



Town of Cottesloe



# Cottesloe

# ANNUAL

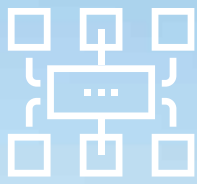
# REPORT

## 2016



## 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 2016



Cr Jo Dawkins - Mayor



Cr Philip Angers - Deputy Mayor  
(North Ward)



Cr Rob Thomas (North Ward)



Cr Jay Birnbrauer (East Ward)



Cr Sandra Boulter (East Ward)



Cr Mark Rodda (South Ward)



Cr Helen Burke (South Ward)



Cr Katrina Downes (Central Ward)



Cr Sally Pyvis (Central Ward)

# MAYOR'S MESSAGE



ON BEHALF OF THE TOWN OF COTTESLOE, IT IS WITH PLEASURE THAT I PRESENT THE 2015-2016 ANNUAL REPORT, HIGHLIGHTING OUR ACHIEVEMENTS OVER THE PAST 12 MONTHS.

It has been a busy year, and together with Elected Members and staff, I am proud of the progress we are making and will continue to make, plus provide the services that make the Town of Cottesloe the place we all so enjoy living in.

We are committed to our capital works program and delivered projects through the year including the construction and upgrade of a number of roads and footpaths in our local area.

Renovations of the Lesser Hall commenced in June and are on schedule and on budget. This constructive project will see the historic and well used building refurbished and restored to an attractive and modern facility. When completed, we encourage our community to make the most of this wonderful asset which will be available for hire for meetings, training and small events.

At the time of writing, plans for the upgrade of Indiana are on hold subject to the lessee rectifying maintenance issues that are a part of the current lease. Council is determined to resolve this so that we can see the public and private facilities improved to fit with the privileged unique location, and well known landmark this building has become.

As we move forward in the next financial year, there are plans to progress with a long overdue Cottesloe Foreshore Renewal Plan. At it's meeting in October, Council endorsed the plans for the renewal of the foreshore for community consultation. The plans are now

available for comment and I encourage you to have your say about this important project. It is envisaged that the work will be staged over the next few years and will provide an attractive upgrade to the foreshore area. The Masterplan is available to view on Council's website or at Council's office at the Civic Centre on Broome Street. To provide your feedback please email [council@cottesloe.wa.gov.au](mailto:council@cottesloe.wa.gov.au) or send written submissions to PO BOX 606, Cottesloe WA, 6911. Submissions close on Friday, 27 January 2017.

Another major project also endorsed for community comment at the October Council meeting is the Station Street Place Making Strategy. This project will bring Station Street up to date and revitalise another part of the town centre (following the upgrade of Napoleon Street last year). We invite our residents to let us know their thoughts on the plans for this central and essential part of our town. The plans are available to view online or at the Civic Centre. Submissions can be made via email or mail (see details above) and close on Friday, 6 January 2017.

On behalf of the Town of Cottesloe I would like to take this opportunity to thank Elected Members, staff and our many community volunteers for their time, enthusiasm and commitment over the past 12 months.

Jo Dawkins  
**Mayor**



# CEO REPORT



I AM VERY PLEASED TO PROVIDE THE FOLLOWING UPDATE ON PROGRESS MADE TOWARDS ACHIEVING COUNCIL'S STATED STRATEGIC OBJECTIVES AS OUTLINED IN THE TOWN OF COTTESLOE STRATEGIC COMMUNITY PLAN.

A full summary on a project by project basis can be found in the Integrated Planning and Reporting Framework in this Annual Report.

## PRIORITY AREA 1

- Protect and enhance the wellbeing of residents and visitors

Over the past 12 months considerable progress has been accomplished towards achieving the objectives of Priority Area 1, with some of the major achievements being:

- Development of a Masterplan for Cottesloe Foreshore which will be further considered by Council in 2016-17;
- Preparation of a Concept Plan to guide future development in Station Street and better connect with the existing activity in Napoleon Street;
- Commencement of a Bike Plan for Cottesloe to provide an integrated network of paths to encourage increased use and user safety; and
- Installation of universal access play equipment at the beach playground on the foreshore.

## PRIORITY AREA 2

- Achieving connectivity between east and west Cottesloe

Council has been negotiating with Main Roads WA and the Public Transport Authority over the past 12 months with the aim of improving vehicle and pedestrian access over the railway line. Pedestrian safety is a key factor in this and discussions with Main Roads WA include the need for improved pedestrian traffic signals on Curtin Avenue. Council hopes to further

progress discussions to improve the integration of the train station with the town centre over the coming 12 months, and to develop a long term solution to achieving connectivity.

## PRIORITY AREA 3

- Enhancing beach access and the foreshore

The long awaited Cottesloe Foreshore Renewal Masterplan has developed to the Concept Plan stage and was recently released for public comment. This Plan is based on earlier concepts adopted by Council and provides for the upgrade of the Cottesloe foreshore to improve amenity and access for beach users.

In addition to this, a major upgrade of all beach access paths and the foreshore terracing will commence in 2016-17. This will occur on a priority basis through the coming year.

Council has recently undertaken a review of the Cott Cat bus service that transports users to and from the beach and train station. Council has agreed to continue the service in conjunction with the Public Transport Authority and are currently investigating the possibility of expanding the service to the town centre.





## PRIORITY AREA 4

### - Managing development

The Town of Cottesloe manages development along the coastal strip, main beachfront, sport club areas, town centre and local centres and residential neighbourhoods.

In 2015-16, Council undertook a number of amendments to fine-tune some of the provisions of the Local Planning Scheme No. 3. Scheme No. 3 commenced in August 2014 and continues to guide land use and manage development in the district. In August 2015 the Planning and Development (Local Planning Schemes) Regulations came into being, which standardised parts of all local planning schemes in WA. Earlier this year, Town of Cottesloe prepared a number of scheme amendments to Scheme No. 3 which were based on refining residential building height controls and amending the residential density on two lots of land in Cottesloe. These amendments were open for community feedback, with the height changes being adopted by Council while the density proposal has been forwarded to the State Government for determination.

The Station Street Place Making Strategy commenced in early 2016 with stakeholder engagement to formulate a Concept Plan, which is now open for community consultation and feedback. Following the consultation period the Plan will be further refined prior to going to Council for adoption.

Expansion at Cottesloe Tennis Club which included eight additional tennis courts has been implemented following planning and building approvals, including a landscaping plan focused on integration with surrounding open space.

New multiple dwellings have been approved in Overton Gardens and on the corner of Broome and Eric Streets, both of which were determined by the Development Assessment Panel that covers Cottesloe.

## PRIORITY AREA 5

### - Providing sustainable infrastructure and community amenities

Council has prepared a Ten Year Financial Plan and is currently preparing an Asset Management Plan. These are designed to ensure that the assets of Council are both replaced and maintained at optimum times to preserve their useful life. When considering the acquisition of a new asset these plans assist to inform Council of whether their capital and maintenance costs are financially viable in the long term.

Some of the major infrastructure projects undertaken in 2015-16 include:

- Commencement of the upgrade of the Lesser Hall;
- Commitment to construct a new carpark on the beach foreshore at Salvado Street; and
- Completion of new open space in the former depot land development.

## PRIORITY AREA 6

### - Providing open and accountable local governance

In February 2016, Council introduced a monthly Briefing Session for Elected Members where items of business to be considered by Council at the next Ordinary Meeting are tabled, and an opportunity for members to question staff on the item is provided. The Briefing Sessions are being held for a 12 month trial period however feedback received to date from Elected Members and Electors indicate that the sessions are proving effective.

A review of the Communication Policy has recently been completed and some changes to improve current practices were made. One of the major outcomes was for Council to commence a social media presence with staff currently preparing a Policy on this for consideration by Elected Members. It is anticipated that this Policy will be presented to Council by the end of the year.

During 2015-16, Council accepted a tender to implement a Customer Relationship Management System that will better allow the community to submit requests and questions to Council via phone, email and online. Council staff are working on the system which is expected to be available in early 2017.

Earlier this year we revamped the Town of Cottesloe news page, which appears once a month in the local paper. The new page provides a valuable way for us to provide clear and concise information to our community.

I would like to take this opportunity to thank the Mayor, Elected Members and our dedicated staff for their efforts in achieving our goals in 2015-16 and I look forward to a productive 2016-17.

Mat Humfrey  
**Chief Executive Officer**



# SUSTAINABILITY IN COTTESLOE

SUSTAINABILITY CONTINUES TO BE A PRIORITY FOR THE TOWN OF COTTESLOE AS IT RECOGNISES THE IMPORTANT ROLE OF LOCAL GOVERNMENT IN PROACTIVE PROGRAMS AND ENCOURAGING COMMUNITY PARTICIPATION. THE TOWN HAS SEEN A NUMBER OF SIGNIFICANT ACHIEVEMENTS IN SUSTAINABILITY DURING 2015-16.

This year the Town saw breakthrough sales with the annual WESROC Native Plant Subsidy Scheme. Since 2008, 14,505 plants have been purchased by Cottesloe residents. Support for the initiative was further demonstrated at a Native Gardening Workshop, with over 80 people from the community coming along to learn tips and tricks on how to save water in the garden.

The Town's community were also active in Clean Up Australia Day, lending a hand to keep our beautiful beaches litter-free, while Earth Hour saw members of the community come together to spend an evening without electricity.

In 2015-16 the Town was once again successful in receiving funding for the continuation of its coastal monitoring

program. The aim of the program, now in its third year, is to provide a greater understanding of coastal processes along the Cottesloe coastline, allowing us to develop plans for the future and enhancing the Town's capacity to make informed and sustainable decisions regarding coastal management planning.



# STATUTORY REPORTS

## DISABILITY ACCESS AND INCLUSION PLAN

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

Council adopted its plan in August 2012 and a copy of the plan is available at 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 improvement initiatives undertaken during the past year include:

- One beach wheelchair (TADWA Beach Trekker) purchased by the Town and made available for members of the public to access at Cottesloe Beach, Monday to Friday each week.
- Engineering design completed for the next stage of the universal access path at Cottesloe Beach, which is to be reconciled with the existing bitumen road that provides vehicle access to the beach.
- An all abilities playground piece (Birds Nest Swing) installed at the beachfront playground.
- Audit of existing ACROD parking bays in Cottesloe carried out and complete.
- Continued works around Cottesloe Civic Centre and other public buildings to improve universal access.
- A range of minor works including parking bays, signage, kerb ramps and handrails at a number of community facilities.

## 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;

\$ Band	Number of Employees
\$160,000 to \$169,999	1
\$130,000 to \$139,000	1
\$120,000 to \$129,999	1
\$110,000 to \$119,999	1
\$100,000 to \$109,999	1

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

## REGISTER OF COMPLAINTS

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

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

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

For the purposes of section 5.115(2) of the Local Government Act 1995 it is advised that no complaints were made to the Town of Cottesloe during the financial year under review.

## RECORDS MANAGEMENT

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

### Commitment to Records Management

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



## RECORDKEEPING PLAN

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

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

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

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

## STRATEGIC COMMUNITY PLAN ADOPTION

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

All local governments are currently required to produce a plan for the future under S5.56 (1) of the Local Government Act 1995 (the Act). Regulations have been made under S5.56(2) of the Act to outline the minimum requirements to achieve this.

There are three major parties to the development of a strategic community plan:

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

To satisfy the requirement of the IPRF at least two plans are needed: The minimum requirement to meet the intent of the plan for the future is the development of:

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

The key principle of the planning process is to provide both the future aspirations for the local government and a path to achieve them. Specific strategies address issues such as community safety or disability plans and place or local area plans. Strategic outcomes are supported by the identification and planning of all financial, human resource, asset and infrastructure requirements and income opportunities over the longer term.

