



Town of Cottesloe

I hereby certify that the minutes of the Audit Committee meeting
held on

Tuesday, 17 December 2019 (2:45PM)

were confirmed as a true and accurate record by committee
resolution.

Signed: *Cassidy Murphy*

Presiding Member

Date: *4/03/20*

TOWN OF COTTESLOE



AUDIT COMMITTEE

MINUTES

AUDIT COMMITTEE
HELD IN THE
Mayor's Parlour, Cottesloe Civic Centre
109 Broome Street, Cottesloe
2:45 PM Tuesday, 17 December 2019

MAT HUMFREY
Chief Executive Officer

18 December 2019

TABLE OF CONTENTS

ITEM	SUBJECT	PAGE NO
1	DECLARATION OF MEETING OPENING/ANNOUNCEMENT OF VISITORS	5
2	DISCLAIMER	5
3	ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION	5
4	ATTENDANCE	5
5	DECLARATION OF INTERESTS.....	5
6	CONFIRMATION OF MINUTES.....	5
7	PRESENTATIONS	5
8	REPORTS.....	6
8.1	REPORTS OF OFFICERS.....	6
8.1.1	ADOPTION OF THE 2018/2019 ANNUAL REPORT AND AUDITOR'S REPORT	6
8.2	ITEMS FOR DISCUSSION.....	12
9	GENERAL BUSINESS.....	12
9.1	COMMITTEE MEMBERS	12
9.2	OFFICERS.....	12
10	MEETING CLOSED TO PUBLIC.....	12
10.1	MATTERS FOR WHICH THE MEETING MAY BE CLOSED.....	12
11	NEXT MEETING	12
12	MEETING CLOSURE	12

1 DECLARATION OF MEETING OPENING/ANNOUNCEMENT OF VISITORS

The Presiding Member announced the meeting opened at 3:14pm.

2 DISCLAIMER

The Presiding Member drew attention to the Town’s Disclaimer.

3 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

The Presiding Member announced that the meeting is being recorded, solely for the purpose of confirming the correctness of the Minutes.

4 ATTENDANCE

Members

Cr Craig Masarei	Elected Member
Cr Paul MacFarlane	Elected Member
Cr Kirsty Barrett	Elected Member

Officers

Mr Mat Humfrey	Chief Executive Officer
Mr Neil Hartley	Acting Deputy Chief Executive Officer
Ms Mary-Ann Winnett	Governance Coordinator

Visitors

Nil

Apologies

Nil

5 DECLARATION OF INTERESTS

Nil

6 CONFIRMATION OF MINUTES

NOTE: The Audit Committee Meeting scheduled for 12 November did not occur due to a lack of a quorum. Confirmation of the rescheduled meeting minutes will occur at a future Audit Committee Meeting.

7 PRESENTATIONS

Nil

8 REPORTS**8.1 REPORTS OF OFFICERS****8.1.1 ADOPTION OF THE 2018/2019 ANNUAL REPORT AND AUDITOR'S REPORT**

File Ref: SUB/2791
Attachments: 8.1.1(a) 2018/2019 Annual Report (and Financial Statement)
8.1.1(b) Audit Concluding Memorandum
8.1.1(c) Electors General Meeting Notice
Responsible Officer: Mat Humfrey, Chief Executive Officer
Author: Neil Hartley, Acting Deputy Chief Executive Officer
Author Disclosure of Interest: Nil

SUMMARY

The Town's 2018/19 Annual Financial Statements have now been audited by auditors Ernst & Young, and attached is the Auditors Report from the Office of the Auditor General.

An unqualified audit report was provided.

Contemporary audits are intense activities and the Office of the Auditor General (OAG) is setting very high standards for local governments across Western Australia. Whilst Cottesloe has performed well, like all local governments, there are always areas that Auditors suggest require more rigour when considered against a contemporary accountability environment.

It is recommended that the Audit Committee recommend to Council, the adoption of the 2018/19 Annual Report, including the Financial Statements and Auditors' Report.

BACKGROUND

The Town's 2018/19 Annual Financial Statements have now been audited and the Auditor's Report to the CEO and Audit Committee has been received from the OAG. The OAG's Report is attached and provides the following opinion:

I have audited the annual financial report of the Town of Cottesloe which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Town of Cottesloe:

(i) is based on proper accounts and records; and

(ii) fairly represents, in all material respects, the results of the operations of the Town for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the Local Government Act 1995 (the Act) and, to the

extent that they are not inconsistent with the Act, Australian Accounting Standards.

The OAG also provided the below observations:

- 1. There are no matters that, in our professional judgement, bear on our independence which need to be disclosed to the Audit Committee;
- 2. No material instances of non-compliance with laws and regulations were identified; and
- 3. We did not become aware of any fraud or illegal acts during our audit.

The OAG in its Management Letter outlined two findings, both of which were rated as moderate (vis. findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.).

Auditor’s Recommendation	Town’s Response
Financial statement compilation - management should clearly document the reconciliation of the trial balance to the financial statement compilation.	The Town agrees with the finding and, in conjunction with our auditors, will follow the recommendations moving forwards.
Refine provision for expected credit losses - management should refine the policy for the provision for expected credit losses that is based on a combination of factors, such as the historical profile of bad debt write-offs as a proportion of revenue, the ageing of trade and other receivables and forward-looking information.	In consultation with our authority software consultant and auditors, the Town will develop a new report to enable us to scrutinize and better predict the provisions for expected credit losses.

The Annual Report is attached and contains an analysis of the year ended 30 June 2019. It also includes the required statutory declarations/reports.

STRATEGIC IMPLICATIONS

This report is consistent with the Town’s *Strategic Community Plan 2013 – 2023*.

Priority Area 6: Providing open and accountable local governance

Major Strategy 6.2: Continue to deliver high quality governance, administration, resource management and professional development.

Consideration of the 2017/18 Financial Report and the Audit Report are in keeping with this strategic objective.

POLICY IMPLICATIONS

There are no perceived policy implications arising from the officer’s recommendation.

STATUTORY ENVIRONMENT***Local Government Act 1995******5.27 and 5.29. Electors' general meetings (and convening thereof)***

Outlines that a general meeting of the electors is to be held once every financial year, and not more than 56 days after the local government accepts the annual report.

14 days' local public notice is to be given for the meeting (of the date, time, place and its purpose). The 14 days commences from the day the notice appears on the Town's notice board.

5.53. Annual reports

The local government is to prepare an annual report for each financial year that contains:

-) a report from the mayor;*
-) a report from the CEO;*
-) an overview of the plan for the future of the district, including major initiatives that are proposed to commence or to continue in the next financial year;*
-) the financial report;*
-) payments made to prescribed employees;*
-) the auditor's report;*
-) Disability Services Act 1993 reports;*
-) register of complaints details (vis. number and how the complaints were dealt with);*
-) other details required by regulations or be prescribed.*

5.54. Acceptance of annual reports

Subject to the Audit Report being available, the Annual Report is to be accepted (by absolute majority) by 31 December if it is received in time to reasonably do so (or no later than 2 months after the auditor's report becomes available).

5.55. Notice of annual reports

The CEO is to give local public notice of the availability of the annual report as soon as practicable after the report has been accepted by the local government.

6.4. Financial report

A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed. It is to be prepared and presented to the auditor by 30 September (in the manner and form prescribed; contain the prescribed information; and submitted).

7.12AB and AD and 19CA of the Local Government (Administration) Regulations (Conducting and Reporting a financial audit)

The auditor must audit the accounts and annual financial report of a local government at least once in respect of each financial year, and prepare and sign the report and give the report to the mayor; the CEO; and the Minister.

Regulations 16 of the Local Government (Audit) Regulations, 1996 outline the functions of audit committee, which is to (in relation to the annual report at least) -

- (a) to guide and assist the local government in carrying out its functions under Part 6 (vis. Financial management) of the Act; and its functions relating to other audits and other matters related to financial management;*
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 (vis. Audit) of the Act;*
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;*
- (f) to oversee the implementation of any action that the local government —*
 - (i) is required to take by section 7.12A(3) (vis. examine an audit report received by the Town; determine if any matters raised by the audit report, require action to be taken; and ensure that appropriate action is taken in respect of those matters); and*
 - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a) (vis. prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters).*

19CA of the Local Government (Administration) Regulations (Information about modifications to certain plans to be included)

Requires that if modifications are made during a financial year to a local government's strategic community plan or corporate business plan, the annual report is to contain information about those modifications.

FINANCIAL IMPLICATIONS

Financial resource requirements are in accordance with the existing budgetary allocation. The cost to produce, print and distribute the Annual Report is minimal and contained within existing operating budget allocations.

STAFFING IMPLICATIONS

There are constant pressures to continue to heighten accountability levels. There will be staffing implications arising from these increasing requirements. As required, they will form part of future budgets for either support staff or contractors so that these elevated audit requirements can be accommodated.

ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS

There are no perceived sustainability implications arising from the officer's recommendation.

CONSULTATION

Office of the Auditor General

Ernst & Young

OFFICER COMMENT

The 2018/19 Audit was conducted by the Office of the Auditor General (OAG) as a result of changes to legislation during 2017. The OAG appointed Ernst & Young to conduct the audit on its behalf (although the OAG at all times remains the Auditor).

The change in auditors has unsurprisingly resulted in a different style of audit occurring, and this includes that different audit firms arrange their audit programs differently. The Town needs to adjust its operations to meet those requirements. Also, the nature of contemporary auditing is that the current audit is always more “intense” than the previous one. That level of scrutiny is welcomed as a control mechanism and provides a valuable opportunity to further improve operational systems and procedures, however additional staff time is inevitably required to accommodate this.

There were unfortunate delays incurred as part of this audit, due to the unique nature of the Town’s “partnership arrangements” in place with the Grove Library and the need to secure its financials before Cottesloe’s could be completed. Concurrent delays were also experienced with the Western Metropolitan Regional Council’s financial statements. Both these service areas are treated slightly differently in our accounts as they relate to income, expenditure, and equity, and so that compounds the challenge.

Even though the Local Government Act requires every local government to prepare its annual financial report for the preceding financial year and present those to the auditor by 30 September, the fact that Grove Library’s and Western Metropolitan Regional Council’s financial statements need to be audited before Cottesloe’s audit can be completed, consequentially delays the opportunity for the Audit Committee/Council to adopt the Annual Report and to convene the Annual Electors Meeting. In order to avoid this inconvenience and minimise auditor and operational costs, it is proposed that the 2019/20 audit not be requested until the WMRC/Grove financials are closer to being available, and that will likely mean that the audit will not commence until about October/November in future years.

The Annual Report has been prepared by the administration and will be distributed via the Town’s Webpage, and also in hard copy at the Administration Centre and Library. Please note that the attached version to this agenda will require further formatting before publication.

VOTING REQUIREMENT

Absolute Majority

OFFICER RECOMMENDATION

That the Audit Committee recommends that Council, by absolute majority:

1. NOTES the Auditor’s Report from the Office of the Auditor General (attached) and that no action is required by the Town’s Audit Committee relevant to its responsibilities under the *Local Government (Audit) Regulations*;

2. ADOPTS the 2018/2019 Annual Financial Statements (as incorporated in the attached Annual Report);
3. ACCEPTS the Town of Cottesloe's Annual Report for the 2018/19 year (as attached);
4. SETS the date for the Electors' Annual General Meeting for Thursday 27 February 2020 in the Lesser Hall, and that the purpose of the meeting be - "to discuss the contents of the 2018/19 Annual Report (incorporating the 2018/19 Annual Financial Statements and Auditor's Report) and any other general business";
5. NOTES that the local public notice (attached) will be placed on the Town's notice board and the Website, at the earliest opportunity to ensure the minimum 14 days notice is provided; and
6. NOTES that to enable an efficient internal operation for Cottesloe, future years, audits will be scheduled to occur once the timeline for the Grove Library's and the Western Metropolitan Regional Council's financial accounts are confirmed by those bodies; and that a Audit Committee and Special Council meeting will likely be required in early February each year, to process the auditors report, the Annual Report, and the Electors' Annual General Meeting.

OFFICER AND COMMITTEE RECOMMENDATION

Moved Cr Barrett

Seconded Cr MacFarlane

That the Audit Committee recommends that Council, by absolute majority:

1. NOTES the Auditor's Report from the Office of the Auditor General (attached) and that no action is required by the Town's Audit Committee relevant to its responsibilities under the *Local Government (Audit) Regulations*;
2. ADOPTS the 2018/2019 Annual Financial Statements (as incorporated in the attached Annual Report);
3. ACCEPTS the Town of Cottesloe's Annual Report for the 2018/19 year (as attached), subject to a corrected "Corporate Business Plan Progress Report" being presented to Council with the 17 December 2019 Audit Committee Minutes;
4. SETS the date for the Electors' Annual General Meeting for Thursday 27 February 2020 in the War Memorial Hall, and that the purpose of the meeting be - "to discuss the contents of the 2018/19 Annual Report (incorporating the 2018/19 Annual Financial Statements and Auditor's Report) and any other general business";
5. NOTES that the local public notice (attached) will be placed on the Town's notice board and the Website, at the earliest opportunity to ensure the minimum 14 days notice is provided; and
6. NOTES that to enable an efficient internal operation for Cottesloe, future years, audits will be scheduled to occur once the timeline for the Grove Library's and the Western Metropolitan Regional Council's financial accounts are confirmed by those bodies; and that an Audit Committee and Special Council meeting will likely be required in early February each year, to process the auditors report, the Annual Report, and the Electors' Annual General Meeting.

