year, and additional concepts are being formulated for these localities – there are indications that the Town Centre is likely to be a focus of further development proposals.

Subdivisions

Only 6 subdivision or survey strata proposals were received during the year for referral to and determination by the WAPC. This was a decrease from the previous year and represents a relatively low level of subdivision activity in the built-up district.

Compliance

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

State Administrative Tribunal

In considering development applications, performance assessment, discretion and the ability to impose conditions means that Council can most often achieve balanced outcomes to address all concerns, however, a right of appeal does exist where agreement is not reached. Officers aim to minimise the number of appeals and there have been none this year.

Scheme Amendments

With the progress towards proposed Local Planning Scheme No. 3 to replace current Town Planning Scheme No. 2 the need for scheme amendments has diminished, hence there was only one amendment in the finalisation phase during the past year.

Design Advisory Panel

The Design Advisory Panel has assisted by providing professional advice on the design aspects of planning proposals from time-to-time. The panel comprises local architects and allied practitioners whose expertise and experience supports the assessment of significant or unusual proposals. This process facilitates the formulation and determination of proposals with improved designs and outcomes.

DEVELOPMENT SERVICES REPORT

Heritage Advice

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

Proposed Local Planning Scheme No. 3

A milestone in achieving the new Scheme was its previous adoption by Council and lodgement for final approval in June 2009. Since then the proposed Scheme has been under examination by the Department of Planning (DoP) for reporting to the WAPC and Minister for Planning. The Town has maintained liaison with the DoP and provided additional information on a range of aspects. The WAPC and Minister are anticipated to give consideration to any modifications deemed appropriate and finalisation of the Scheme towards the end of 2010. Subsequent consideration by Council, any additional advertising and the assessment of submissions, then the formalities of finalisation are likely to extend into 2011.

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

Planning Projects

Planning projects have been a feature this year involving working groups and consultants to examine several important matters. The Station Street sites under review in the Town Centre have had Design Guidelines produced, a Town Centre Public Domain Infrastructure Improvement Plan study/report has been completed, and a detailed Foreshore Redevelopment Plan has been produced, all as foundations for the next phases of implementation strategies and consultations. The future of the Town's existing depot site and a prospective replacement site have also been the

subject of preliminary structure and concept plans as a prelude to more detailed planning.

Regional Planning and Other Initiatives

Development Services has maintained active participation in a number of regional planning activities which have a bearing on Cottesloe such as the Stirling Highway Activity Corridor Study (SHACS) and commenting on proposed planning reforms such as Development Assessments Panels.

Andrew Jackson

Manager Development Services

SUSTAINABILITY OFFICER REPORT

Sustainability forms a significant feature of the Town of Cottesloe operations. During the year we mourned the loss of our dynamic sustainability officer Petra Zele who touched so many people during her short time with us. We know that Petra was involved in so many projects to advance the cause of sustainability and have compiled this snapshot of activities as a tribute to her work.

Cottesloe Sustainability Calendar

The 2010 Cottesloe Sustainability Calendar was produced in conjunction with Earth Carers. A very popular calendar with residents, the calendar artwork was provided by students from Cottesloe and North Cottesloe Primary Schools and focused on the themes of water reduction, energy use, waste recycling and increasing biodiversity.

Think Water

The third part of the Think Water community education program came to a close. Conducted in conjunction with Water Corp, the campaign decided to reward participants by distributing tea towels and towels bearing the message of water preservation and conservation to residents who had made changes to their water usage patterns.

Native Plant subsidy

The very popular native plant sale operated during May in time for the winter plantings. Residents can purchase up to eighty (80) plants at a subsidised rate of \$1.50 each. The scheme was advertised widely in the local media during April and forms part of our contribution to biodiversity throughout our region.

Cott Cat Shuttle Bus

The ever popular 'Cott Cat' shuttle bus, operating from December to March, again proved to be attractive to tourists and visitors. The bus service is designed to encourage visitors to leave the car at home and catch the bus from Cottesloe Train station to Cottesloe Beach. This initiative is a contribution towards the reduction of greenhouse gas emissions from private vehicle use.

Carbon Neutral

In February 2010 Council resolved to follow a four stage process to activate Carbon Neutrality as soon as is practicable and before 2015. This will build on existing initiatives, such as the Cott Cat shuttle, off-setting light fleet vehicle emissions, and 100% Green Power at the Civic Centre by: 1. Measuring carbon emissions; 2. Reducing emissions where possible; 3. Switching to renewable energy sources if eliminating use is not feasible; and 4. Off-setting any remaining carbon emissions. Step 1 requires data collation to build an appropriate baseline dataset that will be used to determine how and where emissions may be reduced. Gaining a carbon neutral status will distinguish the Town of Cottesloe as a leader in reducing energy use, increasing energy efficiency and showing commitment toward climate change and sustainability.

Elizabeth Cox

A/Principal Environmental Health Officer

PRINCIPAL ENVIRONMENTAL HEALTH OFFICER REPORT

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

Food

The introduction of the new state-wide and national food legislation has required significant changes to be made to the registration of all Food Businesses. The Environmental Health team has been very active in ensuring all measures have been taken to inform each food business that they are now required to notify Council of the undertaking. The team has been actively involved in the risk assessment process of 84 food notifications. The risk assessment process identified 43 high-risk premises, 7 medium-risk premises, 6 low-risk premises and 28 very low-risk premises. The annual assessment program will focus on the 56 low to high-risk premises.

During the year a total of 285 visits were made to food establishments throughout the Town. These consisted of the routine quarterly visit to each premises, plus follow up visits where issues were identified, complaints were received from customers or where upgrading was being carried out.

The Town participated in the microbiological egg-product sampling survey in April. All samples taken by the Town were within the acceptable levels.

Alcohol Policy

A Small Bar licence in Napoleon Street was approved this year as a new initiative to encourage smaller outlets for the consumption of alcohol.

The Health team continues to liaise with the licensed premises community to reduce the anti-social behaviour during the summer months. Meetings are held with the community representatives, Police, Department of Racing and Gaming, Council Officers, representatives of the Hotel community and Elected Members of Council. Meetings are held on alternate months from October to April.

It was the general consensus that the level of anti-social behaviour in the vicinity of the hotels has decreased. This trend may have been due to the Police having had a more visible presence in the area, particularly on Sundays. Additional meetings have discussed issues relating to security and crowd control with the hotels, their security company and Council's Rangers.

Noise

With a range of holiday rental accommodation in Cottesloe it is not uncommon for holiday-makers to enjoy the outdoors and party. This does not always fit in well with the local residents who endure the weekend parties for a little while then raise complaints about the noise. These are complicated issues to investigate as they are often the result of anti-social behaviour and become a Police matter.