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

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

Council has adopted the required Plans and has established a schedule to ensure they are reviewed regularly, in accordance with legislation. These reviews will be advertised and residents will be consulted on any possible changes. The Plans are available to view on Council's website.



# **INTEGRATED PLANNING AND REPORTING FRAMEWORK**

## ACTION ITEMS



The following provides a brief update on Council progress towards achieving the action items identifies in the Community Strategic Plan.

## Priority Area 1 - Protect and enhance the wellbeing of residents and visitors

### 1.1. Develop an 'integrated transport strategy' that includes cycling, park and ride, Cott Cat, public transport and parking management strategies to meet the needs of pedestrians, cyclists and other non-vehicular traffic

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Review the current Bike Plan	Revised bike plan adopted by 31 December 2014	14/15	14/15	New Bike Plan commenced
b.	Implement projects contained within bike plan	Projects within bike plan incorporated into 5 year capital works plans	15/16	Ongoing	Awaiting final adoption of the new Bike Plan
c.	Lobby for the completion of the principle shared path (along rail line)	Commit funds in the forward estimates for the improvements of the principle shared path	14/15	Ongoing	
d.	Design, cost and include in the AMP and LTFP the Raia Roberts dual use path	Asset Management Plan and Long Term Financial Plan contain project costings	15/16	16/17	Awaiting adoption of Bike Plan, currently being considered by Council

### 1.2. Continue working with licensed premises to manage noise, parking and anti-social behaviour

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Foster and develop a community forum where residents are able to convey any concerns with the licensed premises within the Town	Monthly meetings of the Hotels Working Group continue and achieve a satisfactory level of attendance	Ongoing	Ongoing	The community forum continued to meet during the peak summer season
b.	Maintain a positive relationship with licensees	Representatives of the licensees attend the Hotels Working Group on a regular basis	Ongoing	Ongoing	Ongoing
c.	Review planning and approval processes for any approval of or amendment to licensed facilities within the Town	Effective consultation, reporting and decision making on approvals or referrals for licensed premises	15/16		Ongoing

### 1.3 Identify places to host more cultural events and activities

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Undertake an audit of current cultural events and facilities within the Town.	Calendar of events created, linked to a social media interface, that advertises events within the Town. Inventory of facilities capable of hosting cultural events created	14/15	15/16	Calendar of events created and maintained Social media policy is currently being researched and prepared for Council consideration
b.	Identify cultural events that are desirable, but not currently available within the Town.	Workshops held with elected members, community organisations and key stakeholders to identify opportunities for cultural events within the Town	15/16		No action undertaken. Workshop to be held 2016/17 By the C Concert event and Film Festival approved for 2016/17
c.	Create a checklist to assess potential facilities for hosting cultural events within the Town.	Essential requirements for the hosting of events identified and documented.	15/16		No action undertaken. Workshop to be held 2016/17
d.	Cost improvements required to facilities in point c. and include costs in Asset Management Plan and Long Term Financial Plan	Asset Management Plan and Long Term Financial Plan updated to reflect improvements required	16/17		No action undertaken. Workshop to be held 2016/17

### 1.4 Continue to improve community engagement

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Review the Community Consultation Policy regularly	Regular reviews of the Community Consultation Policy undertaken	Ongoing		Formal review to be undertaken in 2016-17
b.	Create a register of community consultation processes undertaken, including the date, type, methods of advertising and summaries of submissions received	Register created; Register reviewed with Community Consultation Policy and trend data or observations contribute to policy amendments	15/16	Ongoing	No action undertaken
c.	Regularly research alternate methods of community engagement, including social media	Research leads to amendments in Community Consultation policy; Information Technology platforms expanded to cater for increased use of social media	Ongoing	Ongoing	Ongoing. Social media policy currently being prepared for Council consideration
d.	Training provided on interpreting and responding to community feedback, either from formal or informal consultation.	Reduced occurrences of resolutions being rescinded; Reduced occurrences of petitions and large scale feedback being received following Council or Committee decisions	15/16		Ongoing

1.5 Continue to improve access and inclusion of aged persons and those with disabilities

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Review the Disability Access and Inclusion Plan on an annual basis	Review of Disability Access and Inclusion Plan presented to Council for endorsement	14/15	Ongoing	Update completed in August 2014
b.	Undertaken an audit of accessibility for all public buildings and infrastructure within the Town	Results of and recommendation from audit presented to Council for consideration	15/16	Ongoing	Access audit of Council owned and/or managed facilities completed
c.	Prioritise and cost improvements identified in point b. and include in the Asset Management Plan and Long Term Financial Plan	Asset Management Plan and Long Term Financial Plan amended to incorporate requirements from audit	16/17	Ongoing	Project due to start next financial year
d.	Provide training and support to community groups to increase inclusive activities for seniors and people with disabilities	Training sessions provided to community organisations within Cottesloe on providing universally accessible programs and facilities	14/15	Ongoing	Ongoing
e.	Provide training to elected members and staff on the provision of universally accessible programs, facilities and support	Training sessions made available to elected members and provided to staff on universal access	14/15	Ongoing	Ongoing

Priority Area 2 - Achieving connectivity between east and west Cottesloe

2.1. Proactively pursue solutions for Curtin Avenue and the railway

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Lobby the State Government to sink the Fremantle rail line through Cottesloe and realign Curtin Avenue	A project to sink the Fremantle rail line is announced	Ongoing		Ongoing
b.	Lobby the State Government for improvements to the Eric Street bridge, to ease traffic congestion while improving pedestrian access and safety	State Government commits funds to the project and establishes project guidelines	Ongoing		Ongoing
c.	Lobby the State Government for improvements to the Jarrad Street crossing, including the provision of grade separation	State Government commits funds to the project and establishes project guidelines	Ongoing		Ongoing
d.	Lobby the State Government for improvements to all local crossings, including the provision of grade separation	State Government commits funds to the project and establishes project guidelines	Ongoing		Ongoing



**2.2. 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 and Town Centre integration**

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Lobby and advocate for the development of a strategic plan for railway crossings within the western suburbs	Strategic plan produced	14/15	16/17	Project initiated in September 2015
b.	Produce a structure plan, in partnership with PTA and DoP for the railway lands within Cottesloe	Structure plan produced	14/15	16/17	Project initiated in September 2015 Council has resolved to pursue an Activity Centre Plan for the area

**2.3. Promote an engineering and financial feasibility study within the preferred solution**

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Undertake research and analysis to strengthen the case for improved east / west connectivity including; 1. Traffic counts and studies; 2. Analysis of pedestrian use; 3. Emissions (noise and pollutants) resulting from traffic in this area	Case study for rail-road interactivity within the Town produced	15/16	17/18	Project initiated in September 2015
b.	Undertake a cost analysis of providing grade separation between rail and road within the western suburbs	A project costing for the provision of grade separation is provided for consideration	16/17		Project due to start this financial year
c.	Provide an analysis of the land acquisitions required as well as the land development potential within the rail corridor	A structure plan is produced showing the net costs of land development within the Town as a result of providing rail - road separation	16/17		Project due to start this financial year
d.	Undertake baseline environment studies (ie water table, drainage) and impact studies (noise) for providing grade separation within the rail corridor	Current impacts of rail line documented. Analysis of environmental factors within the rail corridor undertaken. Model created showing impacts of providing grade separation	15/16		No action

## Priority Area 3 - Enhancing beach access and the foreshore

### 3.1. Implement the Foreshore Renewal Masterplan in consultation with the community

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Design Advisory Panel to review the Foreshore Redevelopment Plan	Revised plan presented to Council for consideration	14/15		During the year ended 30 June 2016, Council prepared a Concept Plan for the proposal which is currently out for public comment
b.	Undertake a detailed audit of infrastructure in foreshore area to identify and prioritise required works	Audit completed and presented to Council for consideration	15/16	16/17	
c.	Identify, cost and prioritise projects within the revised Foreshore Renewal Masterplan	Detailed costings for projects available	15/16		
d.	Where appropriate seek funds from State Government for projects	Funding attained from the State Government	15/16		Project due to start this financial year
e.	Update Asset Management Plan and Long Term Financial Plan to incorporate projects within the Foreshore Renewal Masterplan as well as the required works from infrastructure audit	Plans updated and presented for consideration	15/16		Awaiting adoption of the Foreshore Concept Plan
f.	Undertake baseline parking and traffic studies, to guide the development of a parking strategy and overall traffic strategy	Parking Strategy and policy presented for consideration; Traffic strategy presented for consideration	15/16		Completed

### 3.2. Continue to improve access to beach facilities

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Renovate all beach access paths over a period of four years	Beach paths renovated	15/16		Design brief being finalised and funds for upgrade allocated in Long Term Financial Plan
b.	Renovate and improve public ablutions at Cottesloe Beach	Renovated facilities opened for public use	15/16	17/18	Project not due to start this financial year
c.	Provide universal access to all facilities at Cottesloe Beach	Universal access provided to renovated facilities and beach level	16/17		Project not due to start this financial year
d.	Audit and improve infrastructure for public events, such as Sculptures by the Sea at Cottesloe Beach	Improved provision of events at Cottesloe Beach	Ongoing		Ongoing

### 3.3. Improve dune conservation outside of the central foreshore zone (implement NAMP)

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Undertake a review of the Natural Areas Management Plan (NAMP) 2010 - 2014	Natural Areas Management Plan (NAMP) revised and overall progress assessed	14/15		Complete
b.	Draft and adopt a revised Natural Areas Management Plan (NAMP) 2014 - 2018	Council adoption of the updated Natural Areas Management Plan (NAMP) 2014/ 2018	14/15		Complete
c.	Prioritise and cost projects included in NAMP for inclusion in the Asset Management Plan and Long Term Financial Plan	Asset Management Plan and Long Term Financial Plan updated to include priorities and projects from Natural Areas Management Plan (NAMP) 2014 - 2018	15/16		Complete

### 3.4. Increase public transport services and solutions for moving people to and from the beach area

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Asses the current Cott Cat service, and where appropriate, implement improvements.	Continuation and possible extension of the Cott Cat service	14/15		Review complete, changes to the route currently being investigated
b.	Liaise with Public Transport Authority (PTA) with regards to service provision and improvements	Additional bus services are provided during peak times	15/16		Underway
c.	Redesign the interface between Cottesloe Train Station and Forrest Street, and cost required improvements and works	Design for the train station / Forrest Street interface approved for public consultation	16/17		Project due to start this financial year
d.	Find suitable alternative parking (such as train station) to ease congestion and parking issues at Cottesloe Beach during peak times.	Alternative parking stations developed and shuttle transports in place	16/17		Project due to start this financial year



**3.5. Develop a parking strategy for the beach precinct**

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Undertake an audit of current facilities within the foreshore zone	Map produced detailing all available parking, including any restrictions	15/16		Project due to start this financial year
b.	Develop a Foreshore Parking Strategy which covers beach precinct that includes; supporting infrastructure (paths, crossing points, car parks) provision of any additional bays; and traffic management issues	Foreshore Parking Strategy adopted by Council	16/17		Project due to start this financial year LPS3 Parking Matters Policy adopted, which partially relates to this
c.	Cost and prioritise the projects that arise out of the Foreshore Parking Strategy	Costed implementation plan produced	16/17		Project due to start this financial year
d.	Include projects from the Foreshores Parking Strategy in the Asset Management Plan and Long Term Financial Plan	Asset Management Plan and Long Term Financial Plan updated to reflect the projects required for the Foreshore Parking Strategy	17/18		Project due to start this financial year