Carried 3/0

8.2 ITEMS FOR DISCUSSION

Nil

9 GENERAL BUSINESS

Cr Barrett stated that we only have one person nominating for the Audit Committee and normally there were more.

The CEO advised that last time was the first time there were community representatives on the Audit Committee but we could re-advertise later if that was required.

9.1 COMMITTEE MEMBERS**9.2 OFFICERS****10 MEETING CLOSED TO PUBLIC****10.1 MATTERS FOR WHICH THE MEETING MAY BE CLOSED****11 NEXT MEETING**

To be advised.

12 MEETING CLOSURE

The Presiding Member announced the closure of the meeting at 3:41pm.

TOWN OF COTTESLOE



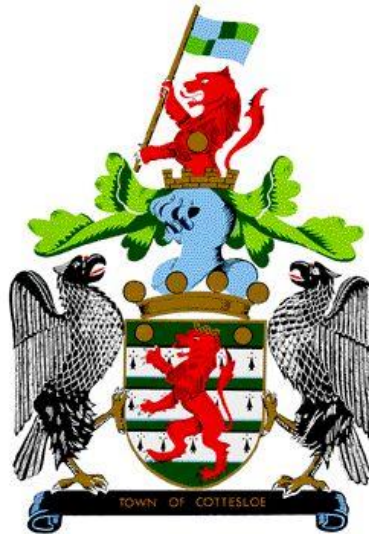
ATTACHMENTS

AUDIT COMMITTEE – 17 DECEMBER 2019, 2:45PM

TABLE OF CONTENTS

ITEM	SUBJECT	PAGE NO
8.1	REPORTS OF OFFICERS	
	OFFICER REPORTS	
8.1.1	ADOPTION OF THE 2018/2019 ANNUAL REPORT AND AUDITOR'S REPORT	
8.1.1(a)	2018/2019 ANNUAL REPORT (AND FINANCIAL STATEMENT).....	3
8.1.1(b)	AUDIT CONCLUDING MEMORANDUM	106
8.1.1(c)	ELECTORS GENERAL MEETING NOTICE.....	114

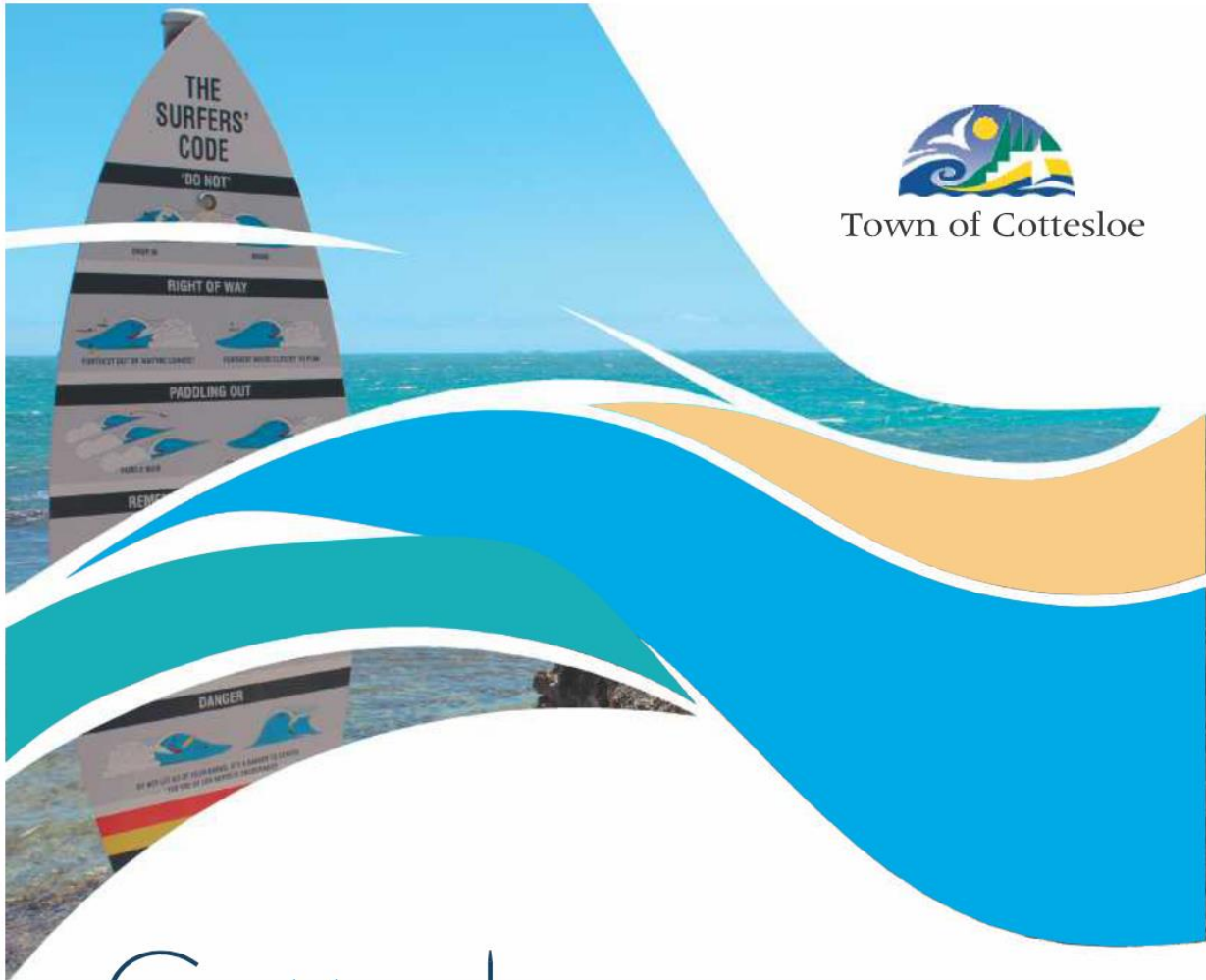
TOWN OF COTTESLOE



AUDIT COMMITTEE

ATTACHMENT

**ITEM 8.1.1A:
2018/2019 ANNUAL REPORT (AND FINANCIAL
STATEMENT)**



Cottesloe

ANNUAL

REPORT

2019

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.

Contents

Our Elected Members

Mayor's Message

CEO's Report

Sustainability in Cottesloe

Statutory Reports

Disability Access and Inclusion Plan

Payments Made to Employees

Register of Complaints

Records Management

Strategic Community Plan Adoption

Integrated Planning and Reporting

Annual Financial Statements

Independent Audit Report

Supplementary Ratio Information



OUR ELECTED MEMBERS 2018/2019



Philip Angers - Mayor



Cr Mark Rodda - Deputy Mayor
(South Ward)



Cr Lorraine Young (South Ward)



Cr Sally Pyvis (Central Ward)



Cr Melissa Harkins (Central Ward)



Cr Helen Sadler (North Ward)



Cr Rob Thomas (North Ward)



Cr Sandra Boulter (East Ward)
(To 05 February 2019)



Cr Michael Tucak (East Ward)

Mayor's Message

On behalf of the Town of Cottesloe, I am pleased to present the 2018-19 Annual Report, highlighting our achievements over the past 12 months.

The Cottesloe Shark Barrier was approved by Council in June 2019. Council resolved to award the tender to Eco Shark Barrier, and the barrier was installed in November 2019, in time for the busy summer period. This project took a number of years to come to fruition and it is wonderful to see it being so well utilised by locals and the wider community.

First stage works of the Cottesloe Foreshore Renewal Project including an upgraded universal access path and new decked seating under the trees have been completed. Stage two works which include installation of new stairs to provide better access at Cottesloe main beach will be completed in the coming 12 months.

Comprehensive consultation on the Cottesloe Foreshore Masterplan was carried out through a community workshop followed by an open house, and two online surveys. This consultation was analysed by ASPECT Studios and used to develop a Draft Masterplan, together with feedback from Council and the Foreshore Precinct Implementation Committee. The Draft Masterplan was made available for community comment and will be presented for adoption by Council soon.

The Beach Access Path Upgrade Program commenced and four paths, S10, S12, N6 and N7 have been designed and constructed. This long term project will see all beach access paths upgraded on a priority basis over a number of years. Three paths have been identified for upgrade in the next financial year.

Construction of the Principal Shared Path (PSP) extension, running along the rail line from Grant Street to Victoria Street Station, was constructed earlier this year by Main Roads WA and has been a great success, significantly improving the connectivity and safety for residents and visitors in the Town.

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

Phil Angers

Mayor

CEO'S REPORT

I am pleased to provide an 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 these objectives with some of the major achievements being;

- Council approval in June to award a tender for the construction of a protected swimming enclosure at Cottesloe Beach, which was installed in late 2019;
- The State Government completing the Principal Shared Path (PSP) extension from Grant Street to Victoria Street Station; and
- Construction of a new PSP underpass at the Eric Street Bridge to facilitate pedestrians and cyclist movement and avoid conflict with traffic at Curtin Avenue.

Priority Area 2 - Achieving connectivity between east and west Cottesloe

The Town has continued its discussions with Main Roads WA and the Public Transport Authority (PTA) with the aim of improving vehicle and pedestrian access over the railway line.

- Following earlier consultation on the Main Roads Congdon Street Bridge Replacement project, it is planned for the bridge to be replaced in the next financial year, subject to funding;
- The PTA's Route Utilisation Strategy (RUS), estimates patronage on the rail network will approximately double by 2031. To determine what future investment is needed to meet access demands in a safe and efficient way, the PTA is undertaking a Station Access Improvement Program. The Town have been liaising with the PTA at key stages of this

project. The Station Access Strategy will be developed in a staged approach across the network with a target completion of mid-2020; and

- The Town has had preliminary discussions with Metronet, who is currently undertaking a review of level crossing removal options. A program will be developed, which would allow for level crossing removal, depending on funding availability.

Priority Area 3 - Enhancing beach access and the foreshore

- The Beach Access Path Upgrade program commenced and four paths were completed;
- Stage One of the Cottesloe Foreshore Renewal Project commenced with an upgrade of the universal access path and new decked shady seating;
- The Town consulted extensively with the community on the Cottesloe Foreshore Masterplan through a workshop, an open house and two online surveys. A Draft Masterplan was advertised for community comment and will be going to Council for approval soon;
- Restoration work on the iconic Cottesloe Pylon was carried out; and
- Ongoing dune restoration by Cottesloe Coastcare.

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 2018 the Town approved the Wearne Cottesloe (1 Gibney Street) Redevelopment Masterplan and associated Local Planning Policy to facilitate its redevelopment as an aged care facility and lifestyle village. The Metro West Joint Development Assessment Panel (JDAP) subsequently approved a planning application for the Wearne site that allows for the development of 77 independent living units, 129 residential aged care rooms, and a number of commercial activities including a medical centre and restaurant/café.

The Metro West Joint Development Assessment Panel (JDAP) approved a planning application for 126 Railway Street, which proposed the development of eight multiple dwellings over two storeys, including offices uses and communal spaces.

As we look to the year ahead, the following projects will be a priority for the Town in the 2019/20 financial year and beyond;

- Review of the Town of Cottesloe Local Planning Strategy, which will ultimately inform a new Local Planning Scheme; and
- The Cottesloe Village Precinct Plan, which is being undertaken in collaboration with the Shire of Peppermint Grove.

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 2018-19 include:

- Ongoing upgrade of the footpath network; and
- Continuation of the road resurfacing program.

Priority Area 6 - Providing open and accountable local governance

Some of the major activities undertaken within this Priority Area include:

- Increased use of social media and email to communicate with electors;
- New monthly e-newsletter sent to subscribers on the Residents and Ratepayers database;
and
- Completed negotiations to lease land from the Town of Mosman Park to construct a new Works Depot which will deliver cost savings and improved efficiencies.

The Town will need to undertake a full review of the Strategic Community Plan (and associated plans) during the 2019-20 financial year. This is a good time for the review, with solid progress having been achieved against the overall objectives listed.

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 2018-19.

Mat Humfrey

Chief Executive Officer

Sustainability in Cottesloe

Important sustainability and natural areas projects continued in the Town throughout the year. The Town recognises the importance of proactive programs and encouraging community participation and is pleased to report on a number of significant achievements in sustainability and natural areas over the past year.

The Town completed five years of consecutive coastal monitoring with a Coastal Adaptation and Protection (CAP) grant received from the Department of Transport. The monitoring program aims to gain knowledge of the patterns in beach changes along its coastline and potentially identify longer-term trends in erosion and/or accretion. This will 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.

Coastal dune restoration and revegetation works continued at eight new sites. Weed species were removed and native coastal species were planted to restore ecological biodiversity which create habitat corridors for native animals. Over 8,000 seedlings were distributed between sites in north and south Cottesloe and Vlamingh. Cottesloe Coastcare continued their extremely valuable work and planted over 3,000 seedlings. They also managed all restoration works at the Coastwest grant site near Dutch Inn Groyne.