Additional noise issues have related to commercial buildings and air-conditioners. The close proximity of large houses and the desire to install air-conditioning units presents issues for neighbours. Many issues are resolved between neighbours resulting in a more amicable outcome. Four issues were not able to be resolved and were referred to a noise consultant for assessment. All situations were above the assigned noise level for the area and time of day.

Public Buildings

Officers have reviewed the 14 Public Buildings in Cottesloe to ensure statutory compliance relating to safe egress from the building, review of building accommodation numbers and compliance with electrical works and structural soundness.

Lodging Houses

The Town has reviewed the various forms of accommodation available to the public. Four establishments are within the definition of a lodging house and receive regular visits from the team to ensure compliance with health and fire safety requirements.

Swimming Pools

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

PRINCIPAL ENVIRONMENTAL HEALTH OFFICER REPORT**Recycling and Waste Management**

A most successful e-waste (electronic devices) collection was carried out over a weekend in June. This activity provided residents with an opportunity to remove and recycle a significant number of cameras, televisions, computers, and printers.

The promotion of recycling continues to be a high priority with the community and Council. Additional recycling bins have been provided to households that generate large quantities of recyclable items to prevent genuine recyclable materials from entering the waste stream.

A year-round program for the recycling of batteries and mobile phones resulted in the collection of 9kgs from Cottesloe residents.

In addition to the fortnightly recycling collection, Council supports four green waste collections and two bulk waste collections a year. These collections are popular amongst residents and green waste is able to be chipped before being returned to the mulch stream.

Elizabeth Cox

A/ 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 (AS). Following issue of a building licence and commencement of construction projects are monitored to ensure compliance with the approved plans.

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

Building and Demolition Licences

Last year's Building Industry and Economic forecast was very accurate and reflected in a 21% increase in the number of new homes and Additions/Alterations approved for 2009/2010. The number of new homes and additions contributed significantly to the 52% increase in the price of construction to \$66,974,375.

Signage Control

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

Private Swimming Pools

The Town has a statutory obligation to inspect private swimming pools at least once every four years to ensure compliance with the Australian Standard for Swimming Pool Safety (AS1926). All pools are scheduled for inspection this financial year, so it is recommended owners ensure their pool safety barriers are fully compliant.

Construction Hours

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

Use of Verges or Medians

The use of street verges continues to be monitored to ensure that damage is minimised and amenity is maintained, including reinstatement/rehabilitation upon completion. Builders and Owners have been very cooperative in ensuring damage is minimised.

Compliance Management

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

New Projects

The Civic Centre renovation and conservation works are complete and Administration is fully-operational. The new Cottesloe-Mosman Park-Peppermint Grove library redevelopment is nearing completion.

In the Town Centre, the mixed-use commercial and residential development being built on the corner of Station and Railway Streets is nearing completion.

Vidlers Surf store in Station Street is undergoing major renovations, which has encouraged others in the town centre, resulting in a significant rise in commercial alterations and additions.

The building team component of Development Services is well-equipped to deal with the Town's continued growth in development.

Sam Neale

Principal Building Surveyor

STATUTORY REPORT

National Competition Policy

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

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

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

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

During the 2009/10 financial year the Town met its obligations relating to the National Competition Policy. It continues to monitor Council policies and local laws for anti-competitive practices. No complaints were received by the Town in the 2009/10 financial year regarding anti-competitive practices.

As there are no business activities undertaken by the Town of Cottesloe where "user pays" income greater than \$200,000 in any year, competitive neutrality principles have no application at the Town. The Town is not classified as a natural monopoly nor does it conduct any business activities that could be classed as public monopolies. Therefore the principle of structural reform of public monopolies does not apply to the Town of Cottesloe.

Disability Access & Inclusion Plan

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

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

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

Access improvements initiatives undertaken during the past year include:

- The Disability Access and Inclusion Plan annual update (signed off and sent into the Disability Services Commission in early August). This process included contacting over 250 contractors that have been employed by the Town over the past twelve months and acquiring feedback about their use of the Town's DAIP.
- Elected Member's and Staff have received Disability Access and Inclusion Training.
- The Town hosted a feedback forum for the residents and ratepayers, with a focus on Disability Services in the Town.
- Council adopted a Disability Access and Inclusion Policy in August 2010,
- A range of minor works including parking bays, signage, kerb ramps and handrails at a number of community facilities.

STATUTORY REPORT

Payments Made to Employees

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

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

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

- \$110,000 to \$119,999: one.
- \$120,000 to \$129,999: one.

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

Register of Complaints

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

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

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

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

Records Management

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

Commitment to Records Management

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

Recordkeeping Plan

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

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

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

The Town is currently developing a new Record Keeping Plan and is due for submission to the State Records Commission in October 2010.

Recordkeeping Training Program

TRIM Context refresher and advanced training sessions will be conducted for all employees within the financial year. A training programme has been developed as part of the new Record Keeping Plan submission. The training programme will include recordkeeping awareness and employee responsibilities. These training and information sessions will be compulsory for all staff that create, collect and use records during their employment at the Town of Cottesloe.

PLAN FOR THE FUTURE

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

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

Broad Objectives

The broad objectives expressed in the plan relate to:

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

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

Strategic Profile

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

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

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

There is also an underlying issue that not everyone in the community wishes to participate in the

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

Strategic Initiatives for 2009/10

- 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

PLAN FOR THE FUTURE

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

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

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

Strategic Initiative for 2009/10

- 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 2009/10

- Develop the "Foreshore Vision and Master Plan" 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 future the number of

PLAN FOR THE FUTURE

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 2009/10

- 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.
- Complete the adoption of Local Planning Scheme No. 3 including the preparation of all draft policies to a stage where they can be advertised for public comment.

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 2009/10

- 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.
- Report on the proposed tasks identified in the Climate Change Vulnerability study and their impacts, priorities and applicability to the Town of Cottesloe.

PLAN FOR THE FUTURE

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

Strategic Profile

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

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

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

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

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

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

Strategic Initiative for 2009/10

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

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

OBJECTIVE 7 – TO EFFECTIVELY MANAGE COUNCIL'S RESOURCES AND WORK PROCESSES

- Delivery high quality professional governance and administration
- Ensure our workplace enables staff to be innovative
- Implement technologies to enhance decision making
- Enhance our ability to embrace and manage change

TOWN OF COTTESLOE



2009 - 2010

ANNUAL FINANCIAL STATEMENTS

TOWN OF COTTESLOE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

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TOWN OF COTTESLOE

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2010

**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 2010 are in my opinion properly drawn up to present fairly the financial position of the Town of Cottesloe at 30th June 2010 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 4TH day of OCTOBER 2010.