## Priority Area 4 - Managing development

**4.1. Finalise Local Planning Scheme No. 3 (LPS3)**

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Gazettal of the LPS 3	Complete	NA		Complete
b.	Initiate and complete amendments required to correct minor issues within LPS 3 as Gazetted	Amendments Gazetted	14/15		Complete
c.	Undertake an awareness campaign to ensure relevant parties are aware of LPS 3 and the implications for land owners	Public awareness campaign completed	14/15		Complete

#### 4.2. Implement / apply planning incentives for heritage properties

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Apply the LPS3 provisions that offer concessions or variations for proposals for heritage properties	Planning concessions made available to heritage properties	14/15		Commenced
b.	Operate a heritage advisory service to assist proponents with proposals for heritage properties	Heritage advisory service available	15/16		Project not due to start this financial year Previous heritage advisory service ceased and now are consultants used on a needs basis
c.	Formulate a policy that offers financial incentives for heritage properties in support of planning outcomes	Policy adopted by Council	15/16		Research commenced. Policy to provide direct subsidy rather than rates concession being prepared
d.	Introduce a local heritage awards program to encourage the conservation of heritage properties	Heritage awards program commences	16/17		Project due to start this financial year

#### 4.3. Consider undeveloped Government owned land for higher density development provided there is both public support and benefit for the Cottesloe community

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Undertake an audit of Crown Land or land owned by the Town of Cottesloe that have development potential	Audit results presented to Council for consideration	15/16		Project not due to start this financial year Previous reports to Council on potential land availability
b.	From the results of the audit above, prioritise available land for higher density developments	Prioritised development strategy formulated	16/17		Project due to start this financial year
c.	Create structure plans for high priority land or development zones in partnership with the State Government	Structure plans presented to Council for consideration	17/18		Project not due to start this financial year
d.	Lobby and negotiate with relevant partners, such as the Department of Lands and LandCorp to instigate development in identified priority areas	Development begins in priority areas	17/18		Project not due to start this financial year

## Priority Area 5 - Providing sustainable infrastructure and community amenities

### 5.1. Develop sustainability and capacity criteria to assess major strategies

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Write and implement a 10 year Asset Management Plan (AMP)	Asset Management Plan (AMP) adopted by Council	14/15	15/16	Project commenced - but not yet complete
b.	Update Long Term Financial Plan to include impacts from Asset Management Plan	Long Term Financial Plan updated	15/16		Ongoing
c.	Research and develop criteria for whole of life costings and ensure criteria are used in assessment of tenders for major projects	Criteria used to assess any new project or strategy, prior to inclusion in Asset Management Plan or Long Term Financial Plan	16/17		Project due to start this financial year

### 5.2. Manage assets that have a realisable value

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Finalise the sale of the former depot site at 2B Nailsworth Street Cottesloe	Sale transaction settled	14/15		Complete
b.	Update the Long Term Financial Plan (LTFP) to show the economic benefit of the sale of the former depot site	Long Term Financial Plan updated to show impacts of depot funds strategy	14/15		Complete
c.	Create a strategy for the development of the site at the corner of Station and Railway Streets in Cottesloe, which includes parking and traffic management plans	Strategy for the development of the site adopted by Council	15/16		Previous study of site completed but not acted on pending overall strategy A consultant has been appointed to develop the place making strategy required for the whole street
d.	Create an inventory of land and other major assets that are currently held by the Town	Inventory created	15/16		Completed

### 5.3. Implement the Town Centre Public Domain Infrastructure Improvement Plan

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Revise and update TCPDIFP, in consultation with stakeholders, such as ProCott	Revised plan adopted by Council	14/15	15/16	Napoleon Street has been upgraded, Station Street Place Making Strategy is being prepared and Council has resolved to pursue an Activity Centre Plan
b.	Complete streetscape improvement works within Napoleon Street	Streetscape works completed	14/15		Complete
c.	Begin negotiations with Public Transport Authority (PTA) to redevelop train station interface with the Town Centre	A design for the redevelopment of the train station / town centre interface developed	14/15	15/16	Implementation of the Station Street Place Making Strategy and formulation of an Activity Centre Plan would pursue this
d.	Undertake amendments to LPS3, where necessary, to prompt development within the Town Centre Precinct	Amendments identified and initiated	14/15	15/16	Implementation of the Station Street Place Making Strategy, a future Activity Centre Plan and specific development proposals may trigger this



#### 5.4. Maximise income from non-rates sources

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Develop a list of projects that would be capable of attracting grants and develop grant applications accordingly	Grant income increases	Ongoing		Ongoing
b.	Review lease arrangements to ensure the expenditure undertaken on leased buildings does not exceed lease payments received. Ensure commercial leases provide the most favourable return Lease payments and rents	Leases reviewed and amended when they are presented for renewal	Ongoing		Ongoing
c.	Ensure that fees and charges for services provided are paid in a timely fashion and that where at all possible infringements issues are collected	Ratio of outstanding debtors / infringements reduces	Ongoing		Ongoing
d.	Invest surplus funds prudently to maximise returns where possible, without risking financial assets	Rate of return on investments is improved	Ongoing		Ongoing

#### 5.5. Develop a long term asset management plan and accompanying financial plan

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Review and improve the Long Term Financial Plan on an annual basis	Annual review of LTFP undertaken	Ongoing		Review completed
b.	Implement a long term Asset Management Plan to be reviewed annually (November each year)	Asset Management Plan presented to Council for endorsement	14/15		Asset Management Plan being developed
c.	Analyse and compare the required level of renewal and replacement against the projected level of capital expenditure to ensure asset gaps do not eventuate	Asset Consumption Ratio and Asset Sustainability Ratio are calculated and show improvement	Ongoing		Ongoing
d.	Review asset "service levels" and "rating strategies" to ensure the expected level of service is achievable under the current rating levels	Asset Consumption Ratio and Asset Sustainability Ratio are calculated and show improvement	Ongoing		Ongoing

## Priority Area 6 - Providing open and accountable local governance

### 6.1. Ongoing implementation of Council's community consultation policy

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Ensure that where relevant, Council's final consideration of major issues follows appropriate community consultation	Appropriate consultation undertaken	Ongoing		Ongoing
b.	Community Consultation Policy regularly reviewed	Regular reviews provided to Council for consideration	Ongoing		Ongoing
c.	Strategic Community Plan reviewed on a regular basis, ensuring community involvement during the review	Strategic Community Plan regularly reviewed	Ongoing		Ongoing

### 6.2. Continue to deliver high quality governance, administration, resource management and professional development

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Ongoing provision of training and development for staff as well as membership of relevant associations	Highly skilled and supported staff available to guide and advise Council	Ongoing		Ongoing
b.	Ongoing provision of study leave for relevant professional development	Highly skilled and supported staff available to guide and advise Council	Ongoing		Ongoing
c.	Implement a customised elected member training and development program	Increased confidence in decision making skills and procedural awareness of elected members	Ongoing		Ongoing
d.	Undertake a cost analysis of significant decisions made that vary or amend projects	Increased awareness of the cost of making decisions that alter the current state of projects	Ongoing		Ongoing



### 6.3. Implement technologies to enhance decision making, communication and service delivery

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Scope, design and implement a Customer Relationship Management (CRM) system	Customer Relationship Management system in place and providing relevant reporting data	14/15	15/16	Tender awarded and system currently being implemented. Go Live date expected to be February 2017
b.	Undertake a review of the current core operating systems to identify and prioritise areas for improvement	A full review of the core operating system is complete and a prioritised list of improvements presented	15/16		Project on hold pending completion of the CRM System (6.3a)
c.	Develop a specification for the core systems required by the Town of Cottesloe	A specification for core operating systems is available for tender purposes	16/17		Project on hold pending completion of the CRM System (6.3a)
d.	Using the results of b. and c. - implement core systems that best meet the needs of the Town's administration and elected council	Improvements in processing time and reporting capability are able to be documented	16/17	17/18	Project on hold pending completion of the CRM System (6.3a)

### 6.4. Enhance the Town's ability to embrace and manage change

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2016
a.	Processes in place to educate community on impending changes	Relevant information on any change freely available to residents and ratepayers	Ongoing		Ongoing
b.	Ensure that information on any major change or project is freely available via the Town's website, notice boards or from administration	Relevant information on any change freely available to residents and ratepayers	Ongoing		Ongoing
c.	Regularly review administration structure and service delivery models to ensure they are as up to date as possible	Administration Structure and services offered are modern and meet the needs of the community	Ongoing		Ongoing





# FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2016





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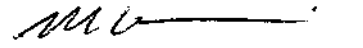
TOWN OF COTTESLOE  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016

LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Town being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Town at 30th June 2016 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 18<sup>th</sup> day of OCTOBER 2016

  
Mathew Humfrey  
Chief Executive Officer

**TOWN OF COTTESLOE**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>				
Rates	23	9,244,808	9,164,072	8,898,704
Operating Grants, Subsidies and Contributions	30	166,173	312,230	458,244
Fees and Charges	29	2,228,355	1,707,488	1,752,392
Interest Earnings	2(a)	452,682	412,108	305,237
Other Revenue	2(a)	366,127	214,432	104,139
		<u>12,458,145</u>	<u>11,810,330</u>	<u>11,518,716</u>
<b>Expenses</b>				
Employee Costs		(3,522,943)	(3,421,531)	(3,770,972)
Materials and Contracts		(4,409,315)	(4,739,275)	(4,090,168)
Utility Charges		(308,136)	(330,822)	(316,693)
Depreciation on Non-Current Assets	2(a)	(2,495,786)	(2,459,706)	(2,397,882)
Interest Expenses	2(a)	(314,474)	(323,854)	(340,780)
Insurance Expenses		(180,118)	(183,210)	(185,747)
Other Expenditure		(1,182,868)	(920,725)	(884,882)
		<u>(12,413,640)</u>	<u>(12,379,123)</u>	<u>(11,987,124)</u>
		44,505	(568,793)	(468,408)
Non-Operating Grants, Subsidies and Contributions	30	634,250	10,000	127,776
Profit on Asset Disposals	21	35,221	0	8,411,243
(Loss) on Asset Disposals	21	(479)	0	(17,578)
(Loss) on Revaluation of Infrastructure - Street Furniture	8(b)	0	0	(128,287)
<b>Net Result</b>		<u>713,497</u>	<u>(558,793)</u>	<u>7,924,746</u>
<b>Other Comprehensive Income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on Revaluation of Non-Current Assets	13	(66,281)	0	28,666,146
<b>Total Other Comprehensive Income</b>		<u>(66,281)</u>	<u>0</u>	<u>28,666,146</u>
<b>Total Comprehensive Income</b>		<u><u>647,216</u></u>	<u><u>(558,793)</u></u>	<u><u>36,590,892</u></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 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>	2(a)			
Governance		77,927	76,253	93,783
General Purpose Funding		9,877,416	9,899,790	9,671,714
Law, Order, Public Safety		41,131	19,000	31,627
Health		83,864	84,560	85,288
Education and Welfare		39,258	36,945	44,601
Community Amenities		709,431	545,420	591,682
Recreation and Culture		314,502	279,883	300,085
Transport		1,182,771	705,370	730,406
Economic Services		131,633	160,759	120,870
Other Property and Services		212	2,350	161,008
		<u>12,458,145</u>	<u>11,810,330</u>	<u>11,831,064</u>
<b>Expenses</b>	2(a)			
Governance		(861,483)	(842,802)	(775,271)
General Purpose Funding		(237,722)	(268,267)	(238,465)
Law, Order, Public Safety		(283,839)	(309,760)	(288,075)
Health		(215,468)	(246,873)	(201,077)
Education and Welfare		(311,777)	(387,177)	(304,886)
Community Amenities		(3,146,739)	(3,443,955)	(3,210,836)
Recreation and Culture		(3,431,297)	(3,159,696)	(3,238,994)
Transport		(3,258,486)	(3,011,266)	(3,039,373)
Economic Services		(345,830)	(390,269)	(349,367)
Other Property and Services		(6,525)	4,796	(312,348)
		<u>(12,099,166)</u>	<u>(12,055,269)</u>	<u>(11,958,692)</u>
<b>Finance Costs</b>	2(a)			
General Purpose Funding		0	(100)	0
Recreation and Culture		(314,474)	(323,754)	(340,780)
		<u>(314,474)</u>	<u>(323,854)</u>	<u>(340,780)</u>
		44,505	(568,793)	(468,408)
Non-Operating Grants, Subsidies and Contributions	30	634,250	10,000	127,776
Profit on Disposal of Assets	21	35,221	0	8,411,243
(Loss) on Disposal of Assets	21	(479)	0	(17,578)
(Loss) on Revaluation of Infrastructure - Street Furniture	8(b)	0	.0	(128,287)
		<u>0</u>	<u>0</u>	<u>(128,287)</u>
<b>Net Result</b>		<u>713,497</u>	<u>(558,793)</u>	<u>7,924,746</u>
<b>Other Comprehensive Income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on Revaluation of Non-Current Assets	13	(66,281)	0	28,666,146
<b>Total Other Comprehensive Income</b>		<u>(66,281)</u>	<u>0</u>	<u>28,666,146</u>
<b>Total Comprehensive Income</b>		<u>647,216</u>	<u>(558,793)</u>	<u>36,590,892</u>