Other successful projects include;

- Street tree verge infill planting continued with another 150 trees planted on verges in Cottesloe;
- The Town hosted the event *Serve Food Not Litter* run by Western Metropolitan Regional Council (WMRC) in February to support local businesses come up with sustainable ideas and move away from single use plastics;
- Clean Up Australia Day was held in partnership with Cottesloe Coastcare, where members of the community collected approximately 50 kilograms of rubbish from South Cottesloe near Dutch Inn Groyne and surrounding areas;
- The annual WESROC Native Plant Subsidy Scheme held in May saw 2,500 plants purchased by Cottesloe residents. This scheme promotes and encourages residents to grow native waterwise gardens. Many residents have also converted lawn verges to native waterwise gardens under the Town's waterwise verge rebate scheme; and
- The Cott Cat shuttle bus helped transport 8,000 visitors between the Cottesloe train station and the beach during the Sculpture by the Sea event. Public transport reduces the number of cars on the road, alleviates parking congestion and is a sustainable form of transport.

STATUTORY REPORTS

Disability Access and Inclusion Plan

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

Council adopted its 2018 – 2023 Plan in April 2018 and a copy is available at the Town's administration office and on the Town's website.

The Town 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:

- E-QUAL Disability Consultants delivered Disability Awareness Training to officers, Councillors and local services providers;
- The Town's new website allows users to change colour contrast and make text larger or smaller. The Disability Access and Inclusion page includes Community Access Information and has been expanded to include Business Access Information;
- AUSLAN interpreters are provided at the Town's events including Australia Day and Carols by Candlelight 2018;
- Work on the Cottesloe Foreshore Renewal Project included installation of a universal access path at Cottesloe main beach. The path ensures universal access from Marine Parade, which has an ACROD bay, through to the beach and public toilets;
- Membership of the Companion Card program, allowing free entry to Council events for carer's of those with a disability;
- Disability access and inclusion services - information and events promoted through the Town's Facebook page, community contacts list, e-newsletter and onscreen at the customer service area in the Town of Cottesloe administration office;
- A requirement for events with more than 500 patrons to have a Disability Access and Inclusion Plan;
- An audit of the number of ACROD bays to general parking bays within the Town was conducted and as a result an additional two bays were installed on Marine Parade (next to Barchetta). A list has also been compiled of

priority areas to install additional ACROD bays in the near future; and

- A range of minor works including parking bays and line marking.

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; and
- 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
\$180,000 to \$189,999	1
\$130,000 to \$139,999	1
\$120,000 to \$129,999	1
\$110,000 to \$119,999	1
\$100,000 to \$109,999	4

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).

STATUTORY REPORTS

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.

The Town adopted a new Recordkeeping Plan in August 2016, which was submitted to the State Records Commission and subsequently approved by them in December 2016.

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 Recordkeeping 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.

INTEGRATED PLANNING AND REPORTING FRAMEWORK

Strategic Community Plan Adoption

An Integrated Planning and Reporting Framework (*IPRF*) was implemented in 2011 by the State Government, together with associated guidelines for local governments, and inclusive of asset management and long term financial planning.

All local governments are now 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, the Corporate Business 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 Community Plan; and
- 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. It should be noted that a review of the Strategic Community Plan is required during the 2019-20 financial year.

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 2019
a.	Review the Current Bike Plan	Revised bike plan adopted by 31 December 2021	14/15	14/15	Department of Transport currently preparing a Cycle Strategy for the Town for consideration in 2020
b.	Implement projects contained within bike plan	Projects within bike plan incorporated into 5 year capital works plans	15/16	Ongoing	Pending the outcome of 1.1a, this will then be incorporated from 2022 onwards
c.	Lobby for the completion of the principle shared path (along rail line)	Commitment of funds in the forward estimates for the improvements of the principle shared path	14/15	Complete	Construction completed. Town will commence planting in winter 2020
d.	Design, cost and include in the Asset Management Plan (AMP) and Long Term Financial Plan (LTFP) the Raia Roberts dual use path	AMP and LTFP contain project costings	15/16	16/17	A draft AMP has been developed by GHD and is currently being reviewed. To be finalised by June 2020

1.2. Continue working with licensed premises to manage noise, parking and antisocial behaviour

	Actions	Success Indicator	Project Start	Year of Delivery	Progress in year ended 30 June 2019
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		The community forum (Hotels Committee) was disbanded in 2018. These matters are now addressed by the Community Safety and Crime Prevention Committee
b.	Maintain a positive relationship with licensees	Representatives of the licensees attend the Hotels Working Group on a regular basis	Ongoing		Ongoing. Representatives now attend the Community Safety and Crime Prevention Committee as required
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. Consultation occurs as part of any Town licence consideration process

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 2019
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 was adopted in March 2017 and Facebook now used to promote Council and other events New Town of Cottesloe website developed which went live in September 2018
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		Significant number of events in place Cottesloe Film Festival approved up to 2023 Annual beach concert "By the C" approved in 2016, 2018, and 2019. Tenders invited for a three year contract is being progressed
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		Foreshore Masterplan has provisions for Place Making strategies to be implemented
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 as yet

1.4. Continue to improve community engagement

	Actions	Success Indicator	Project Start	Year of Delivery	Progress in year ended 30 June 2019
a.	Review the Community Consultation Policy regularly	Regular reviews of the Community Consultation Policy undertaken	Ongoing	Ongoing	Formal review undertaken in 2017. Further review scheduled for commencement in early 2020
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	Register commenced in 2019
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. Social media policy adopted March 2017. Facebook page and email database created in 2017. New website developed in 2018 with increased focus on interacting with the community. Since late 2018, a monthly e-newsletter is sent to the Residents and Ratepayers database. Online surveys introduced in 2019
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		IAP2 training undertaken in 2019. Ongoing internal training also occurring

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 2019
a.	Review the Disability Access and Inclusion Plan (DAIP) on an annual basis	Review of DAIP presented to Council for endorsement	14/15	Ongoing	DAIP adopted by Council in April 2018
b.	Undertake 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 in 2017 and used for review of DAIP Audit of Sea View Golf Club undertaken in 2018 Included in the implementation of the Foreshore Masterplan for construction of buildings along Cottesloe Foreshore
c.	Prioritise and cost improvements identified in point b. and include in the Asset Management Plan (AMP) and Long Term Financial Plan (LTFP)	AMP and LTMP amended to incorporate requirements from audit	16/17	Ongoing	Foreshore Masterplan consultation has been completed and is anticipated to be adopted by Council in December 2019. Recreation masterplan will progress to wider public consultation in 2020
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	Training offered. 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	Training offered. 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 2019
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		State Government currently reviewing all crossing locations, including Jarrad Street. Ongoing discussions with Main Roads WA for implications for the Town of Cottesloe
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 2019
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	Ongoing
b.	Produce a structure plan, in partnership with Public Transport Authority (PTA) and Department of Planning (DoP) for the railway lands within Cottesloe	Structure plan produced	14/15	16/17	Project initiated in September 2015. Discussions are ongoing 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 2019
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	Ongoing
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		Deputation made to Minister for Transport who is currently assessing the proposal
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		See 2.3 (b) above
d.	Undertake baseline environment studies (i.e. 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		See 2.3 (b) above

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 2019
a.	Design Advisory Panel (DAP) to review the Foreshore Redevelopment Plan	Revised plan presented to Council for consideration	14/15		Foreshore Renewal Masterplan to go to Council for approval in December 2019. This includes a staging plan for the delivery and cost Additional limestone retaining wall and stair upgrade to be carried out in 2020 as part of refurbishment works outside the Masterplan scope
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		MRRG and Blackspot funding contributions have been secured for 2020/2021. Annual applications will continue
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		Updated for 2018/19. Ongoing
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	2015	Completed

3.2. Continue to improve access to beach facilities

	Actions	Success Indicator	Project Start	Year of Delivery	Progress in year ended 30 June 2019
a.	Renovate all beach access paths over a period of four years	Beach paths renovated.	15/16		Four paths upgraded in 2018/2019. Priority list for Beach Access Paths upgrades endorsed by Council. Confirmed for the 2019/2020 and 2020/2021 financial year and indicative beyond this
b.	Renovate and improve public ablutions at Cottesloe Beach	Renovated facilities opened for public use.	15/16	17/18	Council sub-leased the ablutions back from the tenant in September 2018 and will consider refurbishment options in conjunction with the principal lessee
c.	Provide universal access to all facilities at Cottesloe Beach	Universal access provided to renovated facilities and beach level	16/17		Universal access path completed
d.	Audit and improve infrastructure for public events, such as Sculpture by the Sea at Cottesloe Beach	Improved provision of events at Cottesloe Beach	Ongoing		Stage 1 works completed. Stage 2 to commence in winter 2020

3.3. Improve dune conservation outside of the central foreshore zone (implement Natural Areas Management Plan [NAMP])

	Actions	Success Indicator	Project Start	Year of Delivery	Progress in year ended 30 June 2019
a.	Undertake a review of the NAMP 2010 – 2014	NAMP revised and overall progress assessed.	14/15	2015	Complete
b.	Draft and adopt a revised NAMP 2014 – 2018	Council adoption of the updated NAMP 2014/2018	14/15	2015	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 NAMP 2014 – 2018	15/16		Ongoing. To be included in the next five year program and Asset Management Plan

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 2019
a.	Assess the current Cott Cat service, and where appropriate, implement improvements	Continuation and possible extension of the Cott Cat service	14/15	17/18	Review complete, changes to the route implemented
b.	Liaise with Public Transport Authority (PTA) with regards to service provision and improvements	Additional bus services are provided during peak times	15/16		Ongoing. A PTA joint five year funding agreement pending approval has been prepared for bus services to be provided over summer weekends and Sculpture by the Sea
c.	Redesign the interface between Cottesloe Train Station and Forrest Street, and cost required for improvements and works	Design for the train station/Forrest Street interface approved for public consultation	16/17		Ongoing
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		As per point 3.4 (b)

3.5. Develop a parking strategy for the beach precinct

	Actions	Success Indicator	Project Start	Year of Delivery	Progress in year ended 30 June 2019
a.	Undertake an audit of current facilities within the foreshore zone	Map produced detailing all available parking, including any restrictions	15/16		Complete
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		Ongoing
c.	Cost and prioritise the projects that arise out of the Foreshore Parking Strategy	Costed implementation plan produced	16/17		Ongoing
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		Ongoing

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 2019
a.	Gazettal of the LPS3	Complete	NA	2014	Complete
b.	Initiate and complete amendments required to correct minor issues within LPS3 as Gazetted	Amendments Gazetted	14/15	2016	Complete
c.	Undertake an awareness campaign to ensure relevant parties are aware of LPS3 and the implications for land owners	Public awareness campaign completed	14/15	15/16	Complete

4.2. Implement / apply planning incentives for heritage properties

	Actions	Success Indicator	Project Start	Year of Delivery	Progress in year ended 30 June 2019
a.	Apply the LPS3 provisions that offer concessions or variations for proposals for heritage properties	Planning concessions made available to heritage properties	14/15		Completed.
b.	Operate a heritage advisory service to assist proponents with proposals for heritage properties	Heritage advisory service available	15/16		Previous heritage advisory service ceased and now consultants used on an as needs basis
c.	Formulate a policy that offers financial incentives for heritage properties in support of planning outcomes	Policy adopted by Council	15/16		Will be addressed as part of the Local Planning Strategy (LPS) Review and subsequent Scheme Review
d.	Introduce a local heritage awards program to encourage the conservation of heritage properties	Heritage awards program commences	16/17		No action undertaken as yet

- 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 2019
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		Previous reports submitted to Council on potential land availability
b.	From the results of the audit above, prioritise available land or higher density developments	Prioritised development strategy formulated	16/17		Previous reports submitted to Council on potential land availability
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		Ongoing. To be addressed by LPS Review and Cott Village Precinct Plan
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		Ongoing. To be addressed by LPS Review and Cott Village Precinct Plan

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 2019
a.	Write and implement a 10 year Asset Management Plan (AMP)	AMP adopted by Council	14/15	15/16	Project commenced with Draft Plan to be presented to Council in 2020
b.	Update Long Term Financial Plan (LTFP) to include impacts from AMP	LTFP updated	15/16		Completed, but updates 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 AMP or LTFP	16/17		To be progressed

5.2. Manage assets that have a realisable value

	Actions	Success Indicator	Project Start	Year of Delivery	Progress in year ended 30 June 2019
a.	Finalise the sale of the former depot site at 2B Nailsworth Street, Cottesloe	Sale transaction settled	14/15	2015	Complete
b.	Update the Long Term Financial Plan (LTFP) to show the economic benefit of the sale of the former depot site	LTFP updated to show impacts of depot funds strategy	14/15	2016	Complete. The LTFP is reviewed annually to ensure it's accuracy and relevance
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		This site is in the area being considered under the Precinct Plan for the Town Centre
d.	Create an inventory of land and other major assets that are currently held by the Town	Inventory created	15/16	2016	Complete