Carl Askew
Chief Executive Officer

TOWN OF COTTESLOE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2010

	NOTE	2010 \$	2010 Budget \$	2009 \$
REVENUE				
Rates	24	6,773,215	6,736,605	6,201,388
Operating Grants, Subsidies and Contributions	30	269,843	182,245	583,197
Fees and Charges	29	1,742,651	1,587,466	1,381,485
Interest Earnings	2(a)	243,787	100,957	213,898
Other Revenue		<u>492,604</u>	<u>215,076</u>	<u>352,556</u>
		9,522,100	8,822,349	8,732,524
EXPENSES				
Employee Costs		(2,849,087)	(2,901,033)	(2,803,516)
Materials and Contracts		(3,524,350)	(3,653,393)	(3,269,946)
Utility Charges		(141,177)	(137,938)	(123,279)
Depreciation on Non-Current Assets	2(a)	(1,592,555)	(1,591,658)	(1,478,367)
Interest Expenses	2(a)	(369,041)	(274,437)	(50,318)
Insurance Expenses		(136,963)	(119,338)	(112,713)
Other Expenditure		<u>(568,949)</u>	<u>(641,652)</u>	<u>(777,706)</u>
		<u>(9,182,122)</u>	<u>(9,319,449)</u>	<u>(8,615,845)</u>
		339,978	(497,100)	116,679
Non-Operating Grants, Subsidies and Contributions	30	440,913	450,267	652,676
Profit on Asset Disposals	22	168,004	0	2,947
Loss on Asset Disposal	22	<u>(7,768)</u>	<u>0</u>	<u>(9,341)</u>
NET RESULT		941,127	(46,833)	762,961
TOTAL COMPREHENSIVE INCOME		<u>941,127</u>	<u>(46,833)</u>	<u>762,961</u>

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

TOWN OF COTTESLOE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2010

	NOTE	2010 \$	2010 Budget \$	2009 \$
REVENUE				
Governance		92,289	33,100	76,645
General Purpose Funding		7,322,266	7,064,765	6,761,232
Law, Order, Public Safety		18,855	16,600	7,684
Health		35,409	52,550	58,964
Education and Welfare		34,565	35,866	33,815
Community Amenities		648,917	429,100	417,655
Recreation and Culture		448,512	335,470	636,333
Transport		1,258,536	1,075,467	1,230,465
Economic Services		256,461	224,498	146,795
Other Property and Services		15,207	5,200	18,559
	2 (a)	<u>10,131,017</u>	<u>9,272,616</u>	<u>9,388,147</u>
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(871,135)	(928,134)	(837,087)
General Purpose Funding		(187,522)	(205,556)	(212,518)
Law, Order, Public Safety		(139,718)	(240,368)	(215,208)
Health		(157,225)	(154,299)	(146,161)
Education and Welfare		(95,038)	(99,542)	(94,969)
Community Amenities		(2,388,080)	(2,375,784)	(2,409,985)
Recreation & Culture		(2,104,860)	(2,028,992)	(1,894,266)
Transport		(2,567,227)	(2,679,998)	(2,403,686)
Economic Services		(278,805)	(319,675)	(277,724)
Other Property and Services		(31,292)	(12,814)	(83,264)
	2 (a)	<u>(8,820,902)</u>	<u>(9,045,162)</u>	<u>(8,574,868)</u>
FINANCE COSTS				
Recreation & Culture		(367,594)	(272,878)	(45,898)
Other Property and Services		(1,394)	(1,409)	(4,420)
	2 (a)	<u>(368,988)</u>	<u>(274,287)</u>	<u>(50,318)</u>
NET RESULT		<u>941,127</u>	<u>(46,833)</u>	<u>762,961</u>
TOTAL COMPREHENSIVE INCOME		<u><u>941,127</u></u>	<u><u>(46,833)</u></u>	<u><u>762,961</u></u>

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

**TOWN OF COTTESLOE
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2010**

	NOTE	2010 \$	2009 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,352,652	1,622,436
Trade and Other Receivables	5	301,630	436,722
Inventories	6	50,276	50,276
TOTAL CURRENT ASSETS		<u>2,704,558</u>	<u>2,109,434</u>
NON-CURRENT ASSETS			
Other Receivables	5	658,154	693,029
Other Financial Assets	7	1,192,229	1,021,020
Property, Plant and Equipment	8	11,081,249	6,399,597
Infrastructure	9	14,863,768	14,508,044
TOTAL NON-CURRENT ASSETS		<u>27,795,400</u>	<u>22,621,690</u>
TOTAL ASSETS		<u>30,499,958</u>	<u>24,731,124</u>
CURRENT LIABILITIES			
Trade and Other Payables	10	757,326	597,266
Long Term Borrowings	11	300,471	188,218
Provisions	12	443,652	485,751
TOTAL CURRENT LIABILITIES		<u>1,501,449</u>	<u>1,271,235</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	11	6,526,652	1,934,466
Provisions	12	25,883	20,576
TOTAL NON-CURRENT LIABILITIES		<u>6,552,535</u>	<u>1,955,042</u>
TOTAL LIABILITIES		<u>8,053,984</u>	<u>3,226,277</u>
NET ASSETS		<u>22,445,974</u>	<u>21,504,847</u>
EQUITY			
Retained Surplus		21,078,211	19,876,798
Reserves - Cash Backed	13	1,211,194	1,471,480
Reserves - Asset Revaluation	14	156,569	156,569
TOTAL EQUITY		<u>22,445,974</u>	<u>21,504,847</u>

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

**TOWN OF COTTESLOE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2010**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2008		18,088,363	2,496,954	156,569	20,741,886
Net Result		762,961	0	0	762,961
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		1,025,474	(1,025,474)	0	0
Balance as at 30 June 2009		19,876,798	1,471,480	156,569	21,504,847
Net Result		941,127	0	0	941,127
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		260,286	(260,286)	0	0
Balance as at 30 June 2010		21,078,211	1,211,194	156,569	22,445,974