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

**TOWN OF COTTESLOE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2016**

	NOTE	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	12,159,586	11,320,558
Trade and Other Receivables	4	536,088	302,301
Inventories	5	37,786	37,995
<b>TOTAL CURRENT ASSETS</b>		<u>12,733,460</u>	<u>11,660,854</u>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	741,650	479,905
Investment Accounted for using the Equity Method	6	1,021,510	1,034,684
Property, Plant and Equipment	7	45,583,553	45,942,024
Infrastructure	8	43,127,677	43,508,495
<b>TOTAL NON-CURRENT ASSETS</b>		<u>90,474,390</u>	<u>90,965,108</u>
<b>TOTAL ASSETS</b>		<u>103,207,850</u>	<u>102,625,962</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	9	776,125	929,206
Current Portion of Long Term Borrowings	10	424,626	374,013
Provisions	11	854,769	736,240
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,055,520</u>	<u>2,039,459</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	10	4,668,734	4,773,359
Provisions	11	61,901	38,665
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>4,730,635</u>	<u>4,812,024</u>
<b>TOTAL LIABILITIES</b>		<u>6,786,155</u>	<u>6,851,483</u>
<b>NET ASSETS</b>		<u>96,421,695</u>	<u>95,774,479</u>
<b>EQUITY</b>			
Retained Surplus		28,053,996	28,315,704
Reserves - Cash Backed	12	10,719,976	9,744,771
Revaluation Surplus	13	57,647,723	57,714,004
<b>TOTAL EQUITY</b>		<u>96,421,695</u>	<u>95,774,479</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 2016**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2014</b>		28,952,783	1,182,946	29,047,858	59,183,587
Comprehensive income		7,924,746	0	0	7,924,746
Net result		7,924,746	0	0	7,924,746
Changes on revaluation of assets	13	0	0	28,666,146	28,666,146
Total comprehensive income		7,924,746	0	28,666,146	36,590,892
Transfers from/(to) reserves		(8,561,825)	8,561,825	0	0
<b>Balance as at 30 June 2015</b>		28,315,704	9,744,771	57,714,004	95,774,479
Comprehensive income		713,497	0	0	713,497
Net result		713,497	0	0	713,497
Changes on revaluation of assets	13	0	0	(66,281)	(66,281)
Total comprehensive income		713,497	0	(66,281)	647,216
Transfers from/(to) reserves		(975,205)	975,205	0	0
<b>Balance as at 30 June 2016</b>		28,053,996	10,719,976	57,647,723	96,421,695

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 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		9,238,567	9,164,072	8,924,760
Operating grants, subsidies and contributions		28,711	312,230	458,244
Fees and charges		2,228,355	1,707,488	1,718,775
Interest earnings		452,682	412,108	305,237
Goods and services tax		642,945	0	671,691
Other revenue		366,127	214,432	416,489
		<u>12,957,387</u>	<u>11,810,330</u>	<u>12,495,196</u>
<b>Payments</b>				
Employee costs		(3,355,698)	(3,421,531)	(3,841,760)
Materials and contracts		(4,581,419)	(4,739,275)	(3,931,658)
Utility charges		(308,136)	(330,822)	(316,693)
Interest expenses		(320,722)	(323,854)	(345,354)
Insurance expenses		(180,118)	(183,210)	(185,747)
Goods and services tax		(639,171)	0	(669,268)
Other expenditure		(1,169,669)	(902,451)	(1,041,056)
		<u>(10,554,933)</u>	<u>(9,901,143)</u>	<u>(10,331,536)</u>
<b>Net cash provided by (used in) operating activities</b>	14(b)	<u>2,402,454</u>	<u>1,909,187</u>	<u>2,163,660</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(835,107)	(2,277,100)	(856,056)
Payments for construction of infrastructure		(1,086,375)	(2,653,900)	(1,409,449)
Advances to community groups		(320,000)	0	0
Non-operating grants, subsidies and contributions		634,250	10,000	127,776
Proceeds from sale of fixed assets		133,446	103,150	8,745,564
<b>Net cash provided by (used in) investment activities</b>		<u>(1,473,786)</u>	<u>(4,817,850)</u>	<u>6,607,835</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(374,012)	(374,013)	(365,759)
Proceeds from/(to) self supporting loans		(35,628)	22,730	35,236
Proceeds from new debentures		320,000	0	0
<b>Net cash provided by (used in) financing activities</b>		<u>(89,640)</u>	<u>(351,283)</u>	<u>(330,523)</u>
<b>Net increase (decrease) in cash held</b>		839,028	(3,259,946)	8,440,972
Cash at beginning of year		11,320,558	10,382,950	2,879,586
<b>Cash and cash equivalents at the end of the year</b>	14(a)	<u>12,159,586</u>	<u>7,123,004</u>	<u>11,320,558</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 2016**

NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>	963,144	286,187	1,192,902
	<u>963,144</u>	<u>286,187</u>	<u>1,192,902</u>
<b>Revenue from operating activities (excluding rates)</b>			
Governance	89,458	76,253	93,811
General purpose funding	632,608	735,718	773,010
Law, order, public safety	41,131	19,000	31,627
Health	83,864	84,560	85,288
Education and welfare	39,258	36,945	44,601
Community amenities	709,431	545,420	579,134
Recreation and culture	324,988	279,883	305,100
Transport	1,195,975	705,370	738,508
Economic services	131,633	160,759	115,840
Other property and services	212	2,350	8,559,106
	<u>3,248,558</u>	<u>2,646,258</u>	<u>11,326,025</u>
<b>Expenditure from operating activities</b>			
Governance	(861,483)	(842,802)	(775,271)
General purpose funding	(237,722)	(268,367)	(238,465)
Law, order, public safety	(283,839)	(309,760)	(288,075)
Health	(215,468)	(246,873)	(201,077)
Education and welfare	(311,777)	(387,177)	(304,886)
Community amenities	(3,146,739)	(3,443,955)	(3,339,123)
Recreation and culture	(3,746,250)	(3,483,450)	(3,579,774)
Transport	(3,258,486)	(3,011,266)	(3,039,373)
Economic services	(345,830)	(390,269)	(349,367)
Other property and services	(6,525)	4,796	(312,348)
	<u>(12,414,119)</u>	<u>(12,379,123)</u>	<u>(12,427,759)</u>
<b>Operating activities excluded from budget</b>			
(Profit) on disposal of assets	21	(35,221)	0
Loss on disposal of assets	21	479	0
Movement to self supporting loans (non-current)		(1,480)	0
Movement in equity accounted joint ventures		13,174	0
Movement in Non Current Equity of Library		2,948	0
Loss on revaluation of fixed assets		0	128,287
Movement in deferred pensioner rates (non-current)		12,743	0
Movement in employee benefit provisions		138,817	0
Depreciation and amortisation on assets	2(a)	2,495,786	2,459,706
<b>Amount attributable to operating activities</b>		<u>(5,575,171)</u>	<u>(5,807,221)</u>
<b>INVESTING ACTIVITIES</b>			
Non-operating grants, subsidies and contributions		634,250	10,000
Proceeds from disposal of assets	21	133,446	103,150
Purchase of land held for resale		0	0
Purchase of property, plant and equipment	7(b)	(835,107)	(2,277,100)
Purchase and construction of infrastructure	8(b)	(1,086,375)	(2,653,900)
<b>Amount attributable to investing activities</b>		<u>(1,153,786)</u>	<u>(4,817,850)</u>
<b>FINANCING ACTIVITIES</b>			
Advances to community groups		(320,000)	0
Repayment of debentures	22(a)	(374,012)	(374,013)
Proceeds from new debentures	22(a)	320,000	0
Proceeds from self supporting loans		20,630	23,730
Transfers to reserves (restricted assets)	12	(1,562,458)	(238,231)
Transfers from reserves (restricted assets)	12	587,253	3,229,264
<b>Amount attributable to financing activities</b>		<u>(1,328,587)</u>	<u>2,640,750</u>
<b>Surplus(deficiency) before general rates</b>		<u>(8,057,544)</u>	<u>(9,164,072)</u>
<b>Total amount raised from general rates</b>	23	<u>9,244,808</u>	<u>9,164,072</u>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	24	<u><u>1,187,264</u></u>	<u><u>0</u></u>
		<u><u>963,144</u></u>	<u><u>1,192,902</u></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 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

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

**Critical accounting estimates**

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

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

**The local government reporting entity**

All Funds through which the Town 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. A separate statement of those monies appears at Note 20 to these financial statements.

**(b) Goods and Services Tax (GST)**

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

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

**(c) Cash and Cash Equivalents**

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

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

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) Trade and Other Receivables**

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

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

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

**(e) Inventories**

**General**

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

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

**Land held for sale**

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

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

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

**(f) Fixed Assets**

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

**Mandatory requirement to revalue non-current assets**

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

During the year ended 30 June 2013, the Town commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Town revalues its asset classes in accordance with this mandatory timetable.

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

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Land under control***

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

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

***Initial recognition and measurement between mandatory revaluation dates***

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

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

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

***Revaluation***

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

***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 AASB 1051 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 Town.