5.3. Implement the Town Centre Public Domain Infrastructure Improvement Plan (TCPDIIP)

	Actions	Success Indicator	Project Start	Year of Delivery	Progress in year ended 30 June 2019
a.	Revise and update TCPDIIP, in consultation with stakeholders, such as ProCott	Revised plan adopted by Council	14/15	15/16	Ongoing. To be addressed by LPS Review and Cott Village Precinct Plan
b.	Complete streetscape improvement works within Napoleon Street	Streetscape works completed	14/15	14/15	Final component - tree planting (to replace existing trees) budgeted for in 2019/20
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	Ongoing. To be addressed by LPS Review and Cott Village Precinct Plan
d.	Undertake amendments to LPS3, where necessary, to prompt development within the Town Centre Precinct	Amendments identified and initiated	14/15	15/16	Ongoing. To be addressed by Cott Village Precinct Plan

5.4. Maximise income from non-rates sources

	Actions	Success Indicator	Project Start	Year of Delivery	Progress in year ended 30 June 2019
a.	Develop a list of projects that would be capable of attracting grants and develop grant applications accordingly	Grant income increases	Ongoing		Ongoing. Seven potential project funding opportunities identified
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		Expenditure undertaken on leased buildings did not exceed lease payments received in 2018/19
c.	Ensure that fees and charges for services provided are paid in a timely fashion and that where at all possible infringements issued are collected	Ratio of outstanding debtors/ infringements reduces	Ongoing		Debt recovery process implemented and Fines Enforcement Registry used. Best possible ratios for recovery are being achieved
d.	Invest surplus funds prudently to maximise returns where possible, without risking financial assets	Rate of return on investments is improved	Ongoing	17/18	Investments undertaken in accordance with Investment Policy, including arrangements to secure interest on the working Municipal Account

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 2019
a.	Review and improve the Long Term Financial Plan (LTFP) on an annual basis	Annual review of LTFP undertaken	Ongoing		Ongoing
b.	Implement a long term Asset Management Plan (AMP) to be reviewed annually (November each year)	AMP presented to Council for endorsement.	14/15		Ongoing
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 2019
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	Revised Consultation Policy currently being developed
c.	Strategic Community Plan reviewed on a regular basis, ensuring community involvement during the review	Strategic Community Plan regularly reviewed	Ongoing	Ongoing	Next review planned for 2020

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 2019
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	Ongoing
b.	Ongoing provision of study leave for relevant professional development	Highly skilled and supported staff available to guide and advise Council	Ongoing		Study leave available as per Council Policy
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 2019
a.	Scope, design and implement a Customer Relationship Management (CRM) system	Customer Relationship Management system in place and providing relevant reporting data	15/16	17/18	Project completed
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	18/19		Review undertaken in 2019
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	19/20		A Discovery Workshop scheduled for December 2019 to develop a specification for required core systems
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	19/20		To be implemented with Strategic Review (see 6.3b) or as part of 2020/21 budget if required

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 2019
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 Use of social media (Facebook and email database) has been implemented New website has improved functionality for users to find this information Since late 2018, a monthly e-newsletter is being sent to the Residents and Ratepayers database
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



TOWN OF COTTESLOE



2018 - 2019

**ANNUAL
FINANCIAL STATEMENTS**

TOWN OF COTTESLOE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and forming part of the Financial Report	9
Independent Auditor's Report	60

COMMUNITY VISION

An iconic coastal community with a relaxed lifestyle.

Principal place of business:
109 Broome Street, Cottesloe, Western Australia 6011

TOWN OF COTTESLOE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Town of Cottesloe for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Town of Cottesloe at 30 June 2019 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 5th day of December 2019



Chief Executive Officer

Mathew Humfrey

Name of Chief Executive Officer



TOWN OF COTTESLOE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	22	10,210,579	10,094,824	10,006,569
Operating grants, subsidies and contributions	2a	333,783	172,171	349,167
Fees and charges	2a	2,108,227	1,857,609	2,205,369
Interest earnings	2a	486,751	291,926	422,532
Other revenue	2a	174,345	139,377	168,957
		<u>13,313,685</u>	<u>12,555,907</u>	<u>13,152,594</u>
Expenses				
Employee costs		(5,092,998)	(4,649,828)	(4,182,143)
Materials and contracts		(4,820,163)	(5,237,059)	(4,400,526)
Utility charges		(361,243)	(372,660)	(379,514)
Depreciation on non-current assets	11d	(2,288,866)	(2,119,233)	(2,146,741)
Interest expenses	2b	(246,329)	(255,050)	(274,272)
Insurance expenses		(160,889)	(152,098)	(139,911)
Other expenditure		(416,269)	(1,024,383)	(1,524,033)
		<u>(13,386,757)</u>	<u>(13,810,311)</u>	<u>(13,047,140)</u>
		(73,072)	(1,254,404)	105,454
Non-operating grants, subsidies and contributions	2a	532,684	0	95,026
Profit on asset disposals	11a	11,519	0	3,157
(Loss) on asset disposals	11a	(25,430)	0	(15,553)
Share of profit or loss of associates and joint ventures accounted for using the equity method	20	(142,976)	0	(212,205)
(Loss) on revaluation of Infrastructure - Streetscape	10a	0	0	(155,605)
(Loss) on revaluation of Infrastructure - Irrigation	10a	0	0	(74,895)
		<u>375,797</u>	<u>0</u>	<u>(360,075)</u>
Net result for the period		302,725	(1,254,404)	(254,621)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	40,447	0	(5,457,900)
Total other comprehensive income for the period		40,447	0	(5,457,900)
Total comprehensive income for the period		343,172	(1,254,404)	(5,712,521)

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 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Governance		39,516	5,500	21,547
General purpose funding		11,016,618	10,559,321	10,739,845
Law, order, public safety		64,212	34,600	68,024
Health		101,148	102,094	102,761
Education and welfare		37,520	29,115	35,111
Community amenities		517,148	471,450	509,009
Recreation and culture		480,955	399,968	512,898
Transport		848,398	791,100	921,499
Economic services		203,274	182,259	241,349
Other property and services		4,897	500	551
		<u>13,313,686</u>	<u>12,555,907</u>	<u>13,152,594</u>
Expenses				
Governance		(1,023,397)	(795,296)	(758,732)
General purpose funding		(275,978)	(272,353)	(317,438)
Law, order, public safety		(356,938)	(338,001)	(301,677)
Health		(267,925)	(278,102)	(227,880)
Education and welfare		(262,301)	(286,014)	(753,388)
Community amenities		(3,134,136)	(3,458,676)	(3,283,827)
Recreation and culture		(3,807,682)	(4,016,948)	(3,485,484)
Transport		(3,435,952)	(3,608,836)	(3,226,539)
Economic services		(519,039)	(501,035)	(417,903)
Other property and services		(57,081)	0	0
		<u>(13,140,429)</u>	<u>(13,555,261)</u>	<u>(12,772,868)</u>
Finance Costs				
Governance		0	(100)	0
Recreation and culture	14b	(246,329)	(254,950)	(274,272)
		<u>(246,329)</u>	<u>(255,050)</u>	<u>(274,272)</u>
		(73,072)	(1,254,404)	105,454
Non-operating grants, subsidies and contributions				
Profit on disposal of assets	11a	11,519	0	3,157
(Loss) on disposal of assets	11a	(25,430)	0	(15,553)
Share of net profit of associates and joint ventures accounted for using the equity method	20	(142,976)	0	(212,205)
(Loss) on revaluation of Infrastructure - Streetscape	10a	0	0	(155,605)
(Loss) on revaluation of Infrastructure - Irrigation	10a	0	0	(74,895)
		<u>375,797</u>	<u>0</u>	<u>(360,075)</u>
Net result for the period		302,725	(1,254,404)	(254,621)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	40,447	0	(5,457,900)
Total other comprehensive income for the period		<u>40,447</u>	<u>0</u>	<u>(5,457,900)</u>
Total comprehensive income for the period		343,172	(1,254,404)	(5,712,521)

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



TOWN OF COTTESLOE
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019

	NOTE	2019 \$	Restated 2018 \$ Note 29	As at 1 July 2017 \$ Note 29
CURRENT ASSETS				
Cash and cash equivalents	3	7,734,871	5,512,944	10,546,446
Trade receivables	5	537,468	732,117	1,131,360
Other financial assets at amortised cost	8	5,851,288	7,554,450	1,595,832
Inventories	6	10,410	36,809	37,437
Other current assets	7	52,557	1,636	36,350
TOTAL CURRENT ASSETS		14,186,594	13,837,956	13,347,425
NON-CURRENT ASSETS				
Trade receivables	5	203,331	190,286	179,379
Other financial assets at amortised cost	8	398,150	455,161	509,791
Investments accounted for using the equity method	20	734,521	837,050	1,049,255
Property, plant and equipment	9	84,583,052	84,795,024	85,206,386
Infrastructure	10	37,539,564	36,434,356	42,472,921
TOTAL NON-CURRENT ASSETS		123,458,618	122,711,877	129,417,732
TOTAL ASSETS		137,645,212	136,549,833	142,765,157
CURRENT LIABILITIES				
Trade and other payables	13	1,976,861	839,532	748,217
Borrowings	14	292,576	475,390	449,332
Employee related provisions	15	949,592	867,036	990,459
TOTAL CURRENT LIABILITIES		3,219,029	2,181,958	2,188,008
NON-CURRENT LIABILITIES				
Borrowings	14	3,451,436	3,744,012	4,219,401
Employee related provisions	15	102,798	95,086	99,583
TOTAL NON-CURRENT LIABILITIES		3,554,234	3,839,098	4,318,984
TOTAL LIABILITIES		6,773,263	6,021,056	6,506,992
NET ASSETS		130,871,949	130,528,777	136,258,165
EQUITY				
Retained surplus		29,736,037	28,688,578	29,255,879
Reserves - cash backed	4	9,699,062	10,443,796	10,147,983
Revaluation surplus	12	91,436,850	91,396,403	96,854,303
TOTAL EQUITY		130,871,949	130,528,777	136,258,165

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 2019

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Restated Balance as at 1 July 2017	29	29,255,879	10,147,983	96,854,303	136,258,165
Comprehensive income					
Net result for the period		(254,621)	0	0	(254,621)
Other comprehensive income	12	0	0	(5,457,900)	(5,457,900)
Total comprehensive income		(254,621)	0	(5,457,900)	(5,712,521)
Transfers from/(to) reserves		(312,680)	295,813	0	(16,867)
Balance as at 30 June 2018		28,688,578	10,443,796	91,396,403	130,528,777
Comprehensive income					
Net result for the period		302,725	0	0	302,725
Other comprehensive income	12	0	0	40,447	40,447
Total comprehensive income		302,725	0	40,447	343,172
Transfers from/(to) reserves		744,734	(744,734)	0	0
Balance as at 30 June 2019		29,736,037	9,699,062	91,436,850	130,871,949

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 2019

	NOTE	2019 Actual \$	2019 Budget \$	Restated 2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		10,239,136	10,094,824	10,108,367
Operating grants, subsidies and contributions		554,990	172,171	739,797
Fees and charges		2,108,227	1,857,609	2,205,369
Interest received		486,751	291,926	422,532
Goods and services tax received		685,583	690,000	650,495
Other revenue		174,345	139,377	168,957
		<u>14,249,032</u>	<u>13,245,907</u>	<u>14,295,517</u>
Payments				
Employee costs		(4,937,116)	(4,649,828)	(4,366,419)
Materials and contracts		(3,869,390)	(5,217,059)	(4,314,849)
Utility charges		(361,243)	(372,660)	(379,514)
Interest expenses		(218,069)	(255,050)	(281,007)
Insurance paid		(160,889)	(152,098)	(139,911)
Goods and services tax paid		(685,583)	(690,000)	(650,514)
Other expenditure		(416,269)	(1,024,383)	(1,524,035)
		<u>(10,648,559)</u>	<u>(12,361,078)</u>	<u>(11,656,249)</u>
Net cash provided by operating activities	16	<u>3,600,473</u>	<u>884,829</u>	<u>2,639,268</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	9a	(592,244)	(1,318,700)	(405,698)
Payments for construction of infrastructure		(2,693,045)	(5,334,562)	(1,112,400)
Proceeds/(payments) for financial assets at amortised cost		1,705,542	0	(5,973,219)
Non-operating grants, subsidies and contributions		532,684	0	95,026
Proceeds from self supporting loans		54,631	58,356	52,364
Proceeds from sale of property, plant & equipment	11a	89,276	67,150	120,488
Net cash (used in) investment activities		<u>(903,156)</u>	<u>(6,527,756)</u>	<u>(7,223,439)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	14b	(475,390)	(475,389)	(449,331)
Net cash (used in) financing activities		<u>(475,390)</u>	<u>(475,389)</u>	<u>(449,331)</u>
Net increase (decrease) in cash held		2,221,927	(6,118,316)	(5,033,502)
Cash at beginning of year		5,512,944	12,851,673	10,546,446
Cash and cash equivalents at the end of the year	16	<u>7,734,871</u>	<u>6,733,357</u>	<u>5,512,944</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 2019