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

**TOWN OF COTTESLOE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2010**

	NOTE	2010 \$	2010 Budget \$	2009 \$
Cash Flows From Operating Activities				
Receipts				
Rates		6,756,876	6,736,605	6,229,073
Operating Grants, Subsidies and Contributions		238,828	328,160	593,910
Fees and Charges		1,742,276	1,435,344	1,353,014
Interest Earnings		237,810	93,257	216,767
Goods and Services Tax		1,073,229	640,000	914,761
Other Revenue		375,988	245,830	344,082
		<u>10,425,007</u>	<u>9,479,196</u>	<u>9,651,607</u>
Payments				
Employee Costs		(2,944,177)	(3,708,541)	(3,600,685)
Materials and Contracts		(3,642,036)	(2,779,625)	(2,305,189)
Utility Charges		(142,644)	(140,450)	(116,764)
Insurance Expenses		(136,963)	(130,000)	(112,713)
Interest Expenses		(277,624)	(270,000)	(22,861)
Goods and Services Tax		(1,048,912)	(666,000)	(849,549)
Other Expenditure		(559,567)	(699,833)	(770,922)
		<u>(8,751,923)</u>	<u>(8,394,449)</u>	<u>(7,778,683)</u>
Net Cash Provided By (Used In) Operating Activities	15(b)	<u>1,673,084</u>	<u>1,084,747</u>	<u>1,872,924</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(4,932,394)	(5,872,910)	(3,601,032)
Payments for Construction of Infrastructure		(1,435,717)	(1,607,360)	(1,646,225)
Advances to Community Groups		0	0	(380,000)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		606,193	433,667	548,396
Proceeds from Sale of Plant & Equipment		78,442	78,700	63,395
Net Cash Provided By (Used In) Investing Activities		<u>(5,683,476)</u>	<u>(6,967,903)</u>	<u>(5,015,466)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(250,219)	(252,608)	(77,699)
Proceeds from Self Supporting Loans		36,169	36,169	26,496
Proceeds from New Debentures		4,954,658	4,961,000	1,980,000
Net Cash Provided By (Used In) Financing Activities		<u>4,740,608</u>	<u>4,744,561</u>	<u>1,928,797</u>
Net Increase (Decrease) in Cash Held		730,216	(1,138,595)	(1,213,745)
Cash at Beginning of Year		1,622,436	1,908,553	2,836,181
Cash and Cash Equivalents at the End of the Year	15(a)	<u><u>2,352,652</u></u>	<u><u>769,958</u></u>	<u><u>1,622,436</u></u>

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

**TOWN OF COTTESLOE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2010**

	NOTE	2010 \$	2010 Budget \$
REVENUE			
Governance		92,289	33,100
General Purpose Funding		549,051	328,160
Law, Order, Public Safety		18,855	16,600
Health		35,409	52,550
Education and Welfare		34,565	35,866
Community Amenities		648,917	429,100
Recreation and Culture		448,512	335,470
Transport		1,258,536	1,075,467
Economic Services		256,461	224,498
Other Property and Services		15,207	5,200
		<u>3,357,802</u>	<u>2,536,011</u>
EXPENSES			
Governance		(871,135)	(928,134)
General Purpose Funding		(187,522)	(205,556)
Law, Order, Public Safety		(139,718)	(240,368)
Health		(157,225)	(154,299)
Education and Welfare		(95,038)	(99,542)
Community Amenities		(2,388,080)	(2,375,784)
Recreation & Culture		(2,472,454)	(2,301,870)
Transport		(2,567,227)	(2,679,998)
Economic Services		(278,805)	(319,675)
Other Property and Services		(32,686)	(14,223)
		<u>(9,189,890)</u>	<u>(9,319,449)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(160,236)	0
Movement in Equity Accounted Joint Ventures		(146,429)	0
Movement in Deferred Pensioner Rates (Non-Current)		(3,483)	0
Movement in Accrued Salaries and Wages		182	0
Movement in Employee Benefit Provisions		(36,792)	0
Depreciation and Amortisation on Assets		1,592,555	1,591,658
Capital Expenditure and Revenue			
Purchase Land and Buildings		(4,757,365)	(5,500,183)
Purchase Infrastructure Assets		(1,435,717)	(1,607,360)
Purchase Plant and Equipment		(245,990)	(247,100)
Purchase Furniture and Equipment		(147,004)	(125,627)
Purchase of Investments		0	0
Proceeds from Disposal of Investments		0	0
Proceeds from Disposal of Assets		78,442	78,700
Repayment of Debentures		(250,219)	(252,608)
Proceeds from New Debentures		4,954,658	4,961,000
Self-Supporting Loan Principal Income		36,169	36,169
Transfers to Reserves (Restricted Assets)		(933,283)	(24,257)
Transfers from Reserves (Restricted Assets)		1,193,569	1,168,768
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		(16,214)	(37,327)
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		663,970	(5,000)
Amount Required to be Raised from Rates	24	<u>(6,773,215)</u>	<u>(6,736,605)</u>

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

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 19 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 statement of financial position are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position 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 statement of financial position.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Trade and Other Receivables

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

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

(f) Inventories

General

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

Land Held for Resale

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

Revenue arising from the sale of property is recognised in the statement of comprehensive income 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 balance date.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land under Roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Council.

(h) Depreciation of Non-Current Assets

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

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

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 balance 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 statement of financial position.

(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 balance 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 statement of comprehensive income. 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 statement of comprehensive income as gains and losses from investment securities.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

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 statement of comprehensive income 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 statement of comprehensive income 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 statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

(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 balance date.

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

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are assessed at each balance 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 statement of comprehensive income.

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 balance date.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(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 statement of financial position and statement of comprehensive income. Information about the joint venture is set out in Note 18.

(r) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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

(s) Superannuation

The Council contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

(v) Comparative Figures

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

(w) Budget Comparative Figures

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 2010.

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

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9– Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 124– Related Party Disclosures	December 2009	01 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
(iii) AASB 2009-5 - Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	May 2009	01 January 2010	Nil – The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.
(iv) AASB 2009-8 - Amendments to Australian Accounting Standards – Group Cash – Settled Share-based Payment Transactions [AASB 2]	July 2009	01 January 2010	Nil - The Council will not have applicable transactions.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.
(vi) AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (ii) above).
(vii) AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]	December 2009	01 July 2010	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2010- 1 Amendment to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosure for First-time Adopters [AASB 1 & AASB 7]	February 2010	01 July 2010	

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(vi) (Continued)			
AASB 2009- 10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB132]	October 2009	01 February 2010	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
Interpretation 19– Extinguishing Financial Liabilities with Equity Instruments	December 2009	01 July 2010	
AASB 2009– 14 Amendments to Australian Interpretations – Prepayments of a minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	

Notes:

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Adoption of New and Revised Accounting Standards

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

The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of the Council.

AASB 101: Presentation of Financial Statements

In September 2007, the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Council's financial statements.

Disclosure Impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required owner changes in equity and other comprehensive income to be presented in the statement of changes in equity.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either a single statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Council has adopted the single statement approach and the financial statements now contain a statement of comprehensive income.