**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Depreciation***

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

Buildings	50 years
Furniture and Equipment	2 to 15 years
Plant and Equipment	2 to 10 years
Computer and Ancillary Equipment	2 to 30 years
Roads, Right of Ways, Car Parks	
- Seal/Surface	15 to 40 years
- Pavement	40 to 80 years
- Kerb	60 years
Footpaths	
- Insitu Concrete	50 years
- Slab, Asphalt and Brick Pave	20 years
Drainage	
- PVC Pipe	40 years
- Concrete Pipes, pits, GPT's, Headwalls etc	100 years
- Grate Gully Lids, Side Entry Lids and Pit Covers	60 years
- Sumps (filled in)	100 years
Irrigation Components	40 years
Street Furniture	
- Chairs, Picnic Tables, Barbeques, Bins	20 years
- Street Lights	20 years
- Bus Shelters	40 years
- Beach Showers and Drinking Fountains	25 years
Parks and Ovals	
- Playground Equipment - Combination Units	18 years
- Playground Equipment - Soft Fall and Shade Sail Equipment	10 years
Miscellaneous Infrastructure	5 to 60 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

***Capitalisation threshold***

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

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fair Value of Assets and Liabilities**

When performing a revaluation, the Town uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that the Town would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

***Fair value hierarchy***

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

**Level 1**

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2**

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

***Valuation techniques***

The Town selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Town are consistent with one or more of the following valuation approaches:

**Market approach**

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fair Value of Assets and Liabilities (Continued)**

**Income approach**

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

**Cost approach**

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Town gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

**(h) Financial Instruments**

***Initial recognition and measurement***

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

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

***Classification and subsequent measurement***

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

Amortised cost is calculated as:

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

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

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

***Classification and subsequent measurement (continued)***

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

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. 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 and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

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

*(iii) Held-to-maturity investments*

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

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

*(iv) Available-for-sale financial assets*

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

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

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

*(v) Financial liabilities*

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



**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

***Impairment***

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

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

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

***Derecognition***

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

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

**(i) Impairment of Assets**

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

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

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

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

**(j) Trade and Other Payables**

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

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Employee Benefits**

**Short-term employee benefits**

Provision is made for the Town's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Town's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Town's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**Other long-term employee benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Town's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Town does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

**(l) 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 until such time as the asset is substantially ready for its intended use or sale.

**(m) Provisions**

Provisions are recognised when the Town has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

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

**(n) 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 Town, are classified as finance leases.

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

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

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

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

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(o) Investment in Associates**

An associate is an entity over which the Town has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Town's share of net assets of the associate. In addition, the Town's share of the profit or loss of the associate is included in the Town's profit or loss.

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

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

When the Town's share of losses in an associate equals or exceeds its interest in the associate, the Town discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Town will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

**(p) Interests in Joint Arrangements**

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Town's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 17.

**(q) Rates, Grants, Donations, Infringements 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.

Infringement charges are recognised as revenue when the penalty has been applied to the extent of expected recovery determined in accordance with past experience. A provision for doubtful debt is recognised when collection in full is no longer probable.

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 operations for the current reporting period.

**(r) Superannuation**

The Town contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Town contributes are defined contribution plans.

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(s) 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 Town's operational cycle. In the case of liabilities where the Town 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 sale where it is held as non-current based on the Town's intentions to release for sale.

**(t) Rounding Off Figures**

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

**(u) Comparative Figures**

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

When the Town applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

**(v) 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 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	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 Town, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2018	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the Town has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.  Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Town, the impact is not expected to be significant.



**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations  [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation  [AASB 116 & 138]	August 2014	1 January 2016	Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Town's financial statements.  This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.  Given the Town currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15.  It will require changes to reflect the impact of AASB 15.

**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101  [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.  This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.  It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.
(viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities  [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.  The Standard is expected to have a significant disclosure impact on the financial report of the Town as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

<sup>(1)</sup> 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 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(x) Adoption of New and Revised Accounting Standards**

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

These new and revised standards were as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

2. REVENUE AND EXPENSES	2016	2015	
	\$	\$	
<b>(a) Net Result</b>			
The Net result includes:			
(i) Charging as an expense:			
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report	19,000	18,000	
- Other Services	18,080	4,000	
<b>Depreciation</b>			
Buildings - Specialised	736,039	761,535	
Furniture and Equipment	101,373	146,866	
Plant and Equipment	191,181	227,340	
Infrastructure - Roads	775,306	744,155	
Infrastructure - Footpaths	186,549	203,652	
Infrastructure - Drainage	90,011	107,726	
Infrastructure - Parks and Ovals	58,525	39,499	
Infrastructure - Carparks	156,886	33,523	
Infrastructure - Street Furniture	38,387	39,783	
Infrastructure - Rights of Way	48,519	14,597	
Infrastructure - Irrigation	29,138	20,913	
Infrastructure - Other	83,872	58,293	
	<u>2,495,786</u>	<u>2,397,882</u>	
<b>Interest expenses (finance costs)</b>			
Debentures (refer Note 22 (a))	314,474	340,780	
	<u>314,474</u>	<u>340,780</u>	
<b>Significant expense</b>			
Legal expenses - Recreation and Culture	251,013	0	
	<u>251,013</u>	<u>0</u>	
This relates to legal expenses incurred as part of a lease dispute.			
(ii) Crediting as revenue:			
<b>Significant revenue</b>			
Recreation and Culture	600,000	0	
Other Property and Services	0	8,397,916	
The significant revenue in 2015 relates to the sale of the Town's former Depot site. The significant revenue in 2016 relates to the contribution towards public open space as disclosed in non operating contributions in the the Statement of Comprehensive Income by Nature and Type.			
<b>Other revenue</b>			
Reimbursements and recoveries	198,976	218,533	
Other	167,151	(114,394)	
	<u>366,127</u>	<u>104,139</u>	
	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	\$	\$	\$
<b>Interest earnings</b>			
- Reserve funds	293,895	224,218	116,608
- Other funds	89,272	115,000	109,369
Other interest revenue (refer note 28)	69,515	72,890	79,260
	<u>452,682</u>	<u>412,108</u>	<u>305,237</u>

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**2. REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective**

In order to discharge its responsibilities to the community, the Town has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Town's Community Vision, and for each of its broad activities/programs.

**COMMUNITY VISION**

"To preserve and improve Cottesloe's natural and built environment and beach lifestyle by using sustainable strategies. Members of the community will continue to be engaged to shape the future for Cottesloe and strengthen Council's leadership role."

Town operations as disclosed in these financial statements encompass the following service orientated activities/programs.

Town operations as disclosed in these financial statements encompass the following service orientated activities/programs.

**GOVERNANCE**

**Objective:**

To provide a decision making process for the efficient allocation of scarce resources.

**Activities:**

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

To provide services to help ensure a safer and environmentally conscious community.

**Activities:**

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

**HEALTH**

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

Inspection of food outlets and their control, noise control and waste disposal compliance.

**EDUCATION AND WELFARE**

**Objective:**

To provide services to disadvantaged persons, the elderly, children and youth.

**Activities:**

Provision of child care centres and aged care support services in conjunction with community organisations.



**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**2. REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective (Continued)**

**COMMUNITY AMENITIES**

**Objective:**

To provide services required by the community.

**Activities:**

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes and public conveniences.

**RECREATION AND CULTURE**

**Objective:**

To establish and effectively manage infrastructure and resource which will help the social well being of the community.

**Activities:**

Maintenance of public halls, civic centres, beaches, recreation facilities and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library and other cultural facilities.

**TRANSPORT**

**Objective:**

To provide safe, effective and efficient transport services to the community.

**Activities:**

Construction and maintenance of roads, streets, footpaths, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

**ECONOMIC SERVICES**

**Objective:**

To help promote the shire and its economic wellbeing.

**Activities:**

Tourism and area promotion including the maintenance and provision of services including Building Control.

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control Town's overheads operating accounts.

**Activities:**

Private works operation, plant repair and operation costs and engineering operation costs.

**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**2. REVENUE AND EXPENSES (Continued)**

(c) Conditions Over Grants/Contributions		Opening Balance <sup>(1)</sup> 1/07/14 \$	Received <sup>(2)</sup> 2014/15 \$	Expended <sup>(3)</sup> 2014/15 \$	Closing Balance <sup>(1)</sup> 30/06/15 \$	Received <sup>(2)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance 30/06/16 \$
Metropolitan Local Government Reform	Governance	55,000	0	(55,000)	0	0	0	0
<b>Total</b>		<u>55,000</u>	<u>0</u>	<u>(55,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**Notes:**

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - 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.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	Note	2016 \$	2015 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		1,439,610	1,575,787
Restricted		<u>10,719,976</u>	<u>9,744,771</u>
		<u>12,159,586</u>	<u>11,320,558</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	12	185,516	180,021
Civic Centre Reserve	12	281,235	81,034
Waste Management Reserve	12	282,817	0
Area Improvement Reserve	12	1	34
Parking Reserve	12	10,613	10,298
Property Reserve	12	400,892	389,313
Infrastructure Reserve	12	282,719	371,930
Unspent Grants/Funds Reserve	12	273	265
Legal Reserve	12	155,601	67,264
Parking Facilities Reserve	12	159,109	154,396
Library Reserve	12	47,378	83,441
Sustainability Reserve	12	115,634	28,479
Depot Funds Reserve	12	8,178,972	8,378,296
Right of Way Reserve	12	10,151	0
Public Open Space Reserve	12	609,065	0
		<u>10,719,976</u>	<u>9,744,771</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates Outstanding		64,920	45,936
Sundry Debtors		459,679	135,564
Provision for Doubtful Debts		(173,479)	0
GST Receivable		44,548	48,322
Loans Receivable - Clubs/Institutions		50,091	23,730
Accrued Income		89,962	48,359
Other Tax Debtors		367	390
		<u>536,088</u>	<u>302,301</u>
<b>Non-current</b>			
Rates Outstanding - Pensioners		179,494	192,237
Loans Receivable - Clubs/Institutions		562,156	232,891
Sundry Debtors		0	54,777
		<u>741,650</u>	<u>479,905</u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
History Books		37,786	37,995
		<u>37,786</u>	<u>37,995</u>

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**6. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD**

**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:

<b>NON CURRENT</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Retained Earnings attributable to interest in joint venture:</b>		
Balance at the beginning of the financial year	464,170	491,932
Net Transfers (to)/from reserves	(18,330)	(7,918)
Share of joint venture's profit from ordinary activities after tax	4,093	56,714
Adjustment	(17,267)	0
Share of Impairment Loss	0	(76,558)
Balance at the end of the financial year:	<u>432,666</u>	<u>464,170</u>
<b>(b) Reserves - Cash Backed:</b>		
Balance at the beginning of the financial year	529,942	522,024
Transfer to Reserves	18,330	81,886
Transfer from Reserves	0	(73,968)
Balance at the end of the financial year:	<u>548,272</u>	<u>529,942</u>
<b>(c) Carrying amount of investment in joint venture:</b>		
Balance at the beginning of the financial year	1,034,684	1,055,826
Share of profit from ordinary activities	(13,174)	56,714
Share of Impairment Loss	0	(76,558)
Share of Total Other Comprehensive Income	0	(1,298)
Balance at the end of the financial year:	<u>1,021,510</u>	<u>1,034,684</u>

At the time of completion of the Town of Cottesloe's 2015-2016 audit, final audited figures for 2015-2016 were not available from WMRC.