	NOTE	2019 Actual	2019 Budget	Restated 2018 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	23b	2,452,281	1,552,159	2,351,146
		<u>2,452,281</u>	<u>1,552,159</u>	<u>2,351,146</u>
Revenue from operating activities (excluding rates)				
Governance		42,698	5,500	21,547
General purpose funding		806,039	464,497	733,276
Law, order, public safety		64,212	34,600	68,024
Health		101,148	102,094	102,761
Education and welfare		37,520	29,115	35,111
Community amenities		517,148	471,450	510,903
Recreation and culture		485,049	399,968	514,161
Transport		851,260	791,100	921,499
Economic services		203,274	162,259	241,349
Other property and services		6,278	500	551
		<u>3,114,626</u>	<u>2,461,083</u>	<u>3,149,182</u>
Expenditure from operating activities				
Governance		(1,028,797)	(795,396)	(764,286)
General purpose funding		(275,978)	(272,353)	(317,438)
Law, order, public safety		(356,938)	(338,001)	(301,677)
Health		(267,925)	(278,102)	(227,880)
Education and welfare		(262,301)	(286,014)	(753,388)
Community amenities		(3,277,112)	(3,458,676)	(3,501,182)
Recreation and culture		(4,067,638)	(4,271,898)	(3,759,848)
Transport		(3,441,299)	(3,608,836)	(3,226,539)
Economic services		(519,039)	(501,035)	(421,799)
Other property and services		(58,135)	0	(231,362)
		<u>(13,555,162)</u>	<u>(13,810,311)</u>	<u>(13,505,399)</u>
Non-cash amounts excluded from operating activities	23a	2,570,690	2,119,233	2,493,863
Amount attributable to operating activities		<u>(5,417,565)</u>	<u>(7,677,836)</u>	<u>(5,511,208)</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		532,684	0	95,026
Proceeds from disposal of assets	11a	89,276	67,150	120,488
Proceeds from self supporting loans		54,631	58,356	52,364
Purchase of property, plant and equipment	9a	(592,244)	(1,318,700)	(405,698)
Purchase and construction of infrastructure	10a	(2,693,045)	(5,334,562)	(1,112,400)
Amount attributable to investing activities		<u>(2,608,698)</u>	<u>(6,527,756)</u>	<u>(1,250,220)</u>
FINANCING ACTIVITIES				
Repayment of borrowings	14b	(475,390)	(475,389)	(449,331)
Transfers to reserves (restricted assets)	4	(1,464,832)	(736,226)	(1,291,228)
Transfers from reserves (restricted assets)	4	2,209,566	5,322,383	995,415
Amount attributable to financing activities		<u>269,344</u>	<u>4,110,768</u>	<u>(745,144)</u>
Surplus/(deficit) before imposition of general rates		<u>(7,756,919)</u>	<u>(10,094,824)</u>	<u>(7,506,572)</u>
Total amount raised from general rates	22a	10,210,579	10,094,824	10,006,569
Surplus/(deficit) after imposition of general rates	23b	<u>2,453,660</u>	<u>0</u>	<u>2,499,997</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 2019

1 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) and Interpretations of the Australian Accounting Standards Board, and to the extent they are not consistent, with the Local Government Act 1995 and accompanying regulations.

The Local Government (*Financial Management*) Regulations 1996 take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

Accounting policies which have been adopted in the preparation of this financial report 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.

The financial report provides comparative information in respect of the period period. A reclassification of items in the financial report of the previous period has been made in accordance with the classification of items in the financial report of the current period.

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 25 to these financial statements. Monies are held in trust in accordance with sections 6.9.1(1) of the Local Government Act 1995 where those monies are (a) required by the Act or any other written law to be credited to a trust fund and (b) are held by local government in trust.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

2 REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	0	0	4,000
General purpose funding	269,756	135,171	270,510
Law, order, public safety	0	500	0
Community amenities	25,924	22,500	22,738
Recreation and culture	8,497	0	17,337
Transport	29,606	14,000	34,582
Other property and services	0	100	0
	333,783	172,271	349,167
Non-operating grants, subsidies and contributions			
Recreation and culture	10,188	0	92,091
Transport	522,496	0	2,935
	532,684	0	95,026
Total grants, subsidies and contributions	866,467	172,271	444,193

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

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

Grants, donations and other contributions (Continued)

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 21. 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.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

2 REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Other revenue			
Reimbursements and recoveries	162,909	133,177	146,878
Other	11,436	6,200	22,079
	<u>174,345</u>	<u>139,377</u>	<u>168,957</u>
Fees and Charges			
General purpose funding	41,007	39,600	42,887
Law, order, public safety	51,637	25,600	42,905
Health	86,893	93,094	87,607
Education and welfare	23,112	22,915	22,861
Community amenities	506,434	446,750	478,925
Recreation and culture	429,149	370,050	453,677
Transport	779,316	711,000	836,997
Economic services	190,679	149,600	239,510
	<u>2,108,227</u>	<u>1,857,609</u>	<u>2,205,369</u>

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

Interest earnings

Loans receivable - clubs/institutions	15,774	17,732	19,762
Reserve accounts interest	314,714	135,726	252,109
Rates instalment and penalty interest (refer Note 22e)	78,011	83,700	86,812
Other interest earnings	78,252	54,768	63,849
	<u>486,751</u>	<u>291,926</u>	<u>422,532</u>

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the expected credit losses).

Interest earnings (Continued)

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

2 REVENUE AND EXPENSES (Continued)

(b) Expenses	2019 Actual \$	2019 Budget \$	2018 Actual \$
Auditors remuneration			
- Audit of the Annual Financial Report	56,000	41,000	45,345
	<u>56,000</u>	<u>41,000</u>	<u>45,345</u>
Interest expenses (finance costs)			
Borrowings (refer Note 14(b))	246,329	254,950	274,272
Other	0	100	0
	<u>246,329</u>	<u>255,050</u>	<u>274,272</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

3 CASH AND CASH EQUIVALENTS	NOTE	Restated		
		2019	2018	As at 1 July 2017
		\$	\$	\$
Cash at bank and on hand		3,830,088	675,182	1,644,056
Short-term deposits with a maturity less than three months		3,904,785	4,837,762	8,902,390
Total cash and cash equivalents		7,734,871	5,512,944	10,546,446
Short-term deposits with a maturity greater than three months	8	5,794,277	7,499,819	1,543,467
Total		13,529,148	13,012,763	12,089,913
Comprises:				
- Unrestricted amount		3,767,167	2,564,937	1,425,506
- Restricted amount		9,761,981	10,447,826	10,664,407
		13,529,148	13,012,763	12,089,913
The following restrictions have been imposed by regulations or other externally imposed requirements:				
Reserve accounts				
Reserves cash backed - Leave Reserve	4	304,167	95,675	190,582
Cash in lieu of parking reserve	4	11,515	11,194	10,903
Reserves cash backed - Civic Centre Reserve	4	363,108	352,992	343,954
Reserves cash backed - Waste Management Reserve	4	619,751	602,485	440,743
Reserves cash backed - Property Reserve	4	384,307	373,601	411,841
Reserves cash backed - Infrastructure Reserve	4	575,183	721,922	611,690
Reserves cash backed - Unspent Grants/Funds Reserve	4	0	183,910	0
Reserves cash backed - Legal Reserve	4	168,867	164,122	159,850
Reserves cash backed - Parking Facilities Reserve	4	171,622	166,841	163,454
Reserves cash backed - Library Reserve	4	64,922	35,656	47,378
Reserves cash backed - Sustainability Reserve	4	164,520	159,937	155,842
Reserves cash backed - Depot Funds Reserve	4	5,993,612	7,420,513	7,601,318
Reserves cash backed - Right of Way Reserve	4	166,597	17,607	10,428
Reserves cash backed - Sculpture and Artworks Reserve	4	77,826	124,388	0
Reserves cash backed - Car Park Reserve	4	0	12,953	0
Reserves cash backed - Green Infrastructure Reserve Fund	4	110,861	0	0
Reserves cash backed - Active Transport Reserve	4	213,637	0	0
Reserves cash backed - Information Technology Reserve	4	286,880	0	0
Reserves cash backed - Recreation Precinct Reserve	4	21,687	0	0
		9,699,062	10,443,796	10,147,983
Other restricted cash and cash equivalents				
Unspent grants/contributions	21	62,919	4,030	516,424
Total restricted cash and cash equivalents		9,761,981	10,447,826	10,664,407

SIGNIFICANT ACCOUNTING POLICIES**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 with original maturities of three months or less that are readily convertible to known amounts of cash

Cash and cash equivalents (Continued)

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 2019

	2019		2019		2019		2019		2019		2018		2018		2018	
	Actual	Actual	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Actual	Actual	Actual	Actual	Actual
	Opening	Transfer	Actual	Opening	Closing	Opening	Transfer	Closing	Opening	Transfer	Balance	Opening	Transfer	Balance	Actual	Closing
	Balance	to	Balance	Balance	Balance	to	(from)	Balance	Balance	to	to	Balance	to	to	Balance	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Reserves cash backed - Leave Reserve	95,675	208,492	0	95,675	304,167	2,635	0	98,459	180,582	5,093	0	180,582	5,093	0	95,675	95,675
(b) Reserves cash backed - Public Open Reserve	0	18,414	(18,414)	642,908	0	17,880	0	660,568	0	0	0	0	0	0	0	0
(c) Cash in lieu of parking reserve	11,194	321	0	11,203	11,515	308	0	11,511	10,903	281	0	10,903	281	0	11,194	11,194
(d) Reserves cash backed - Civic Centre Reserve	352,992	10,116	0	353,108	363,108	9,715	0	362,977	343,954	9,038	0	343,954	9,038	0	352,992	352,992
(e) Reserves cash backed - Waste Management Reserve	602,485	17,288	0	619,751	602,293	11,550	0	613,843	440,743	161,742	0	440,743	161,742	0	602,485	602,485
(f) Reserves cash backed - Property Reserve	373,601	10,708	0	384,307	375,169	10,317	0	385,486	411,841	9,760	0	411,841	9,760	(48,000)	373,601	373,601
(g) Reserves cash backed - Infrastructure Reserve	721,922	20,261	(167,000)	575,183	658,358	12,732	(582,000)	79,090	611,690	110,232	0	611,690	110,232	0	721,922	721,922
(h) Reserves cash backed - Unspent Grants/Funds Reserve	183,910	0	(183,910)	0	181,896	0	(181,896)	0	0	0	0	0	0	0	183,910	183,910
(i) Reserves cash backed - Legal Reserve	184,122	4,745	0	188,867	184,247	4,517	0	188,764	189,860	4,272	0	189,860	4,272	0	184,122	184,122
(j) Reserves cash backed - Parking Facilities Reserve	186,841	4,781	0	171,822	187,950	4,619	0	192,569	163,454	3,387	0	163,454	3,387	0	186,841	186,841
(k) Reserves cash backed - Library Reserve	35,656	29,266	0	64,922	47,778	1,314	0	49,092	47,378	1,074	0	47,378	1,074	(12,796)	35,656	35,656
(l) Reserves cash backed - Sustainability Reserve	159,937	4,553	0	164,520	160,062	4,402	0	164,464	155,842	4,095	0	155,842	4,095	0	159,937	159,937
(m) Reserves cash backed - Depot Funds Reserve	7,420,513	208,477	(1,635,378)	5,993,612	7,457,097	51,418	(4,331,487)	3,177,028	7,601,318	153,814	(394,619)	7,601,318	153,814	(394,619)	7,420,513	7,420,513
(n) Reserves cash backed - Right of Way Reserve	17,607	148,990	0	166,597	10,715	145,295	0	156,010	10,428	7,179	0	10,428	7,179	0	17,607	17,607
(o) Reserves cash backed - Sculpture and Artworks Reserve	124,368	3,438	(50,000)	77,826	123,600	4,224	(50,000)	77,824	0	124,368	0	0	124,368	0	124,368	124,368
(p) Reserves cash backed - Car Park Reserve	12,953	322	(13,275)	0	4,500	0	0	4,500	0	512,953	(500,000)	0	512,953	(500,000)	12,953	12,953
(q) Reserves cash backed - Green Infrastructure Reserve Fund	0	170,861	(50,000)	110,861	0	167,000	(167,000)	0	0	0	0	0	0	0	0	0
(r) Reserves cash backed - Active Transport Reserve	0	295,226	(91,589)	213,637	0	288,500	0	288,500	0	0	0	0	0	0	0	0
(s) Reserves cash backed - Information Technology Reserve	0	286,880	0	286,880	0	0	0	0	0	0	0	0	0	0	0	0
(t) Reserves cash backed - Recreation Precinct Reserve	0	21,667	0	21,667	0	0	0	0	0	0	0	0	0	0	0	0
	10,443,796	1,464,832	(2,209,566)	9,699,062	11,076,862	736,226	(5,322,383)	6,490,705	10,147,983	1,291,228	(955,415)	10,443,796	1,291,228	(955,415)	10,443,796	10,443,796

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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

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:

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Reserves cash backed - Leave Reserve	Five years Ten to twenty years	To partially cash back the accumulated employee leave liability and to fund the payment of accumulated leave entitlements.
(b) Reserves cash backed - Public Open Reserve	Twenty years	To be used to fund the creation of public open space in accordance with relevant regulations within the suburb of Cottesloe.
(c) Cash in lieu of parking reserve	Ten years	In accordance with the Councils town planning scheme, to set aside funds from developers for the development of parking facilities.
(d) Reserves cash backed - Civic Centre Reserve	Ten years	To fund the cost of improvement, renovations and extensions to the buildings that make up Cottesloe Civic Centre.
(e) Reserves cash backed - Waste Management Reserve	Ten to twenty years	To fund the improvement, replacement and expansion of waste management plant, equipment, facilities and services.
(f) Reserves cash backed - Property Reserve	Ten to twenty years	To contribute towards future property construction/renewal within the Town of Cottesloe..
(g) Reserves cash backed - Infrastructure Reserve	Ten to twenty years	To contribute towards ongoing future infrastructure construction/renewal.
(h) Reserves cash backed - Unspent Grants/Funds Reserve	One year	To carry forward available funding for uncompleted projects and grants that will be utilised in ensuing financial years.
(i) Reserves cash backed - Legal Reserve	Five years	To contribute towards unanticipated legal expenses incurred by the Town of Cottesloe.
(j) Reserves cash backed - Parking Facilities Reserve	Ten years Ten to twenty years	To fund improvements to parking facilities within the suburb of Cottesloe.
(k) Reserves cash backed - Library Reserve	Ten years	To fund improvements to the Grove Library.
(l) Reserves cash backed - Sustainability Reserve	Ten to twenty years	To fund new or enhance existing sustainability initiatives within the suburb of Cottesloe.
(m) Reserves cash backed - Depot Funds Reserve	Ten years	To be used to fund the improvement of infrastructure within the suburb of Cottesloe.
(n) Reserves cash backed - Right of Way Reserve	Ten years	To be used to fund the improvement of right of way infrastructure within the suburb of Cottesloe.
(o) Reserves cash backed - Sculpture and Artworks Reserve	Ten years	To be used for the acquisition of new and restoration of existing sculptures and artworks within the suburb of Cottesloe.
(p) Reserves cash backed - Car Park Reserve	One year	To be used to partially fund the construction of a new car park at North Cottesloe Primary School.
(q) Reserves cash backed - Green Infrastructure Reserve Fund	Ten to twenty years	To be used for the purpose of developing, commencing and implementing the Green Infrastructure Management Strategy within the Town of Cottesloe.
(r) Reserves cash backed - Active Transport Reserve	Ten to twenty years	To be used for the purpose of developing and maintaining active transport infrastructure within the suburb of Cottesloe.
(s) Reserves cash backed - Information Technology Reserve	Ten to twenty years	To be used for the purpose of developing and renewing information technology assets within the suburb of Cottesloe, including replacement of the car parking system and core business system.
(t) Reserves cash backed - Recreation Precinct Reserve	One year	To be used for the purpose of developing and implementing improvements to the Town's recreation precincts.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

5 TRADE RECEIVABLES	2019	2018	As at 1 July 2017
	\$	\$	\$
Current			
Rates receivable	157,138	195,548	238,896
Sundry receivables - other	105,320	252,496	612,839
Provision for expected credit losses - other	(7,271)	0	0
Sundry receivables - Infringements	412,826	464,974	425,096
Provision for expected credit losses - infringements	(203,199)	(228,616)	(193,165)
GST receivable	68,160	0	(21)
Long service leave receivable from other local governments	4,494	47,715	47,715
	<u>537,468</u>	<u>732,117</u>	<u>1,131,360</u>
Non-current			
Pensioner's rates and ESL deferred	181,111	171,258	163,608
Long service leave receivable from other local governments	22,220	19,028	15,771
	<u>203,331</u>	<u>190,286</u>	<u>179,379</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates, unpaid parking infringements and other amounts due from third parties for goods sold and services performed in the ordinary course of business. Rates receivables are interest bearing at 11% per annum (2018: 11% per annum) and are on terms of 39 days (2018: 42 days). Sundry receivables are interest bearing at 11% per annum (2018: 11% per annum and are on terms of 35 days (2018: 35 days)

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. expected credit loss). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Impairment and risk exposure

Information about the expected credit loss allowance of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 24.

Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

Classification and subsequent measurement

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.

Trade receivables are held with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

6 INVENTORIES	2019	2018
	\$	\$
Current		
Finished goods (at net realisable value)	36,320	36,809
Provision for Obsolescence	(25,910)	0
Total inventories at the lower of cost and net realisable value	10,410	36,809

The following movements in inventories occurred during the year:

During the year ended 30 June 2019, \$25,910 (2018:\$0) was recognised as an expense for inventories carried at net realisable value.

SIGNIFICANT ACCOUNTING POLICIES

General

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

Finished goods are recognised at purchase cost on a first-in/first-out basis.

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.

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

7 OTHER ASSETS

	2019	2018	As at 1 July 2017
	\$	\$	\$
Other current assets			
Prepayments	31,262	0	0
Accrued Interest	21,295	1,636	36,350
	52,557	1,636	36,350

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

8 OTHER FINANCIAL ASSETS

	2019	2018
	\$	\$
(a) Current assets		
- Financial assets at amortised cost - term deposits	5,794,277	7,499,819
- Financial assets at amortised cost - self supporting loans	<u>57,011</u>	<u>54,631</u>
	5,851,288	7,554,450
(b) Non-current assets		
- Financial assets at amortised cost - self supporting loans	<u>398,150</u>	<u>455,161</u>
	398,150	455,161
Term deposits	5,794,277	7,499,819
Self-supporting loans	<u>455,161</u>	<u>509,792</u>
Total financial assets at amortised cost	<u>6,249,438</u>	<u>8,009,611</u>

Self supporting loans from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 14.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Town classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash-flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 24

Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 27 for explanations regarding the change in accounting policy on adoption of AASB 9 Financial Instruments.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

9 PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment - Library	Furniture and equipment - Library	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	54,452,000	1,560,000	56,012,000	28,023,982	28,023,982	84,035,982	267,897	7,644	127,125	85,206,386
Additions	0	0	0	119,667	119,667	119,667	108,620	0	0	405,698
(Disposals)	0	0	0	0	0	0	0	0	0	(132,884)
Depreciation (expense)	0	0	0	(522,512)	(522,512)	(522,512)	(51,855)	(2,548)	(6,355)	(684,176)
Carrying amount at 30 June 2018	54,452,000	1,560,000	56,012,000	27,621,137	27,621,137	83,633,137	324,662	5,096	120,770	84,795,024
Comprises:										
Gross carrying amount at 30 June 2018	54,452,000	1,560,000	56,012,000	28,167,641	28,167,641	84,179,641	426,086	7,644	127,125	85,627,473
Accumulated depreciation at 30 June 2018	0	0	0	(546,504)	(546,504)	(546,504)	(101,424)	(2,548)	(6,355)	(832,449)
Carrying amount at 30 June 2018	54,452,000	1,560,000	56,012,000	27,621,137	27,621,137	83,633,137	324,662	5,096	120,770	84,795,024
Additions	0	0	0	166,933	166,933	166,933	160,110	0	0	592,244
(Disposals)	0	0	0	0	0	0	(6,272)	0	0	(103,187)
Depreciation (expense)	0	0	0	(524,488)	(524,488)	(524,488)	(59,581)	(1,296)	0	(701,029)
Carrying amount at 30 June 2019	54,452,000	1,560,000	56,012,000	27,263,582	27,263,582	83,275,582	418,919	3,800	120,770	84,583,052
Comprises:										
Gross carrying amount at 30 June 2019	54,452,000	1,560,000	56,012,000	28,310,582	28,310,582	84,322,582	921,325	7,601	127,125	86,429,073
Accumulated depreciation at 30 June 2019	0	0	0	(1,047,000)	(1,047,000)	(1,047,000)	(502,406)	(3,801)	(6,355)	(1,846,021)
Carrying amount at 30 June 2019	54,452,000	1,560,000	56,012,000	27,263,582	27,263,582	83,275,582	418,919	3,800	120,770	84,583,052

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	3	Market approach using recent observable market data for similar items	Independent registered valuers	June 2017	Price per hectare
Land - vested in and under the control of Council	3	Market approach using recent observable market data for similar items	Independent registered valuers	June 2017	Price per hectare
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Improvements to land using construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment					
- Management valuation 2016	3	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 3), 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.

- Land at the Wearne Hostel, Cottesloe Civic Centre and Cottesloe Rugby Club has been valued at replacement cost, which would involve the acquisition of freehold residential land and hence is effectively valued on a highest and best use, which differs from its current use. There are certain land sites on the Town's asset register with restrictions on their use:-
- Sea View Golf Course - Crown land vested to the Town by a management order and leased to Sea View Golf Club Inc. Zoned parks and recreation and on the State Heritage Register.
 - Cottesloe Civic Centre - Zoned civic and on the State Heritage Register.
 - Cottesloe Rugby Club Inc - Zoned parks and recreation.
 - Shine Community Services - On the State Heritage Register.
 - Wearne Hostel - Restricted to be used for the provision of care, accommodation and residential facilities for aged persons and all activities and matters relating to the provision of care, accommodation and residential facilities. Wearne Hostel is also on the State Heritage Register.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

10 INFRASTRUCTURE

(e) 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.

	Infrastructure - Roads	Infrastructure - Parks	Infrastructure - Car Parks	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks	Infrastructure - Miscellaneous	Infrastructure - Right of Way	Infrastructure - Streetscape	Infrastructure - Irrigation	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	24,419,773	2,613,512	3,540,619	1,518,573	4,750,048	1,518,573	2,056,036	1,896,026	698,591	979,743	42,472,921
Additions	21,156	61,077	159,750	29,329	29,329	159,052	456,915	137,301	67,206	20,614	1,112,400
Revaluation increments / (decrements) transferred to revaluation surplus	(8,861,744)	(1,362,004)	1,966,660	405,724	405,724	599,371	3,438,415	(933,594)	0	(711,328)	(5,457,900)
Revaluation (loss) / reversals transferred to profit or loss	0	0	0	0	0	0	0	0	(155,605)	(74,895)	(230,500)
Depreciation (expense)	(700,007)	(182,528)	(192,355)	(91,578)	(62,885)	(75,013)	(62,885)	(62,885)	(52,614)	(30,429)	(1,462,565)
Carrying amount at 30 June 2018	14,879,178	1,150,057	5,474,964	2,202,593	5,093,523	2,202,593	5,856,220	1,036,848	557,578	183,705	36,434,356
Comprises:											
Gross carrying amount at 30 June 2018	21,708,243	2,652,828	9,561,030	7,478,483	9,807,282	2,467,850	1,861,683	808,143	207,803	207,803	62,753,355
Accumulated depreciation at 30 June 2018	(12,829,065)	(1,702,771)	(4,086,066)	(2,304,970)	(2,304,970)	(265,257)	(3,951,062)	(624,835)	(250,965)	(24,098)	(26,318,999)
Carrying amount at 30 June 2018	14,879,178	1,150,057	5,474,964	5,093,523	5,093,523	2,202,593	5,856,220	1,036,848	557,578	183,705	36,434,356
Additions	653,431	20,551	62,284	27,569	27,569	277,132	1,489,857	12,667	149,554	0	2,693,045
Depreciation (expense)	(764,670)	(82,197)	(188,885)	(81,305)	(81,305)	(75,128)	(269,975)	(54,602)	(40,888)	(9,185)	(1,587,837)
Carrying amount at 30 June 2019	14,747,939	1,088,411	5,346,063	5,039,786	5,039,786	2,403,587	7,076,101	984,913	866,244	174,520	37,539,564
Comprises:											
Gross carrying amount at 30 June 2019	26,361,674	2,873,379	9,623,314	7,506,092	11,288,139	1,874,350	1,874,350	1,874,350	957,697	207,803	65,437,400
Accumulated depreciation at 30 June 2019	(13,613,735)	(1,794,968)	(4,275,251)	(2,466,276)	(2,466,276)	(341,395)	(4,212,038)	(879,437)	(291,453)	(33,283)	(27,897,836)
Carrying amount at 30 June 2019	14,747,939	1,088,411	5,346,063	5,039,786	5,039,786	2,403,587	7,076,101	984,913	866,244	174,520	37,539,564

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

10 INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition, values and remaining useful life assessments Inputs
Infrastructure - Car Parks	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition, values and remaining useful life assessments Inputs
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition, values and remaining useful life assessments Inputs
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition, values and remaining useful life assessments Inputs
Infrastructure - Parks	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition, values and remaining useful life assessments Inputs
Infrastructure - Miscellaneous	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition, values and remaining useful life assessments Inputs
Other infrastructure (describe)	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition, values and remaining useful life assessments Inputs
Infrastructure - Right of Way	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition, values and remaining useful life assessments Inputs
Infrastructure - Streetscape	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition, values and remaining useful life assessments Inputs
Infrastructure - Irrigation	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition, values and remaining useful life assessments 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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

11 PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

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, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each 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.

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 class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control

In accordance with *Local Government (Financial Management) Regulation 16(a)(ii)*, 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.