Other Comprehensive Income – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises income and expenses not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

2. REVENUE AND EXPENSES	2010	2009
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit	15,500	9,750
- Other Services	10,300	8,715
Depreciation		
Buildings	151,417	73,550
Furniture and Equipment	129,584	126,684
Plant and Equipment	200,962	215,626
Roads	652,603	628,870
Footpaths	175,605	172,733
Drainage	93,828	83,067
Parks & Ovals	53,750	45,789
Streetscapes	22,951	21,106
Rights of Way	1,753	36,790
Irrigation	63,670	63,478
Miscellaneous	46,432	10,674
	<u>1,592,555</u>	<u>1,478,367</u>
Interest Expenses (Finance Costs)		
Other Interest Charges	53	25,870
Debentures (<i>refer Note 23(a)</i>)	368,988	24,448
	<u>369,041</u>	<u>50,318</u>
Rental Charges		
- Operating Leases	<u>11,020</u>	<u>11,400</u>
(ii) Crediting as Revenue:		
	2010	2010
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	39,115	24,257
- Other Funds	195,457	66,700
Other Interest Revenue (<i>refer note 28</i>)	9,215	10,000
	<u>243,787</u>	<u>100,957</u>
		<u>213,898</u>

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

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

GENERAL PURPOSE FUNDING

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

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

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

EDUCATION AND WELFARE

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

COMMUNITY AMENITIES

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

RECREATION AND CULTURE

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

TRANSPORT

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

ECONOMIC SERVICES

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

OTHER PROPERTY AND SERVICES

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening	Received (+)	Expended (#)	Closing	Received (+)	Expended (#)	Closing
Grant/Contribution	Function/ Activity	Balance (*) 1-Jul-08	2008/09	2008/09	Balance (*) 30-Jun-09	2009/10	2009/10	Balance 30-Jun-10
		\$	\$	\$	\$	\$	\$	\$
Blackspot Works Grant Funding	Transport	0	6,245	0	6,245	0	(6,245)	0
Foreshore Restoration Grant Funding (Coastal Incentives)	Recreation & Culture	0	25,000	0	25,000	0	(25,000)	0
Financial Assistance Grant Funding	General Purpose Funding	0	61,071	0	61,071	238,401	(234,787)	64,685
Pylon Restoration Grant Funding	Recreation & Culture	0	100,262	0	100,262	0	(100,262)	0
Cottesloe Beach Erosion	Recreation & Culture	0	18,637	0	18,637	0	(6,364)	12,273
Muderup Rocks Restoration	Recreation & Culture	0	31,291	0	31,291	0	(28,805)	2,486
Federal Stimulus Package (Round 2)	Recreation & Culture	0	0	0	0	39,000	0	39,000
Total		0	242,506	0	242,506	277,401	(401,463)	118,444

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Notes:

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

(d) Reconciliation of Unspent Loans/Grants

	2010	2009
	\$	\$
Unspent Grants as per note 2.(c)	118,444	242,506
Unspent Loans as note 23.(b)	789,848	0
Sub Total	<u>908,292</u>	<u>242,506</u>
Held in Reserves as note 13.(h)	896,837	242,506
Held in Municipal Fund	<u>11,455</u>	<u>0</u>

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

	2010	2009
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	1,078,627	111,571
Restricted	1,274,025	1,510,865
	<u>2,352,652</u>	<u>1,622,436</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Area Improvement Reserve	70,424	340,835
Waste Management Reserve	63,097	84,525
Parking Reserve	105,656	157,106
Environmental Improvement Reserve	0	283,519
Leave Reserve	21,150	20,547
Library Reserve	0	179,011
Civic Centre Improvements Reserve	54,030	405,937
Unspent Grants/Funds Reserve	896,837	0
Combined Library	51,376	39,385
Sub Total	<u>1,262,570</u>	<u>1,510,865</u>
Unspent Grants Other	11,455	0
Total	<u>1,274,025</u>	<u>1,510,865</u>
Note: In 2009, unspent grants of \$242,506 were held in the Area Improvement Reserve.		
4. INVESTMENTS		
Council did not hold any Non-Bank investments during the 2009-2010 Financial Year.		
5. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	53,800	40,944
Sundry Debtors	129,083	266,523
Accrued Income	80,389	68,769
GST Receivable	0	24,317
Loans - Clubs/Institutions	38,358	36,169
	<u>301,630</u>	<u>436,722</u>
Non-Current		
Rates Outstanding - Pensioners	236,720	233,237
Loans - Clubs/Institutions	421,434	459,792
	<u>658,154</u>	<u>693,029</u>
6. INVENTORIES		
Current		
Centenary Books	50,276	50,276
	<u>50,276</u>	<u>50,276</u>

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

7. OTHER FINANCIAL ASSETS

Western Metropolitan Regional Council (WMRC)

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

	2010 \$	2009 \$
(a) Retained Surplus attributable to interest in joint venture:		
Balance at the beginning of the financial year	282,696	261,357
Share of joint venture's profit from ordinary activities after tax	171,209	21,339
Balance at the end of the financial year:	453,905	282,696
(b) Carrying amount of investment in joint venture:		
Balance at the beginning of the financial year	1,021,020	999,681
Share of profit from ordinary activities	171,209	21,339
Balance at the end of the financial year:	1,192,229	1,021,020

8. PROPERTY, PLANT AND EQUIPMENT

Land and Buildings - Cost	12,972,410	8,229,826
Less Accumulated Depreciation	(2,863,408)	(2,726,772)
	10,109,002	5,503,054
Furniture and Equipment - Cost	965,863	1,109,271
Less Accumulated Depreciation	(518,883)	(678,316)
	446,980	430,955
Plant and Equipment - Cost	1,152,885	1,173,289
Less Accumulated Depreciation	(694,930)	(812,951)
	457,955	360,338
Combined Library - Cost	218,169	245,729
Less Accumulated Depreciation	(150,857)	(140,479)
	67,312	105,250
	11,081,249	6,399,597

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

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.

	<u>Land & Buildings \$</u>	<u>Furniture & Equipment \$</u>	<u>Plant & Equipment \$</u>	<u>Combined Library \$</u>	<u>Total \$</u>
Balance as at 1 July 2009	5,503,054	430,955	360,338	105,250	6,399,597
Additions	4,757,365	147,004	245,990	0	5,150,359
(Disposals)	0	(1,395)	52,589	0	51,194
Revaluation - Increments - (Decrements)	0 0	0 0	0 0	0 0	0 0
Impairment - (losses) - reversals	0 0	0 0	0 0	0 0	0 0
Depreciation (Expense)	(151,417)	(129,584)	(200,962)	0	(481,963)
Other Movements	0	0	0	(37,938)	(37,938)
Balance as at 30 June 2010	<u>10,109,002</u>	<u>446,980</u>	<u>457,955</u>	<u>67,312</u>	<u>11,081,249</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010	2009
	\$	\$
9. INFRASTRUCTURE		
Roads - Cost	16,742,030	16,286,094
Less Accumulated Depreciation	<u>(8,988,605)</u>	<u>(8,336,002)</u>
	7,753,425	7,950,092
Footpaths - Cost	4,736,357	4,684,237
Less Accumulated Depreciation	<u>(2,942,160)</u>	<u>(2,766,555)</u>
	1,794,197	1,917,682
Drainage - Cost	5,181,719	4,650,769
Less Accumulated Depreciation	<u>(1,440,094)</u>	<u>(1,347,033)</u>
	3,741,625	3,303,736
Parks & Ovals - Cost	568,937	580,171
Less Accumulated Depreciation	<u>(356,047)</u>	<u>(392,904)</u>
	212,890	187,267
Street Furniture - Cost	459,544	447,607
Less Accumulated Depreciation	<u>(188,054)</u>	<u>(175,966)</u>
	271,490	271,641
Right of Ways - Cost	1,330,910	1,318,939
Less Accumulated Depreciation	<u>(1,287,080)</u>	<u>(1,285,328)</u>
	43,830	33,611
Irrigation - Cost	1,169,520	1,114,216
Less Accumulated Depreciation	<u>(740,975)</u>	<u>(707,904)</u>
	428,545	406,312
Miscellaneous - at Cost	739,178	512,683
Less Accumulated Depreciation	<u>(121,412)</u>	<u>(74,980)</u>
	617,766	437,703
	<u>14,863,768</u>	<u>14,508,044</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