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	2016 \$	2015 \$
<b>7 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Land - Freehold at:		
- Independent Valuation 2014 - Level 2	14,608,500	14,608,500
- Independent Valuation 2014 - Level 3	<u>1,307,570</u>	<u>1,307,570</u>
	15,916,070	15,916,070
Land - vested in and under the control of Council at:		
- Independent Valuation 2014 - Level 3	<u>1,500,000</u>	<u>1,500,000</u>
	1,500,000	1,500,000
	<u>17,416,070</u>	<u>17,416,070</u>
Buildings - Specialised at:		
- Independent Valuation 2014 - Level 3	27,711,619	27,711,619
- Additions after Valuation - Cost	934,788	527,736
Less: Accumulated Depreciation	<u>(1,497,573)</u>	<u>(761,534)</u>
	27,148,834	27,477,821
<b>Total Land and buildings</b>	<u>44,564,904</u>	<u>44,893,891</u>
Furniture and Equipment at:		
- Management Valuation 2013 - Level 3	0	1,286,871
- Management Valuation 2016 - Level 3	187,117	0
- Additions after Valuation - Cost	0	138,303
Less: Accumulated Depreciation	<u>0</u>	<u>(1,191,498)</u>
	187,117	233,676
Plant and Equipment at:		
- Management Valuation 2013 - Level 2	0	629,108
- Management Valuation 2013 - Level 3	0	104,983
- Management Valuation 2016 - Level 2	681,313	0
- Management Valuation 2016 - Level 3	15,450	0
- Additions after Valuation - Cost	0	649,577
Less: Accumulated Depreciation	<u>0</u>	<u>(736,154)</u>
	696,763	647,514
Combined Library - Furniture and Equipment at:		
- Management Valuation 2014 - Level 3	<u>127,125</u>	<u>158,906</u>
	127,125	158,906
Combined Library - Plant and Equipment at:		
- Management Valuation 2014 - Level 2	0	8,037
- Management Valuation 2016 - Level 2	<u>7,644</u>	<u>0</u>
	7,644	8,037
	<u>45,583,553</u>	<u>45,942,024</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.



**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Movements in Carrying Amounts**

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - Freehold	15,916,070	0	0	0	0	0	0	0	15,916,070
Land - vested in and under the control of Council	1,500,000	0	0	0	0	0	0	0	1,500,000
<b>Total land</b>	<u>17,416,070</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,416,070</u>
Buildings - Specialised	27,477,821	407,052	0	0	0	0	(736,039)	0	27,148,834
<b>Total buildings</b>	<u>27,477,821</u>	<u>407,052</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(736,039)</u>	<u>0</u>	<u>27,148,834</u>
<b>Total land and buildings</b>	<u>44,893,891</u>	<u>407,052</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(736,039)</u>	<u>0</u>	<u>44,564,904</u>
Furniture and Equipment	233,676	104,283	0	(49,469)	0	0	(101,373)	0	187,117
Plant and Equipment	647,514	323,772	(98,704)	15,362	0	0	(191,181)	0	696,763
Combined Library - Furniture and Equipment	158,906	0	0	(31,781)	0	0	0	0	127,125
Combined Library - Plant and Equipment	8,037	0	0	(393)	0	0	0	0	7,644
<b>Total property, plant and equipment</b>	<u>45,942,024</u>	<u>835,107</u>	<u>(98,704)</u>	<u>(66,281)</u>	<u>0</u>	<u>0</u>	<u>(1,028,593)</u>	<u>0</u>	<u>45,583,553</u>

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

(c) Fair Value Measurements	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
<b>Land and buildings</b>						
	Land - Freehold	2	Market approach using recent observable market data for similar items	Independent registered valuers	June 2014	Price per square metre
	Land - freehold	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2014	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	Land - vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	Buildings - Specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Furniture and Equipment</b>						
	Furniture and Equipment	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Plant and Equipment</b>						
	- Management Valuation 2016	2	Market approach using recent observable market data for similar items	Management Valuation	June 2016	Price per item
	- Management Valuation 2016	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	2016	2015
	\$	\$
<b>8 (a). INFRASTRUCTURE</b>		
Infrastructure - Roads		
- Management Valuation 2015 - Level 3	32,944,731	32,944,731
- Additions after Valuation - Cost	241,933	0
Less: Accumulated Depreciation	<u>(8,135,386)</u>	<u>(7,360,080)</u>
	25,051,278	25,584,651
Infrastructure - Footpaths		
- Management Valuation 2015 - Level 3	6,941,566	6,941,566
- Additions after Valuation - Cost	165,827	0
Less: Accumulated Depreciation	<u>(3,500,422)</u>	<u>(3,313,873)</u>
	3,606,971	3,627,693
Infrastructure - Drainage		
- Management Valuation 2015 - Level 3	6,291,340	6,291,340
- Additions after Valuation - Cost	14,796	0
Less: Accumulated Depreciation	<u>(1,481,411)</u>	<u>(1,391,400)</u>
	4,824,725	4,899,940
Infrastructure - Parks and Ovals		
- Management Valuation 2015 - Level 3	1,776,816	1,776,816
- Additions after Valuation - Cost	133,586	0
Less: Accumulated Depreciation	<u>(482,765)</u>	<u>(424,240)</u>
	1,427,637	1,352,576
Infrastructure - Carparks		
- Management Valuation 2015 - Level 3	3,160,009	3,160,009
- Additions after Valuation - Cost	34,680	0
Less: Accumulated Depreciation	<u>(492,943)</u>	<u>(336,057)</u>
	2,701,746	2,823,952
Infrastructure - Street Furniture		
- Management Valuation 2015 - Level 3	792,340	792,340
- Additions after Valuation - Cost	211,517	0
Less: Accumulated Depreciation	<u>(338,923)</u>	<u>(300,536)</u>
	664,934	491,804
Infrastructure - Rights of Way		
- Management Valuation 2015 - Level 3	2,320,651	2,320,651
- Additions after Valuation - Cost	170,488	0
Less: Accumulated Depreciation	<u>(655,286)</u>	<u>(606,767)</u>
	1,835,853	1,713,884
Infrastructure - Irrigation		
- Management Valuation 2015 - Level 3	1,171,080	1,171,080
- Additions after Valuation - Cost	22,421	0
Less: Accumulated Depreciation	<u>(211,125)</u>	<u>(181,987)</u>
	982,376	989,093
Infrastructure - Other		
- Management Valuation 2015 - Level 3	3,430,613	3,430,612
- Additions after Valuation - Cost	91,127	0
Less: Accumulated Depreciation	<u>(1,489,583)</u>	<u>(1,405,710)</u>
	2,032,157	2,024,902
	<u>43,127,677</u>	<u>43,508,495</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires infrastructure to be shown at fair value.

**TOWN OF COTTESLOE**  
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**FOR THE YEAR ENDED 30TH JUNE 2016**

**8. INFRASTRUCTURE (Continued)**

**(b) Movements in Carrying Amounts**

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to	Revaluation (Loss)/ Reversal Transferred to	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	25,584,651	241,933	0	0	0	0	(775,306)	0	25,051,278
Infrastructure - Footpaths	3,627,693	165,827	0	0	0	0	(186,549)	0	3,606,971
Infrastructure - Drainage	4,899,940	14,796	0	0	0	0	(90,011)	0	4,824,725
Infrastructure - Parks and Ovals	1,352,576	133,586	0	0	0	0	(58,525)	0	1,427,637
Infrastructure - Carparks	2,823,952	34,680	0	0	0	0	(156,886)	0	2,701,746
Infrastructure - Street Furniture	491,804	211,517	0	0	0	0	(38,387)	0	664,934
Infrastructure - Rights of Way	1,713,884	170,488	0	0	0	0	(48,519)	0	1,835,853
Infrastructure - Irrigation	989,093	22,421	0	0	0	0	(29,138)	0	982,376
Infrastructure - Other	2,024,902	91,127	0	0	0	0	(83,872)	0	2,032,157
<b>Total infrastructure</b>	<b>43,508,495</b>	<b>1,086,375</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,467,193)</b>	<b>0</b>	<b>43,127,677</b>



**TOWN OF COTTESLOE  
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**8. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Infrastructure - Roads</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Footpaths</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Drainage</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Parks and Ovals</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Carparks</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Street Furniture</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Rights of Way</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Irrigation</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Other</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

**TOWN OF COTTESLOE**  
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	2016 \$	2015 \$
<b>9. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	563,415	735,728
Accrued Interest on Debentures	86,667	92,915
Accrued Salaries and Wages	26,449	0
ATO Liabilities	99,594	100,563
	776,125	929,206

**10. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by floating charge		
Debentures	424,626	374,013
	424,626	374,013
<b>Non-current</b>		
Secured by floating charge		
Debentures	4,668,734	4,773,359
	4,668,734	4,773,359

Additional detail on borrowings is provided in Note 22.

**11. PROVISIONS**

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
<b>Opening balance at 1 July 2015</b>			
Current provisions	441,895	294,345	736,240
Non-current provisions	0	38,665	38,665
	441,895	333,010	774,905
Additional provision	244,431	105,041	349,472
Amounts used	(191,266)	(16,441)	(207,707)
<b>Balance at 30 June 2016</b>	495,060	421,610	916,670
<b>Comprises</b>			
Current	495,060	359,709	854,769
Non-current	0	61,901	61,901
	495,060	421,610	916,670

TOWN OF COTTESLOE  
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 FOR THE YEAR ENDED 30TH JUNE 2016

12. RESERVES - CASH BACKED

	Actual 2016 Opening Balance	Actual 2016 Transfer to	Actual 2016 Transfer (from)	Actual 2016 Closing Balance	Budget 2016 Opening Balance	Budget 2016 Transfer to	Budget 2016 Transfer (from)	Budget 2016 Closing Balance	Actual 2015 Opening Balance	Actual 2015 Transfer to	Actual 2015 Transfer (from)	Actual 2015 Closing Balance
Leave Reserve	\$ 180,021	\$ 5,495	\$ -	\$ 185,516	\$ 179,014	\$ 4,923	\$ 0	\$ 183,937	\$ 175,249	\$ 4,772	\$ 0	\$ 180,021
Civic Centre Reserve	81,034	200,201	-	281,235	80,350	2,215	0	82,765	80,692	0	0	81,034
Waste Management Reserve	0	282,817	-	282,817	0	0	0	0	0	0	0	0
Area Improvement Reserve	34	(33)	-	1	0	0	0	0	34	0	0	34
Parking Reserve	10,298	315	-	10,613	15,105	415	0	15,520	10,024	274	0	10,298
Property Reserve	389,313	11,579	-	400,892	384,641	10,578	0	395,219	378,993	10,320	0	389,313
Infrastructure Reserve	371,930	10,789	(100,000)	282,719	380,671	10,468	(100,000)	291,139	298,439	73,491	0	371,930
Unspent Grants/Funds Reserve	265	8	-	273	6	0	0	6	258	7	0	265
Legal Reserve	67,264	88,337	-	155,601	66,911	1,840	0	68,751	65,481	1,783	0	67,264
Parking Facilities Reserve	154,396	4,713	-	159,109	154,932	4,261	0	159,193	150,303	4,093	0	154,396
Library Reserve	83,441	0	(36,063)	47,378	83,441	0	0	83,441	83,441	0	0	83,441
Sustainability Reserve	28,479	87,155	-	115,634	27,974	769	0	28,743	20,382	8,097	0	28,479
Depot Funds Reserve	8,378,296	251,866	(451,190)	8,178,972	8,411,441	192,762	(3,129,264)	5,474,939	0	8,696,298	(318,002)	8,378,296
Right of Way Reserve	0	10,151	-	10,151	0	10,000	0	10,000	0	0	0	0
Public Open Space	0	609,065	0	609,065	0	0	0	0	0	0	0	0
	9,744,771	1,562,458	(587,253)	10,719,976	9,784,686	238,231	(3,229,264)	6,793,653	1,182,946	8,879,827	(318,002)	9,744,771

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

**TOWN OF COTTESLOE  
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FOR THE YEAR ENDED 30TH JUNE 2016**

**12. RESERVES - CASH BACKED**

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
Leave Reserve	Five years	To partially cash back the accumulated employee leave liability and to fund the payment of accumulated leave entitlements.
Civic Centre Reserve	Ten years	To fund the cost of improvement, renovations and extensions to the buildings that make up Cottesloe Civic Centre.
Waste Management Reserve	Ten years	To fund the improvement, replacement and expansion of waste management plant, equipment, facilities and services.
Area Improvement Reserve	One year	To fund the cost of improving facilities within the suburb of Cottesloe.
Parking Reserve	Twenty years	The purpose of this reserve is, in accordance with the Council's Town Planning Scheme, to set aside funds from developers for the development of parking facilities.
Property Reserve	Ten years	To contribute to ongoing upgrades to parking facilities within the suburb of Cottesloe.
Infrastructure Reserve	Ten years	To contribute towards ongoing future infrastructure construction/renewal.
Unspent Grants/Funds Reserve	One year	To carry forward available funding for uncompleted projects and grants that will be utilised in ensuing financial years.
Legal Reserve	Five years	To contribute towards unanticipated legal expenses incurred by the Town of Cottesloe.
Parking Facilities Reserve	Ten years	To fund improvements to parking facilities within the suburb of Cottesloe.
Library Reserve	Ten years	To fund the operations of the Grove Library.
Sustainability Reserve	Ten years	To fund new or enhance existing sustainability initiatives within the suburb of Cottesloe.
Depot Funds Reserve	Ten years	To be used to fund the improvement of infrastructure within the suburb of Cottesloe.
Right of Way Reserve	Ten years	To be used to fund the improvement of right of way infrastructure within the suburb of Cottesloe.
Public Open Space Reserve	Ten to twenty years	To be used to fund the creation of public open space in accordance with relevant regulations within the suburb of Cottesloe.