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 2019

11 PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2019				2019				2018			
	Actual	Actual	2019	2019	Budget	Budget	2019	2019	Actual	Actual	2018	2018
	Net Book	Sale	Actual	Actual	Net Book	Sale	Budget	Budget	Net Book	Sale	Actual	Actual
	Value	Proceeds	Profit	Loss	Value	Proceeds	Profit	Loss	Value	Proceeds	Profit	Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Furniture and equipment	6,272	3,182	3,182	(6,272)	0	0	0	0	0	0	0	0
Plant and equipment	96,915	86,094	8,337	(19,158)	67,150	67,150	0	0	132,884	120,488	3,157	(15,553)
	103,187	89,276	11,519	(25,430)	67,150	67,150	0	0	132,884	120,488	3,157	(15,553)

The following assets were disposed of during the year.

	2019		2019	
	Actual	Actual	2019	2019
	Net Book	Sale	Actual	Actual
	Value	Proceeds	Profit	Loss
Plant and Equipment				
Recreation and culture				
Carryall Utility Vehicle	12,090	2,690	0	(9,400)
Ride on Mower	8,496	12,590	4,094	0
Jack Hammer	195	0	0	(195)
Mower	334	0	0	(334)
PRO 800 Tracker	434	0	0	(434)
Ride on Mower	2,330	0	0	(2,330)
Mower	63	0	0	(63)
Water Chiller	1,056	0	0	(1,056)
Transport				
Trailer	0	283	283	0
Truck	26,370	24,295	0	(2,075)
Utility Vehicle	19,086	21,645	2,579	0
Trailer	1,710	0	0	(1,710)
Trailer	1,561	0	0	(1,561)
Other property and services				
Passenger Vehicle	22,410	23,009	599	0
Mower	298	409	111	0
Brush cutter	251	605	354	0
Brush cutter	251	568	317	0
	96,915	86,094	8,337	(19,158)
Furniture and Office Equipment				
Governance				
Showcase Display	271	0	0	(271)
Chairs	749	0	0	(749)
Oven	276	0	0	(276)
Couches	595	0	0	(595)
Projector	1,398	0	0	(1,398)
Telephone System	2,983	0	0	(2,983)
Photocopier	0	1,591	1,591	0
Photocopier	0	1,591	1,591	0
	6,272	3,182	3,182	(6,272)
	103,187	89,276	11,519	(25,430)

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the Town which are currently in use yet fully depreciated are shown below.

	2019	2018
	\$	\$
Furniture and equipment	362,461	362,461
Plant and equipment	46,200	24,009
Infrastructure - Miscellaneous	182,850	182,850
	591,511	569,320

(c) Temporarily Idle Assets

The Town did not hold any assets which are temporarily idle or retired from active use and not classified as held for sale.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

11 PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(d) Depreciation	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Buildings - specialised	524,488	521,685	522,512
Furniture and equipment	59,581	48,846	51,855
Plant and equipment	115,664	89,163	100,906
Plant and equipment - Library	1,296	0	2,548
Furniture and equipment - Library	0	0	6,355
Infrastructure - Roads	784,670	707,417	700,007
Infrastructure - Car Parks	82,197	162,324	162,528
Infrastructure - Footpaths	188,885	192,240	192,365
Infrastructure - Drainage	81,306	91,535	91,578
Infrastructure - Parks	76,128	80,488	75,013
Infrastructure - Miscellaneous	269,976	95,146	95,146
Infrastructure - Right of Way	54,602	54,943	62,885
Infrastructure - Streetscape	40,888	52,614	52,614
Infrastructure - Irrigation	9,185	22,831	30,429
	2,288,866	2,119,233	2,146,741

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested 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.

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.

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Buildings	33 to 159 years
Furniture and equipment	2 to 15 years
Plant and equipment	2 to 10 years
Computer and Ancillary Equipment	2 to 10 years
Infrastructure - Roads, Right - Asphalt	25 years
Infrastructure - Roads - Concrete	50 years
Infrastructure - Roads - Brick Blocks	33 years
Infrastructure - Footpaths - Slab	33 years
Infrastructure - Footpaths - Asphalt	25 years
Infrastructure - Footpaths - Concrete	50 years
Infrastructure - Footpaths - Brick Blocks	33 years
Infrastructure - Drainage - Pipe	50 years
Infrastructure - Drainage - Soak Wells	50 years
Infrastructure - Drainage - Manholes	20 years
Infrastructure - Irrigation - Bores	20 years
Infrastructure - Irrigation - Pumps	14 years
Infrastructure - Irrigation - PVC Pipe	25 years
Infrastructure - Irrigation - Sprinklers	8 years
Infrastructure - Irrigation - Electrical	14 years
Infrastructure - Parks	5 to 237 years
Infrastructure - Streetscapes	15 to 25 years
Infrastructure - Right of Ways	34 years
Infrastructure - Car Parks	34 years
Infrastructure - Miscellaneous	10 to 60 years

Depreciation (Continued)

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) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- (b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

12 REVALUATION SURPLUS

	2019		2019		2018		2018		2018		2018	
	Opening Balance	Revaluation Increment	Revaluation Movement on	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Revaluation Movement on	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	53,676,338	0	0	53,676,338	53,676,338	0	0	0	53,676,338	53,676,338	0	0
Revaluation surplus - Land - vested in and under the control of Council	60,000	0	0	60,000	60,000	0	0	0	60,000	60,000	0	0
Revaluation surplus - Buildings - specialised	14,225,902	0	0	14,225,902	14,225,902	0	0	0	14,225,902	14,225,902	0	0
Revaluation surplus - Furniture and equipment	3,251	0	0	3,251	3,251	0	0	0	3,251	3,251	0	0
Revaluation surplus - Plant and equipment	98,670	0	0	98,670	98,670	0	0	0	98,670	98,670	0	0
Revaluation surplus - Furniture and equipment - Library	125,979	0	0	125,979	125,979	0	0	0	125,979	125,979	0	0
Revaluation surplus - Plant and equipment - Library	(1,983)	0	0	(1,983)	(1,983)	0	0	0	(1,983)	(1,983)	0	0
Revaluation surplus - Infrastructure - Roads	10,613,747	0	0	10,613,747	19,475,491	0	(8,861,744)	(8,861,744)	10,613,747	10,613,747	0	0
Revaluation surplus - Infrastructure - Car Parks	687,095	0	0	687,095	2,049,099	0	(1,362,004)	(1,362,004)	687,095	687,095	0	0
Revaluation Surplus - Infrastructure - Footpaths	3,288,925	0	0	3,288,925	1,322,265	1,966,660	0	1,966,660	3,288,925	3,288,925	0	0
Revaluation Surplus - Infrastructure - Parks	1,780,282	0	0	1,780,282	1,180,311	599,971	0	599,971	1,780,282	1,780,282	0	0
Revaluation Surplus - Infrastructure - Miscellaneous	4,556,047	0	0	4,556,047	1,117,632	3,438,415	0	3,438,415	4,556,047	4,556,047	0	0
Revaluation Surplus - Infrastructure - Right of Way	454,062	0	0	454,062	1,387,656	0	(933,594)	(933,594)	454,062	454,062	0	0
Revaluation Surplus - Infrastructure - Drainage	1,828,088	0	0	1,828,088	1,422,364	405,724	0	405,724	1,828,088	1,828,088	0	0
Revaluation Surplus - Buildings specialised - WMRC	0	7,897	7,897	7,897	0	0	0	0	0	0	0	0
Revaluation Surplus - Infrastructure - Roads - WMRC	0	32,550	32,550	32,550	0	0	0	0	0	0	0	0
Revaluation Surplus - Infrastructure - Irrigation	0	0	0	0	711,328	0	(711,328)	(711,328)	0	0	0	0
	91,396,403	40,447	40,447	91,436,850	96,654,303	6,410,770	(11,868,670)	(5,457,900)	91,396,403	91,396,403	0	0

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB Aus 40.1.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

13 TRADE AND OTHER PAYABLES

	2019	2018
	\$	\$
Current		
Sundry creditors	973,370	575,515
Trade and other payables to related parties	17,560	55,424
Rates paid in advance	94,360	66,100
Accrued salaries and wages	51,267	43,655
ATO liabilities	83,375	25,373
Accrued interest	66,320	73,465
Bonds payable	690,609	0
	1,976,861	839,532

SIGNIFICANT ACCOUNTING POLICIES

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.

Trade and other payables (Continued)

Bonds payable to third parties had previously been held in trust by the Town. However these moneys should be held in the Municipal account and treated as other payables.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

14 INFORMATION ON BORROWINGS

	2019	2018
(a) Borrowings	\$	\$
Current	282,576	475,350
Non-current	3,451,436	3,744,012
	<u>3,744,012</u>	<u>4,219,402</u>

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2019		30 June 2019		30 June 2019		30 June 2019		30 June 2018		30 June 2018	
				Actual Principal	Actual Interest	Budget Principal	Budget Interest	Actual Principal	Actual Interest	Actual Principal	Actual Interest	Actual Principal	Actual Interest		
Recreation and culture															
Loan 106	106	WA Treasury	5.25%	199,801	5,350	199,801	7,901	199,801	7,901	199,801	189,711	15,570	189,801	15,570	199,801
Loan 107	107	WA Treasury	6.51%	3,575,965	225,205	3,575,965	229,317	3,575,965	229,317	3,575,965	203,753	238,940	3,575,965	238,940	3,575,965
				<u>3,775,766</u>	<u>230,555</u>	<u>3,775,766</u>	<u>237,218</u>	<u>3,775,766</u>	<u>237,218</u>	<u>3,775,766</u>	<u>393,464</u>	<u>254,510</u>	<u>4,169,230</u>	<u>254,510</u>	<u>3,775,766</u>
Self Supporting Loans															
Recreation and culture															
Loan 105	105	WA Treasury	6.22%	180,840	9,437	180,840	10,811	180,840	10,811	180,840	26,820	12,114	207,661	12,114	180,841
Loan 108	108	WA Treasury	2.71%	262,795	6,337	262,795	6,921	262,795	6,921	262,795	29,047	7,648	291,842	7,648	262,795
				<u>443,635</u>	<u>15,774</u>	<u>443,635</u>	<u>17,732</u>	<u>443,635</u>	<u>17,732</u>	<u>443,635</u>	<u>55,867</u>	<u>19,762</u>	<u>499,503</u>	<u>19,762</u>	<u>443,635</u>
				<u>4,219,402</u>	<u>246,329</u>	<u>4,219,401</u>	<u>254,950</u>	<u>4,219,401</u>	<u>254,950</u>	<u>4,219,401</u>	<u>449,331</u>	<u>274,272</u>	<u>4,668,733</u>	<u>274,272</u>	<u>4,219,402</u>

Self supporting loans are financed by payments from community organisations to fund improvements to property and equipment. These are shown in Note 8 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

The loans and borrowings are secured against the current and future earnings of the Town and land and buildings owned by the Town.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

14 INFORMATION ON BORROWINGS (Continued)

	2019	2018
(c) Undrawn Borrowing Facilities	\$	\$
Credit Standby Arrangements		
Bank overdraft limit	250,000	250,000
Credit card limit	10,000	5,000
Credit card balance at balance date	<u>(6,256)</u>	<u>(2,745)</u>
Total amount of credit unused	253,744	252,255
Loan facilities		
Loan facilities - current	292,576	475,390
Loan facilities - non-current	<u>3,451,436</u>	<u>3,744,012</u>
Total facilities in use at balance date	3,744,012	4,219,402
Unused loan facilities at balance date	Nil	Nil

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit

Security

All interest bearing borrowings held with the Western Australian Treasury Corporation are secured against all current and future earnings of the Town of Cottesloe.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of a new liability. The difference in the retrospective carrying amounts is recognised in the statement of profit or loss.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

15 EMPLOYEE RELATED PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
As at 30 June 2018			
Current	491,873	375,163	867,036
Non-current	0	95,086	95,086
	491,873	470,249	962,122
As at 30 June 2019			
Current	574,376	375,216	949,592
Non-current	0	102,798	102,798
	574,376	478,014	1,052,390

SIGNIFICANT ACCOUNTING POLICIES

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.