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 \$	Misc \$	Total \$
Balance as at 1 July 2009	7,950,092	1,917,682	3,303,736	187,267	271,641	33,611	406,312	437,703	14,508,044
Additions	455,936	52,120	531,717	79,373	22,800	11,972	55,304	226,495	1,435,717
(Disposals)	0	0	0	0	0	0	30,599	0	30,599
Revaluation - Increments - (Decrements)	0	0	0	0	0	0	0	0	0
Impairment - (losses) - reversals	0	0	0	0	0	0	0	0	0
Depreciation (Expense)	(652,603)	(175,605)	(93,828)	(53,750)	(22,951)	(1,753)	(63,670)	(46,432)	(1,110,592)
Other Movements	0	0	0	0	0	0	0	0	0
Balance as at 30 June 2010	<u>7,753,425</u>	<u>1,794,197</u>	<u>3,741,625</u>	<u>212,890</u>	<u>271,490</u>	<u>43,830</u>	<u>428,545</u>	<u>617,766</u>	<u>14,863,768</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010	2009
	\$	\$
10. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	517,217	302,492
Accrued Expenses	37,214	202,228
Accrued Interest on Debentures	118,992	27,575
Accrued Salaries and Wages	65,153	64,971
Income in Advance	18,750	0
	<u>757,326</u>	<u>597,266</u>
11. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge Debentures	<u>300,471</u>	<u>188,218</u>
	<u>300,471</u>	<u>188,218</u>
Non-Current		
Secured by Floating Charge Debentures	<u>6,526,652</u>	<u>1,934,466</u>
	<u>6,526,652</u>	<u>1,934,466</u>
Additional detail on borrowings is provided in Note 23.		
12. PROVISIONS		
Current		
Provision for Annual Leave	218,981	264,848
Provision for Long Service Leave	194,083	200,843
Other Provisions	10,727	6,092
Combined Library Annual Leave Provision	19,861	13,968
	<u>443,652</u>	<u>485,751</u>
Non-Current		
Provision for Long Service Leave	23,152	20,576
Combined Library Long Service Leave Provision	2,731	0
	<u>25,883</u>	<u>20,576</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010 \$	2010 Budget \$	2009 \$
13. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	20,547	20,465	43,464
Amount Set Aside / Transfer to Reserve	602	1,367	2,187
Amount Used / Transfer from Reserve	0	0	(25,104)
	<u>21,149</u>	<u>21,832</u>	<u>20,547</u>
(b) Area Improvement Reserve			
Opening Balance	340,835	340,383	238,335
Amount Set Aside / Transfer to Reserve	3,144	2,936	254,500
Amount Used / Transfer from Reserve	(273,555)	(242,506)	(152,000)
	<u>70,424</u>	<u>100,813</u>	<u>340,835</u>
(c) Civic Centre Improvements Reserve			
Opening Balance	405,937	403,274	1,405,050
Amount Set Aside / Transfer to Reserve	17,277	4,033	439,888
Amount Used / Transfer from Reserve	(369,183)	(369,183)	(1,439,001)
	<u>54,031</u>	<u>38,124</u>	<u>405,937</u>
(d) Waste Management Reserve			
Opening Balance	84,525	84,345	94,756
Amount Set Aside / Transfer to Reserve	1,372	1,490	4,769
Amount Used / Transfer from Reserve	(22,800)	(33,000)	(15,000)
	<u>63,097</u>	<u>52,835</u>	<u>84,525</u>
(e) Parking Reserve			
Opening Balance	157,106	156,922	97,214
Amount Set Aside / Transfer to Reserve	1,550	4,708	59,892
Amount Used / Transfer from Reserve	(53,000)	(53,000)	0
	<u>105,656</u>	<u>108,630</u>	<u>157,106</u>
(f) Environmental Improvement Reserve			
Opening Balance	283,519	282,464	555,560
Amount Set Aside / Transfer to Reserve	6,755	4,356	27,959
Amount Used / Transfer from Reserve	(290,274)	(286,820)	(300,000)
	<u>0</u>	<u>0</u>	<u>283,519</u>

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

13. RESERVES - CASH BACKED (Cont'd)

	2010 \$	2010 Budget \$	2009 \$
(g) Library Reserve			
Opening Balance	179,011	178,892	62,575
Amount Set Aside / Transfer to Reserve	5,746	5,367	116,436
Amount Used / Transfer from Reserve	(184,757)	(184,259)	0
	<u>0</u>	<u>0</u>	<u>179,011</u>
(h) Unspent Grants/Funds Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	896,837	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>896,837</u>	<u>0</u>	<u>0</u>
(i) Combined Library Reserve			
Opening Balance	39,385	0	39,385
Amount Set Aside / Transfer to Reserve	11,991	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>51,376</u>	<u>0</u>	<u>39,385</u>
TOTAL CASH BACKED RESERVES	<u><u>1,262,570</u></u>	<u><u>322,234</u></u>	<u><u>1,510,865</u></u>

All of the cash backed reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash in Note 3.

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

13. RESERVES - CASH BACKED (Cont'd)

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

Leave Reserve

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

Area Improvement Reserve

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

Civic Centre Improvements Reserve

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

Waste Management Reserve

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

Parking Reserve

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

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.

Unspent Grants/Funds Reserve

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

Combined Library Reserve

- to fund the operations of the combined library

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

Leave Reserve - as staff take leave.