TOWN OF COTTESLOE  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2016

13. REVALUATION SURPLUS

	2016		2016		2016		2016		2015		2015 Closing Balance \$
	Opening Balance \$	Revaluation Increment \$	Revaluation Decrement \$	Total Movement on Revaluation \$	Closing Balance \$	Opening Balance \$	Revaluation Increment \$	Revaluation Decrement \$	Total Movement on Revaluation \$		
Land	15,140,408	0	0	0	15,140,408	15,140,408	0	0	0	0	15,140,408
Buildings	13,615,252	0	0	0	13,615,252	13,615,252	0	0	0	0	13,615,252
Furniture and Equipment	52,720	0	(49,469)	(49,469)	3,251	52,720	0	0	0	0	52,720
Plant and Equipment	83,308	15,362	0	15,362	98,670	83,308	0	0	0	0	83,308
Combined Library - Plant and Equipment	(1,590)	0	(393)	(393)	(1,983)	(1,590)	0	0	0	0	(1,590)
Equipment	157,760	0	(31,781)	(31,781)	125,979	157,760	0	0	0	0	157,760
Infrastructure - Roads	19,475,491	0	0	0	19,475,491	0	19,475,491	0	19,475,491	0	19,475,491
Infrastructure - Footpaths	1,322,265	0	0	0	1,322,265	0	1,322,265	0	1,322,265	0	1,322,265
Infrastructure - Drainage	1,422,364	0	0	0	1,422,364	0	1,422,364	0	1,422,364	0	1,422,364
Infrastructure - Parks and Ovals	1,180,311	0	0	0	1,180,311	0	1,180,311	0	1,180,311	0	1,180,311
Infrastructure - Carparks	2,049,099	0	0	0	2,049,099	0	2,049,099	0	2,049,099	0	2,049,099
Infrastructure - Rights of Way	1,387,656	0	0	0	1,387,656	0	1,387,656	0	1,387,656	0	1,387,656
Infrastructure - Irrigation	711,328	0	0	0	711,328	0	711,328	0	711,328	0	711,328
Infrastructure - Other	1,117,632	0	0	0	1,117,632	0	1,117,632	0	1,117,632	0	1,117,632
	57,714,004	15,362	(81,643)	(66,281)	57,647,723	29,047,858	28,666,146	0	28,666,146	0	57,714,004

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**14. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

For the purposes of the Statement of Cash Flows, cash includes cash and cash 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:

	2016 \$	2016 Budget \$	2015 \$
Cash and cash equivalents	<u>12,159,586</u>	<u>7,123,004</u>	<u>11,320,558</u>
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	713,497	(558,793)	7,924,746
Non-cash flows in Net result:			
Depreciation	2,495,786	2,459,706	2,397,882
(Profit)/Loss on sale of asset	(34,742)	0	(8,393,665)
Loss on revaluation of fixed assets	0	0	128,287
(Increase)/Decrease in Equity Accounted Joint Ventures	13,174	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(139,904)	0	(5,138)
(Increase)/Decrease in inventories	209	0	159,803
Increase/(Decrease) in payables	(153,081)	(1,726)	58,398
Increase/(Decrease) in provisions	141,765	0	21,123
Grants contributions for the development of assets	(634,250)	10,000	(127,776)
Net cash from operating activities	<u>2,402,454</u>	<u>1,909,187</u>	<u>2,163,660</u>
<b>(c) Undrawn Borrowing Facilities</b>			
	<b>2016</b>		<b>2015</b>
	<b>\$</b>		<b>\$</b>
<b>Credit Standby Arrangements</b>			
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	0		(885)
<b>Total amount of credit unused</b>	<u>255,000</u>		<u>254,115</u>
<b>Loan facilities</b>			
Loan facilities - current	424,626		374,013
Loan facilities - non-current	4,668,734		4,773,359
<b>Total facilities in use at balance date</b>	<u>5,093,360</u>		<u>5,147,372</u>
<b>Unused loan facilities at balance date</b>	<u>NIL</u>		<u>NIL</u>

**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**15. CONTINGENT LIABILITIES**

The Town did not have any contingent liabilities as at 30th June 2016.

**16. CAPITAL AND LEASING COMMITMENTS**

**(a) Operating Lease Commitments**

The Town did not have any future operating lease commitments at the reporting date.

**(b) Capital Expenditure Commitments**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Contracted for:		
- capital expenditure projects	710,706	0
Payable:		
- not later than one year	710,706	0

The proposed upgrade of the Lessor Hall at Cottesloe Civic Centre was accepted at the May 2016 Council meeting with a contract price of \$710,706 excluding gst.

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**17. JOINT VENTURE ARRANGEMENTS**

The Town, together with the Shire of Peppermint Grove and the Town of Mosman Park have a joint venture arrangement with regard to the provision of Library Services in the area. The assets consist of property, furniture, equipment and a motor vehicle. Council's share of these assets, and its percentage share of annual contributions, are based upon the each Local Governments population as per the 2006 census. The Town of Cottesloe's share was 42.47% and its share of assets and liabilities are contained in balances elsewhere as follows:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>		
Cash		
- Library Restricted Reserves	47,378	83,441
	<u>47,378</u>	<u>83,441</u>
<b>NON CURRENT ASSETS</b>		
Plant and Equipment - at Cost	7,645	10,532
Accumulated Depreciation	0	(2,496)
	<u>7,645</u>	<u>8,036</u>
Furniture and Equipment - at Cost	127,125	158,907
Accumulated Depreciation	0	0
	<u>127,125</u>	<u>158,907</u>
Buildings at:		
- Cost	2,806	0
- Independent Valuation 2013	5,177,358	5,177,358
Less Accumulated Depreciation	(133,131)	0
	<u>5,047,033</u>	<u>5,177,358</u>
<b>TOTAL ASSETS</b>	<u><b>5,102,056</b></u>	<u><b>5,268,835</b></u>
<b>CURRENT LIABILITIES</b>		
Creditors	4,327	0
Long Term Borrowings	191,109	168,127
Provision for Leave	56,430	40,170
	<u>251,866</u>	<u>208,297</u>
<b>NON CURRENT LIABILITIES</b>		
Long Term Borrowings	3,779,718	4,150,077
Provision for Leave	4,016	1,067
	<u>3,783,734</u>	<u>4,151,144</u>
<b>TOTAL LIABILITIES</b>	<u><b>4,035,600</b></u>	<u><b>4,359,441</b></u>
<b>SHARE OF NET ASSETS OF JOINT VENTURE</b>	<u><u><b>1,066,456</b></u></u>	<u><u><b>909,394</b></u></u>

**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Governance	248,522	297,759
General purpose funding	281,116	287,810
Education and welfare	13,502,642	12,213,989
Community amenities	2,100,827	1,733,435
Recreation and culture	31,342,027	31,514,580
Transport	45,106,214	45,540,516
Economic services	18,182	30,194
Other property and services	8,266,245	8,417,844
Unallocated	2,342,075	2,589,835
	<u>103,207,850</u>	<u>102,625,962</u>



**TOWN OF COTTESLOE  
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<b>19. FINANCIAL RATIOS</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Current ratio	1.08	1.03	1.26
Asset sustainability ratio	0.54	0.82	0.49
Debt service cover ratio	4.20	14.91	3.38
Operating surplus ratio	0.01	0.40	0.00
Own source revenue coverage ratio	0.98	1.63	0.98

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

**Notes:**

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 63 of this document.

Three of the 2015 ratios disclosed above are distorted by an item of significant revenue relating to the sale of the Town's former depot site which resulted in proceeds on sale of \$8,650,000.00 and a profit on sale of \$8,397,916 which forms part of operating revenue (Refer to notes 2(a)(ii) & 32 for further details)

This item forms a part of operating revenue and has been included in the calculations above. This item of significant revenue is considered to be "one-off" and, if it was ignored, the calculations disclosed in the 2015 column above would be as follows:

	<b>2015</b>
Debt Service Cover Ratio	3.03
Operating Surplus Ratio	(0.05)
Own Source Revenue Coverage Ratio	0.91

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**20. TRUST FUNDS**

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

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Construction Training Fund Levy	0	127,479	(127,479)	0
Building Services Levy	2,541	102,111	(72,891)	31,761
Infrastructure Bonds	616,848	452,433	(409,552)	659,729
Right of Way Bonds	62,942	0	0	62,942
Miscellaneous Bonds	81,701	43,033	(28,223)	96,511
				0
	<u>764,032</u>			<u>850,943</u>

**21. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
<b>Plant and Equipment</b>								
Governance	44,320	55,851	11,531	0	50,500	50,500	0	0
Recreation and culture	11,099	21,585	10,486	0	11,650	11,650	0	0
Recreation and culture	1,115	636	0	(479)	0	0	0	0
Transport	42,170	55,374	13,204	0	41,000	41,000	0	0
	<u>98,704</u>	<u>133,446</u>	<u>35,221</u>	<u>(479)</u>	<u>103,150</u>	<u>103,150</u>	<u>0</u>	<u>0</u>

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**22. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1 July 2015 \$	New Loans \$	Principal Repayments		Principal 30 June 2016		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation and culture	740,675		171,032	171,033	569,643	569,642	34,539	37,578
Loan 106 - Civic Centre Upgrade	4,150,077		179,250	179,250	3,970,827	3,970,827	263,843	270,353
Loan 107 - Library Upgrade	4,890,752	0	350,282	350,283	4,540,470	4,540,469	298,382	307,931
<b>Self Supporting Loans</b>								
Recreation and culture	256,619		23,730	23,729	232,889	232,890	15,263	15,823
Loan 105 - Community Organisation		320,000	0	0	320,000	0	829	0
Loan 108 - Community Organisation	256,619	320,000	23,730	23,729	552,889	232,890	16,092	15,823
	5,147,371	320,000	374,012	374,012	5,093,359	4,773,359	314,474	323,754

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 2016**

**22. INFORMATION ON BORROWINGS (Continued)**

(b) New Debentures - 2015/16

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Loan 108 - Community Organisation	320,000	0	WA Treasury	Fixed Rate	10	59,803	2.71%	320,000	0	0
	<u>320,000</u>	<u>0</u>				<u>59,803</u>		<u>320,000</u>	<u>0</u>	<u>0</u>

(c) Unspent Debentures

The Town did not have any unspent debentures as at 30 June 2016.