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

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

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

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

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

14. RESERVES - ASSET REVALUATION	2010	2009
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
(a) Land and Buildings		
Balance as at 1 July 2009	44,413	44,413
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2010	<u>44,413</u>	<u>44,413</u>
(b) Roads		
Balance as at 1 July 2009	54,405	54,405
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2010	<u>54,405</u>	<u>54,405</u>
(c) Combined Library		
Balance as at 1 July 2009	57,751	57,751
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2010	<u>57,751</u>	<u>57,751</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>156,569</u></u>	<u><u>156,569</u></u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, 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 statement of financial position as follows:

	2010 \$	2010 Budget \$	2009 \$
Cash and Cash Equivalents	<u>2,352,652</u>	<u>769,958</u>	<u>1,622,436</u>

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

Net Result	941,127	(46,833)	762,961
Depreciation	1,592,555	1,591,658	1,478,367
(Profit)/Loss on Sale of Asset	(160,236)	0	6,394
(Increase)/Decrease in Receivables	137,281	(49,411)	6,695
(Increase)/Decrease in Inventories	0	8,000	10,362
Increase/(Decrease) in Payables	(57,904)	30,000	107,373
(Increase)/Decrease in Deferred Rates	(3,483)	(15,000)	(30,464)
Increase/(Decrease) in Employee Provisions	(36,792)	0	100,971
(Increase)/Decrease in Equity			
Accounted Joint Ventures	(133,271)	0	(21,339)
Grants/Contributions for the Development of Assets	<u>(606,193)</u>	<u>(433,667)</u>	<u>(548,396)</u>
Net Cash from Operating Activities	<u><u>1,673,084</u></u>	<u><u>1,084,747</u></u>	<u><u>1,872,924</u></u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	250,000	250,000
Bank Overdraft at Balance Date	0	0
Credit Card limit	5,000	5,000
Credit Card Balance at Balance Date	(827)	(4,754)
Total Amount of Credit Unused	<u><u>254,173</u></u>	<u><u>250,246</u></u>

Loan Facilities

Loan Facilities - Current	300,471	188,218
Loan Facilities - Non-Current	<u>6,526,652</u>	<u>1,934,466</u>
Total Facilities in Use at Balance Date	<u><u>6,827,123</u></u>	<u><u>2,122,684</u></u>

Unused Loan Facilities at Balance Date	<u><u>NIL</u></u>	<u><u>NIL</u></u>
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**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

16. CONTINGENT LIABILITIES

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

17. CAPITAL AND LEASING COMMITMENTS

	2010	2009
(a) Operating Lease Commitments	\$	\$
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	11,006	11,400
	<u>11,006</u>	<u>11,400</u>
(b) Other Operating Commitments		
Other waste collection contracts contracted for as at 30-06-10.		
Payable:		
- not later than one year	729,750	585,000
- later than one but not later than five years	1,894,500	2,630,000
	<u>2,624,250</u>	<u>3,215,000</u>
(c) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	877,921	5,829,183
Payable:		
- not later than one year	877,921	5,829,183
The capital expenditure project outstanding at the end of the current reporting period represents:-		
- an extension to the Civic Centre administration offices located at 109 Broome Street, Cottesloe (\$88,073)		
- a new library facility located at 1 Leake Street, Peppermint Grove (\$789,848)		

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

18. JOINT VENTURE

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

	2010	2009
	\$	\$
CURRENT ASSETS		
Cash		
- Library Cash	9,789	0
- Library Restricted Reserves	51,376	39,384
NON CURRENT ASSETS		
Property, Plant & Equipment - Cost	4,853,375	245,729
Accumulated Depreciation	<u>(170,926)</u>	<u>(140,479)</u>
	4,682,449	105,250
TOTAL ASSETS	<u>4,733,825</u>	<u>144,634</u>
CURRENT LIABILITIES		
Long Term Borrowings	130,121	0
Provision for Annual Leave	19,861	13,968
NON CURRENT LIABILITIES		
Long Term Borrowings	4,762,536	0
Provision for Long Service Leave	2,731	0
TOTAL LIABILITIES	<u>4,915,249</u>	<u>13,968</u>
SHARE OF NET ASSETS OF JOINT VENTURE	<u>(181,424)</u>	<u>130,666</u>

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

	2010	2009
	\$	\$
19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY		
Governance	505,155	500,994
General Purpose Funding	355,385	274,656
Law, Order, Public Safety	27,500	2,954
Education and Welfare	396,403	422,192
Community Amenities	1,710,394	1,523,441
Recreation and Culture	11,971,135	6,902,452
Transport	13,634,882	14,518,158
Economic Services	21,082	27,920
Other Property and Services	50,016	61,290
Unallocated	1,828,006	497,067
	<u>30,499,958</u>	<u>24,731,124</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

20. FINANCIAL RATIOS	2010	2009	2008
Current Ratio	0.97	0.48	0.70
Untied Cash to Unpaid Trade Creditors Ratio	2.09	0.37	0.67
Debt Ratio	0.26	0.13	0.06
Debt Service Ratio	0.06	0.01	0.01
Gross Debt to Revenue Ratio	0.73	0.23	0.02
Gross Debt to Economically Realisable Assets Ratio	0.45	0.21	0.03
Rate Coverage Ratio	0.67	0.72	0.54
Outstanding Rates Ratio	0.01	0.01	0.01

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted current assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Unpaid Trade Creditors Ratio	$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$
Debt Ratio	$\frac{\text{total liabilities}}{\text{total assets}}$
Debt Service Ratio	$\frac{\text{debt service cost}}{\text{available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{gross debt}}{\text{total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{gross debt}}{\text{economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{net rate revenue}}{\text{operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{rates outstanding}}{\text{rates collectable}}$

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

21. TRUST FUNDS

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

	Balance 1-Jul-09	Amounts Received	Amounts Paid	Balance 30-Jun-10
	\$	\$	(\$)	\$
BCITF Levy	0	125,756	(125,756)	0
BRB Levy	0	6,452	(6,452)	0
Infrastructure Deposits	342,992	156,418	(99,860)	399,550
Right of Ways	3,146	32,620	(2,000)	33,766
Miscellaneous	45,249	9,562	(7,487)	47,324
	<u>391,387</u>			<u>480,640</u>

22. DISPOSALS OF ASSETS - 2009/10 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$
Plant & Vehicles	(52,590)	0	77,992	78,700	130,582	0
Furniture & Office Equipment	1,395	0	450	0	(945)	0
Infrastructure	(30,599)	0	0	0	30,599	0
	<u>(81,794)</u>	<u>0</u>	<u>78,442</u>	<u>78,700</u>	<u>160,236</u>	<u>0</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

23. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-09 \$	New Loans \$	Principal Repayments		Principal 30-Jun-10		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation & Culture								
Cottesloe Tennis Club - Loan No 104*	123,806		19,737	19,737	104,069	104,069	6,730	6,954
Seaview Golf Club - Loan No 105*	372,155		16,432	16,432	355,723	355,722	22,881	23,122
Joint Library - Loan No 107	0	4,954,658	62,001	64,390	4,892,657	4,896,610	256,301	155,060
Civic Centre Extension - Loan No 106	1,600,000		125,326	125,326	1,474,674	1,474,674	81,682	83,285
Transport								
Capital Works 1999/2000 - Loan No 90	26,723		26,723	26,723	0	0	1,394	1,409
	2,122,684	4,954,658	250,219	252,608	6,827,123	6,831,075	368,988	269,830

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

23. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2009/10

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Joint Library - Loan No 107	4,954,658	4,961,000	WA Treasury	Fixed	20	4,037,411	6.51	4,164,810	4,954,658	789,848

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-09 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-10 \$
Joint Library - Loan No 107	16/09/2009	0	4,954,658	4,164,810	789,848
		0	4,954,658	4,164,810	789,848

(d) Overdraft

Council established an overdraft facility of \$250,000 in 2009 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2009 and 30 June 2010 was \$Nil.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

24. RATING INFORMATION - 2009/10 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	0.06285	3,347	101,096,054	6,353,887	36,123	-250	6,389,760	6,348,005	0	0	6,348,005
Sub-Totals		3,347	101,096,054	6,353,887	36,123	-250	6,389,760	6,348,005	0	0	6,348,005
Minimum Rates											
GRV	800.00	392	4,052,834	313,600	-2,181	125	311,544	313,600	0	0	313,600
Sub-Totals		392	4,052,834	313,600	-2,181	125	311,544	313,600	0	0	313,600
Ex-Gratia Rates							6,701,304				6,661,605
Specified Area Rate (refer note 23)							75,054				75,000
Discounts (refer note 25)							6,776,358				6,736,605
Totals							-3,143				0
							6,773,215				6,736,605

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

25. SPECIFIED AREA RATE - 2009/10 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	0.01135	GRV	6,612,657	75,054	75,000	75,054	75,000
				75,054	75,000	75,054	75,000

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

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

26. SERVICE CHARGES - 2009/10 FINANCIAL YEAR

Council did not raise any service charges during the 2009/2010 financial year.

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2009/10 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	80.00%	3,143	0
Venue hire - various as per policy	Waiver	100%	500	2,000
Sundry Debtors	Write-Off	N/A	1,449	0

Council gives an eighty per cent discount of the annual rates to the Cottesloe Tennis Club.

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

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

It is Council's policy to send overdue sundry debtors for further recovery action. The debt recover firm was unable to recover these debts and Council adopted to write them off.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

28. INTEREST CHARGES AND INSTALMENTS - 2009/10 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		9,215	10,000
Charges on Instalment Plan		47.50	40,085	40,000
			<u>49,300</u>	<u>50,000</u>

Ratepayers had the option of paying rates in four equal instalments, due on 22nd September 2009, 24th November 2009, 2nd February 2010 and 6th April 2010. Administration charges and interest applied for the final three instalments.

29. FEES & CHARGES	2010 \$	2009 \$
General Purpose Funding	64,518	52,152
Law, Order, Public Safety	6,244	6,484
Health	40,599	57,564
Education and Welfare	19,559	22,748
Community Amenities	458,827	366,330
Recreation and Culture	202,388	189,924
Transport	695,802	542,057
Economic Services	254,714	144,226
	<u>1,742,651</u>	<u>1,381,485</u>

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

30. GRANT REVENUE	2010 \$	2009 \$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	269,843	583,197
Non-Operating Grants, Subsidies and Contributions	440,913	652,676
	<u>710,756</u>	<u>1,235,873</u>
By Program:		
General Purpose Funding	238,401	293,794
Community Amenities	0	70,000
Recreation and Culture	45,442	275,403
Transport	426,913	596,676
	<u>710,756</u>	<u>1,235,873</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

31. COUNCILLORS' REMUNERATION	2010	2010	2009
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	36,500	60,000	60,909
President's Allowance	5,000	5,000	5,455
Deputy President's Allowance	0	1,250	1,250
Travelling Expenses	0	1,250	0
Telecommunications Allowance	9,868	17,900	16,145
Other Member Costs	4,329	6,000	5,520
	<u>55,697</u>	<u>91,400</u>	<u>89,279</u>

32. EMPLOYEE NUMBERS	2010	2009
The number of full-time equivalent employees at balance date		
	<u>38</u>	<u>38</u>

33. MAJOR LAND TRANSACTIONS

Council did not undertake any major land transactions during the 2009/10 financial year.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2009/10 financial year.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

35. 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	
	2010	2009	2010	2009
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	2,352,652	1,622,436	2,352,622	1,622,436
Receivables	959,784	1,129,751	959,784	1,129,751
Other Financial Asset	1,192,229	1,021,020	1,192,229	1,021,020
	<u>3,312,436</u>	<u>2,752,187</u>	<u>3,312,406</u>	<u>2,752,187</u>
Financial Liabilities				
Payables	757,326	597,266	757,326	597,266
Borrowings	6,827,123	2,122,684	6,531,651	2,013,522
	<u>7,584,449</u>	<u>2,719,950</u>	<u>7,288,977</u>	<u>2,610,788</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

35. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

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

	30-Jun-10	30-Jun-09
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	23,527	16,135
- Income Statement	23,527	16,135

Notes:

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

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

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	30-Jun-10	30-Jun-09
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	95.00%	85.00%
- Overdue	5.00%	15.00%

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

35. FINANCIAL RISK MANAGEMENT (Continued)
(c) Payables
Borrowings

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

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

	<u>2010</u>	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	757,326	0	0	0	757,326	757,326
Borrowings	720,496	2,867,120	7,636,528	11,224,144	6,827,123	6,827,123
	<u>1,477,822</u>	<u>2,867,120</u>	<u>7,636,528</u>	<u>11,981,470</u>	<u>7,584,449</u>	<u>7,584,449</u>
Payables	597,266	0	0	0	597,266	597,266
Borrowings	302,078	1,095,785	1,420,645	2,818,508	2,122,684	2,122,684
	<u>899,344</u>	<u>1,095,785</u>	<u>1,420,645</u>	<u>3,415,774</u>	<u>2,719,950</u>	<u>2,719,950</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

35. 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 2010								
Borrowings								
Fixed Rate								
Debtentures	0	0	0	0	104,417	6,722,706	6,827,123	6.21%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	5.75%	6.22%		
Year Ended 30 June 2009								
Borrowings								
Fixed Rate								
Debtentures	26,723	0	0	0	0	2,095,961	2,122,684	5.47%
Weighted Average Effective Interest Rate	6.99%	0.00%	0.00%	0.00%	0.00%	5.55%		

INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE TOWN OF COTTESLOE

Report on the Financial Report

We have audited the accompanying financial report of the Town of Cottesloe, which comprises the Statement of Financial Position as at 30 June 2010 and the Statement of Comprehensive Income by nature or type, Statement of Comprehensive Income by program, Statement of Changes in Equity, Statement of Cash Flow, 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 controls 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 Town's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

INDEPENDENT AUDIT 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 Town.
- 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

Date: 4 October 2010
Perth, WA
2010 Year End Cottesloe AO6