(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 2015 and 30 June 2016 was nil.

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**23. RATING INFORMATION - 2015/16 FINANCIAL YEAR**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>Differential general rate / general rate</b>											
<b>Gross rental value valuations</b>											
GRV - Residential Improved (RI)	0.0539	3,053	134,426,719	7,251,780	94,678	1,645	7,348,103	7,246,999	0	0	7,246,999
GRV - Residential Vacant (RV)	0.0539	97	4,797,270	253,270	(6,800)	(587)	245,883	258,794	0	0	258,794
GRV - Commercial Improved (CI)	0.0539	67	8,765,080	472,841	(572)	(558)	471,711	477,625	0	0	477,625
GRV - Commercial Town (CT)	0.0624	133	11,821,120	737,425	(1,669)	(1,629)	734,127	737,420	0	0	737,420
GRV - Industrial (I)	0.0539	1	34,500	1,861	0	0	1,861	1,861			1,861
<b>Minimum payment</b>	<b>\$</b>										
<b>Gross rental value valuations</b>											
GRV - Residential Improved (RI)	1.033	414	6,416,230	427,662	(686)	0	426,976	427,662			427,662
GRV - Residential Vacant (RV)	1.033	2	18,770	2,066	2,405	0	4,471	2,066			2,066
GRV - Commercial Improved (CI)	1.033	9	135,050	9,297	0	0	9,297	9,297			9,297
GRV - Commercial Town (CT)	1.033	6	87,020	6,198	0	0	6,198	6,198			6,198
<b>Totals</b>		<b>3,782</b>	<b>166,501,759</b>	<b>9,162,400</b>	<b>87,356</b>	<b>(1,129)</b>	<b>9,248,627</b>	<b>9,167,922</b>	<b>0</b>	<b>0</b>	<b>9,167,922</b>
Discounts/concessions (refer note 27)							(3,819)				(3,850)
<b>Total amount raised from general rate</b>							<b>9,244,808</b>				<b>9,164,072</b>
<b>Totals</b>							<b>9,244,808</b>				<b>9,164,072</b>



**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**24. NET CURRENT ASSETS**

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
<b>Surplus 1 July 15 brought forward</b>	<u>1,187,264</u>	<u>963,144</u>	<u>963,144</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	1,439,610	1,575,787	1,575,787
Restricted	10,719,976	9,744,771	9,744,771
Receivables			
Rates Outstanding	64,920	45,936	45,936
Sundry Debtors	459,679	135,564	135,564
Provision for Doubtful Debt	(173,479)	0	0
GST Receivable	44,548	48,322	48,322
Loans Receivable - Clubs/Institutions	50,091	23,730	23,730
Accrued Income	89,962	48,359	48,359
Other Tax Debtors	367	390	390
Inventories			
History Books	37,786	37,995	37,995
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry Creditors	(563,419)	(735,731)	(735,731)
Accrued Interest on Debentures	(86,667)	(92,915)	(92,915)
Accrued Salaries and Wages	(26,449)	0	0
ATO Liabilities	(99,594)	(100,563)	(100,563)
Current Portion of Long Term Borrowings			
Secured by floating charge	(424,626)	(374,013)	(374,013)
Provisions			
Provision for Annual Leave	(495,060)	(441,895)	(441,895)
Provision for Long Service Leave	(359,709)	(294,345)	(294,345)
<b>Unadjusted net current assets</b>	<u>10,677,936</u>	<u>9,621,392</u>	<u>9,621,392</u>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(10,719,976)	(9,744,771)	(9,744,771)
Less: Loans Receivable - Clubs/Institutions	(50,091)	(23,730)	(23,730)
Current Portion of Long Term Borrowings			
Add: Current Portion of Long Term Borrowings Secured by floating charge	424,626	374,013	374,013
Add: Component of Leave Liability not required to be funded	854,769	736,240	736,240
<b>Adjusted net current assets - surplus</b>	<u>1,187,264</u>	<u>963,144</u>	<u>963,144</u>

**Difference**

There was no difference between the surplus 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus carried forward position as disclosed in the 2015 audited financial report.

**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**25. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR**

The Town did not impose any Specified Area Rates.

**26. SERVICE CHARGES - 2015/16 FINANCIAL YEAR**

The Town did not impose any service charges.

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2015/16 FINANCIAL YEAR**

**Rates Discounts**

<b>Rate or Fee Discount Granted</b>	<b>Discount % or \$</b>	<b>Actual \$</b>	<b>Budget \$</b>	<b>Circumstances in which Discount is Granted</b>
General Rates	80.00%	3,819	3,850	
		<u>3,819</u>	<u>3,850</u>	

**Waivers or Concessions**

<b>Rate or Fee and Charge to which the Waiver or Concession is Granted</b>	<b>Discount % or \$</b>	<b>Actual \$</b>	<b>Budget \$</b>	<b>Type</b>
Venue hire	100.00%	1,500	2,200	Waiver
		<u>1,500</u>	<u>2,200</u>	

<b>Rate or Fee and Charge to which the Waiver or Concession is Granted</b>	<b>Circumstances in which the Waiver or Concession is Granted and to whom it was available</b>	<b>Objects of the Waiver or Concession</b>	<b>Reasons for the Waiver or Concession</b>
Venue Hire	Certain community groups and committees requiring venue hire	Organisation as listed in the Town of Cottesloe Policy "Civic Centre Hall Bookings"	Council considers support of these groups necessary for the overall benefit of the community

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**28. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR**

	<b>Date Due</b>	<b>Instalment Plan Admin Charge \$</b>	<b>Instalment Plan Interest Rate %</b>	<b>Unpaid Rates Interest Rate %</b>
<b>Instalment Options</b>				
<b>Option One</b>				
Single full payment	01-Sep-15			11.00%
<b>Option Two</b>				
First Instalment	01-Sep-15	4.65	5.50%	11.00%
Second Instalment	03-Nov-15	4.65	5.50%	11.00%
Third Instalment	12-Jan-16	4.65	5.50%	11.00%
Fourth Instalment	16-Mar-16	4.65	5.50%	11.00%
			<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on unpaid rates			32,746	37,500
Interest on instalment plan			36,769	35,390
Charges on instalment plan			16,647	16,000
			<u>86,162</u>	<u>88,890</u>

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

<b>29. FEES &amp; CHARGES</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
General purpose funding	44,669	39,539
Law, order, public safety	29,787	21,975
Health	75,314	74,785
Education and welfare	22,588	22,316
Community amenities	561,492	553,040
Recreation and culture	253,820	262,593
Transport	1,110,703	658,990
Economic services	129,982	119,154
	<u>2,228,355</u>	<u>1,752,392</u>

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

**30. GRANT REVENUE**

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

<b>By Nature or Type:</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>		
General purpose funding	132,677	424,144
Law, order, public safety	500	500
Recreation and culture	14,496	14,000
Transport	18,500	19,600
	<u>166,173</u>	<u>458,244</u>
<b>Non-operating grants, subsidies and contributions</b>		
Recreation and culture	600,000	49,797
Transport	34,250	77,979
	<u>634,250</u>	<u>127,776</u>
	<u>800,423</u>	<u>586,020</u>



**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**31. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

42	42
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**32. ELECTED MEMBERS REMUNERATION**

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

	2016 \$	2016 Budget \$	2015 \$
Meeting Fees	132,606	148,000	145,417
Mayoral allowance	27,500	27,500	28,300
Deputy Mayoral allowance	6,884	6,875	6,877
Travelling expenses	0	0	0
Telecommunications Allowance	10,880	18,000	12,000
Other Member Expenses	3,512	1,236	3,314
	181,382	201,611	195,908

**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**33. MAJOR LAND TRANSACTIONS**

The Town did not participate in any major land transactions during the 2015/16 financial year.

**34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

If the Town did participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**35. FINANCIAL RISK MANAGEMENT**

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

The Town 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 Town held the following financial instruments at balance date:*

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	12,159,586	11,320,558	12,159,586	11,320,558
Receivables	1,277,738	782,206	1,277,738	782,206
	<u>13,437,324</u>	<u>12,102,764</u>	<u>13,437,324</u>	<u>12,102,764</u>
<b>Financial liabilities</b>				
Payables	776,125	929,206	776,125	929,206
Borrowings	5,093,360	5,147,372	5,941,506	5,942,180
	<u>5,869,485</u>	<u>6,076,578</u>	<u>6,717,631</u>	<u>6,871,386</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 2016**

**35. FINANCIAL RISK MANAGEMENT (Continued)**  
**(a) Cash and Cash Equivalents**

The Town's objective is to maximise its return on cash 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.

Cash is also subject to interest rate risk - the risk that movements in interest rates could affect returns.

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

The Town manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	121,596	113,206
- Statement of Comprehensive Income	121,596	113,206

*Notes:*

<sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible market movements.

**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

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

The Town'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. The Town 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 the Town to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. The Town 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.

The Town 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 Town's credit risk at balance date was:

	2016	2015
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	57%	72%
- Overdue	43%	28%



**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**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. The Town 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 the Town's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	<u>2016</u>	<u>2015</u>			
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	776,125	0	0	776,125	776,125
Borrowings	730,338	2,505,948	4,077,778	7,314,064	5,093,360
	<u>1,506,463</u>	<u>2,505,948</u>	<u>4,077,778</u>	<u>8,090,189</u>	<u>5,869,485</u>
Payables	929,206	0	0	929,206	929,206
Borrowings	693,578	2,379,610	4,379,855	7,453,043	5,147,372
	<u>1,622,784</u>	<u>2,379,610</u>	<u>4,379,855</u>	<u>8,382,249</u>	<u>6,076,578</u>

**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables  
Borrowings (continued)**

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Town 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 %
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**Year ended 30 June 2016**

**Borrowings**

<b>Fixed rate</b>								
Debtentures	0	0	569,642	0	0	4,523,718	5,093,360	5.81%
Weighted average Effective interest rate	0.00%	0.00%	5.25%	0.00%	0.00%	5.81%		

**Year ended 30 June 2015**

**Borrowings**

<b>Fixed rate</b>								
Debtentures	0	0	0	740,674	0	4,406,698	5,147,372	5.81%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	5.25%	0.00%	6.37%		

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

### **REPORT ON THE FINANCIAL REPORT**

We have audited the accompanying financial report of the Town of Cottesloe, which comprises the statement of financial position as at 30 June 2016, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

#### **Management's Responsibility for the Financial Report**

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

#### **Auditor's Responsibility**

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

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

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

#### **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 2016 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

## INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE TOWN OF COTTESLOE (CONTINUED)

### *Report on Other Legal and Regulatory Requirements*

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 other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 63 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is not:
  - i) reasonably calculated; and
  - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit

MOORE STEPHENS  
CHARTERED ACCOUNTANTS



GREG GODWIN  
PARTNER

Signed at Perth this 18<sup>th</sup> day of October 2016.

**TOWN OF COTTESLOE  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2016**

**RATIO INFORMATION**

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

	2016	2015	2014
Asset consumption ratio	0.80	0.89	0.46
Asset renewal funding ratio	1.06	1.05	1.05

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$



Town of Cottesloe