Other long-term employee benefits

The Town's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

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

Other long-term employee benefits (Continued)

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.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

16 NOTES TO THE STATEMENT OF CASH FLOWS

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:

	2019 Actual	2019 Budget	Restated 2018 Actual
	\$	\$	\$
Cash and cash equivalents	7,734,871	6,733,357	5,512,944

Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net surplus/(deficit) for the period	302,725	(1,254,404)	(254,621)
Non-cash flows included in net surplus for the period:			
Depreciation	2,288,866	2,119,233	2,146,741
Loss on sale of assets	25,430		15,553
Profit on sale of assets	(11,519)	0	(3,157)
Share of profits of associates	142,976	0	212,205
Loss on revaluation of infrastructure assets	0	0	230,500
Changes in assets and liabilities:			
Decrease in receivables	181,604	0	492,407
Increase in other assets	(50,921)	0	0
Decrease in inventories	26,399	0	628
Increase in trade and other payables	1,137,329	20,000	25,216
Increase/(decrease) in employee related provisions	90,268	0	(131,178)
Grants contributions	(532,684)	0	(95,026)
Net cash flow from operating activities	3,600,473	884,829	2,639,268

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

17 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	Restated 2018	Restated As at 1 July 2017
	\$	\$	
Governance	817,446	434,400	359,524
General purpose funding	358,068	368,106	402,504
Law, order, public safety	8,735	9,629	0
Health	3,515	11,904	3,359
Education and welfare	20,828,592	21,244,321	21,847,661
Community amenities	2,125,849	2,090,651	2,260,233
Recreation and culture	60,174,907	58,497,819	54,924,191
Transport	42,670,083	42,812,132	52,373,958
Economic services	19,685	24,663	16,794
Other property and services	6,144,310	7,443,253	7,653,401
Unallocated	4,494,022	3,612,955	2,923,532
	<u>137,645,212</u>	<u>136,549,833</u>	<u>142,765,157</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

18 RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
The following fees, expenses and allowances were paid to council members and/or the President.			
Meeting Fees	141,469	148,000	148,504
Mayoral Allowance	27,500	27,500	27,688
Deputy Mayoral Allowance	6,875	6,875	6,884
Travelling Expenses	1,468	3,200	0
Telecommunications Allowance	13,726	18,000	15,960
Other Member Costs	15,254	9,800	8,129
	206,292	213,375	207,165

Key Management Personnel (KMP) Compensation Disclosure

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
The total of remuneration paid to KMP of the Town during the year are as follows:			
Short-term employee benefits	820,612	811,680	902,950
Post-employment benefits	65,839	57,491	115,768
Other long-term benefits	13,725	13,725	18,943
Termination benefits	0	0	150,004
	900,176	882,896	1,187,665

The amounts disclosed in the table are amounts recognised as an expense during the reporting period related to key management personnel.

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Town's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

18 RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

Related Parties

The Town's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

19 JOINT ARRANGEMENTS

The Town has a 42.23 per cent interest in the Grove Library, which is involved in the provision of library services for the ratepayers of the Town of Cottesloe, Town of Mosman Park and the Shire of Peppermint Grove. The voting rights of the Town is 33.33 per cent. The principal place of business of the Grove Library is 1 Leake Street, Peppermint Grove, WA 6011.

The Town's interests in the Grove Library are accounted for as a joint operation using the proportional consolidation method in the financial statements. Summarised financial information of the joint operation, based on its IFRS financial statements as of 30 June 2019 and the year then ended, and adjusted for the Town proportional interest (42.23%) is set out below:

	2019	2018
	\$	\$
Non-current assets		
Property, plant and equipment	6,340,322	6,446,948
	<u>6,340,322</u>	<u>6,446,948</u>
TOTAL ASSETS	<u>6,340,322</u>	<u>6,446,948</u>
Current liabilities		
Trade and other payables	7,417	26,858
Employee related provisions	78,699	52,744
	<u>86,116</u>	<u>79,602</u>
Non-current liabilities		
Employee related provisions	5,900	13,016
	<u>5,900</u>	<u>13,016</u>
TOTAL LIABILITIES	<u>92,016</u>	<u>92,618</u>
NET ASSETS	<u>6,248,306</u>	<u>6,354,330</u>
Accumulated surplus	6,248,306	6,354,330
TOTAL EQUITY	<u>6,248,306</u>	<u>6,354,330</u>
Revenue		
Operating grants, subsidies and contributions	486	1,017
Fees and charges	22,040	23,254
Other revenue	7,711	3,375
	<u>30,237</u>	<u>27,647</u>
Expenses		
Employee costs	(396,540)	(383,040)
Materials and contracts	(164,439)	(171,589)
Utility charges	(26,398)	(21,893)
Insurance expenses	(10,996)	(16,623)
Other expenses	(29,919)	(29,657)
	<u>(628,291)</u>	<u>(622,802)</u>
Net deficit for the period	<u>(598,055)</u>	<u>(595,155)</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

19 JOINT ARRANGEMENTS (continued)

SIGNIFICANT ACCOUNTING POLICIES

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 arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. 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.

Interests in joint arrangements (Continued)

Joint 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.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

20 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

Western Metropolitan Regional Council (WMRC)

The Town has a 17.94 per cent interest in the Western Metropolitan Regional Council, which is involved in waste management for the ratepayers of the Town of Cottesloe, Town of Claremont, Town of Mosman Park, the Shire of Peppermint Grove and the City of Subiaco. The voting power held by the Town is 20 per cent. The principal place of business of the Western Metropolitan Regional Council is Suite 2/317 Churchill Avenue, Subiaco, WA 6008. Summarised financial information of the equity accounted venture based on its IFRS financial statements as of 30 June 2019 and the year then ended, and reconciliation with the carrying amount of the investment in the statement of financial position, are set out below:

	2019	2018
	\$	\$
Current assets	2,413,116	3,414,296
Non-current assets	2,246,616	2,240,726
Current Liabilities	(546,035)	(976,324)
Non-current liabilities	(19,379)	(12,867)
Equity	4,094,318	4,665,831
Town's share in equity - 17.94% (2018:17.94%)	734,521	837,050
Town's carrying amount of the investment	734,521	837,050
Revenue		
Operating grants, subsidies and contributions	1,116,576	13,226
Fees and charges	3,932,331	5,074,714
Interest earnings	57,942	76,453
Other revenue	89,561	40,246
	5,196,410	5,204,639
Expenses		
Employee costs	(1,477,413)	(1,273,827)
Materials and contracts	(3,299,192)	(3,596,475)
Utility charges	(12,719)	(10,952)
Depreciation	(204,012)	(210,652)
Loss on asset disposals	(59,049)	0
Insurance expenses	(31,919)	(66,967)
Other expenses	(909,074)	(1,228,624)
	(5,993,378)	(6,387,497)
Net surplus/(deficit) for the period	(796,968)	(1,182,858)
Town's share of net result - 17.94% (2018:17.94%)	(142,976)	(212,205)
Other comprehensive income		
Changes in asset revaluation surplus	225,454	0
Total other comprehensive income	225,454	0
Total comprehensive income for the period	(571,514)	(1,182,858)

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

20 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD (continued)

Western Metropolitan Regional Council (WMRC)

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.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

21 CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received (2)	Expended (3)	Closing	Received (2)	Expended (3)	Closing
	Balance (1) 1/07/17	2017/18	2017/18	Balance (1) 30/06/18	2018/19	2018/19	Balance (1) 30/06/19
	\$	\$	\$	\$	\$	\$	\$
Governance							
Department of Local Government - youth traineeship	12,920	0	(12,920)	0	0	0	0
Education and welfare							
Department of Education - grant towards realignment along railway street	500,000	0	(500,000)	0	0	0	0
Recreation and culture							
"Restoring the iconic Cottesloe coast" (Stage 1)	3,504	2,050	(5,554)	0	0	0	0
"Restoring the iconic Cottesloe coast" (Stage 2 for site C2)	0	7,732	(3,702)	4,030	859	(4,889)	0
Coastal Monitoring Program - Year 5	0	0	0	0	0	0	0
Cottesloe's Dutch Inn Groyne Dune Restoration	0	0	0	0	10,188	(7,269)	2,919
Transport							
Principal Shared Path (Curtin Avenue)	0	0	0	0	60,000	0	60,000
Total	516,424	9,782	(522,176)	4,030	71,047	(12,158)	62,919

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 2019

22 RATING INFORMATION

(a) Rates

RATE TYPE
Differential general rate / general rate

RATE TYPE	Rate in \$	Number of Properties	2018/19		2018/19		2018/19		2018/19		2017/18	
			Actual Rateable Value	Actual Rate	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate	Budget Total Revenue	Actual Total Revenue		
Gross rental valuations												
GRV - Residential Improved (RI)	0.06182	3,190	132,850,355	8,200,446	115,511	4,059		8,320,015	8,163,091	8,163,091	8,141,322	
GRV - Residential Vacant (RV)	0.06182	84	3,776,920	233,489	(8,876)	(1,188)		223,425	255,019	255,019	239,782	
GRV - Commercial Improved (CI)	0.06182	65	8,282,404	512,018	0	0		512,018	512,018	512,018	508,457	
GRV - Commercial Vacant (CV)	0.06182	1	86,500	5,347	3,926	1,933		11,206	5,347	5,347	5,310	
GRV - Industrial (I)	0.06182	1	31,050	1,920	0	0		1,920	1,920	1,920	1,906	
GRV - Commercial Town (CT)	0.07175	121	10,792,186	774,339	(4,556)	(2,257)		767,526	774,339	774,339	783,532	
Sub-Total		3,462	155,619,415	9,727,559	106,005	2,547		9,836,111	9,711,734	9,711,734	9,680,309	

Minimum payment

Minimum \$	2018/19	2018/19	2018/19	2018/19	2018/19	2017/18
	Actual Rateable Value	Actual Rate	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Total Revenue
Gross rental valuations						
GRV - Residential Improved (RI)	4,759,820	339,966	(1,860)	0	338,106	339,966
GRV - Residential Vacant (RV)	45,693	11,220	(1,771)	0	9,449	15,708
GRV - Commercial Improved (CI)	141,970	12,342	0	0	12,342	12,342
GRV - Commercial Town (CT)	242,538	19,074	0	0	19,074	19,074
Sub-Total	5,190,021	382,602	(3,631)	0	378,971	387,090

Discounts/concessions
Total amount raised from general rate

2018/19	2018/19	2018/19	2018/19	2018/19	2017/18
Actual Total Revenue	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Total Revenue	Actual Total Revenue
10,110,161	102,374	2,547	10,215,082	10,098,824	10,011,040
			(4,503)	(4,000)	(4,471)
			10,210,579	10,094,824	10,006,569

SIGNIFICANT ACCOUNTING POLICIES

Rates

Rates are non-reciprocal transfers to the Town which are recognised to income when control is obtained, which is at the earlier of the commencement of the rating period or receipt of the rates.

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

22 RATING INFORMATION (Continued)

(b) Specified Area Rate
 No specified area rates were imposed by the Town during the year ended 30 June 2019 and 30 June 2018.

(c) Service Charges
 No service charges were imposed by the Town during the year ended 30 June 2019 and 30 June 2018.

(d) Discounts, Incentives, Concessions, & Write-offs

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2019 Actual \$	2019 Budget \$	2018 Actual \$	Circumstances in which Discount is Granted
General Rate	80.00%		4,503	4,000	4,471	As a part of a lease agreement.
Waivers or Concessions			4,503	4,000	4,471	

Rate or Fee and Charge to which the Waiver or Concession is Granted

Type	Discount %	Discount \$	2019 Actual \$	2019 Budget \$	2018 Actual \$	Reasons for the Waiver or Concession
Venue hire	100.00%		4,582	15,000	12,500	As listed in the Town's policy - "Civic Centre Hall Bookings"

Circumstances in which the Waiver or Concession is Granted and to whom it was available

Certain events, community groups and committees requiring venue hire.

Objects of the Waiver or Concession

As listed in the Town's policy - "Civic Centre Hall Bookings"

Reasons for the Waiver or Concession

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 2019

22 RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	27 Aug 2018			11.00%
Option Two				
First instalment	27 Aug 2018	6.00	5.50%	
Second instalment	29 Oct 2018	6.00	5.50%	
Third instalment	07 Jan 2019	6.00	5.50%	
Fourth instalment	11 Mar 2019	6.00	5.50%	
		2019 Actual \$	2019 Budget \$	2018 Actual \$
Interest on unpaid rates		40,251	46,200	48,501
Interest on instalment plan		37,760	37,500	38,311
Charges on instalment plan		21,264	21,500	21,912
		99,275	105,200	108,724

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

23 RATE SETTING STATEMENT INFORMATION

	2018/19 (30 June 2019 Carried Forward)	Restated 2018/19 (1 July 2018 Brought Forward)
Note	\$	\$
(a) Non-cash amounts excluded from operating activities		
<p>The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i>.</p>		
Adjustments to operating activities		
Less: Profit on asset disposals	11a (11,519)	(3,157)
Movement in pensioner deferred rates (non-current)	(9,853)	(7,650)
Movement in employee benefit provisions (non-current)	134,345	(83,462)
Movement in Joint Arrangement (non-current)	445	(16,867)
Add: Loss on disposal of assets	11a 25,430	15,553
Add: Loss on revaluation of infrastructure	10a 0	230,500
Add: Share of loss/(profit) in associate	20 142,976	212,205
Add: Depreciation on assets	2,288,866	2,146,741
Non cash amounts excluded from operating activities	2,570,690	2,493,863
(b) Surplus/(deficit) after imposition of general rates		
<p>The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.</p>		
Adjustments to net current assets		
Less: Reserves - restricted cash	3 (9,699,062)	(10,443,796)
Less: - Financial assets at amortised cost - self supporting loans	8 (57,011)	(54,631)
Add: Borrowings	14 292,576	475,390
Add: Component of Leave Liability not required to be funded	15 949,592	867,036
Total adjustments to net current assets	(8,513,905)	(9,156,001)
Net current assets used in the Rate Setting Statement		
Total current assets	14,186,594	13,837,956
Less: Total current liabilities	(3,219,029)	(2,181,958)
Less: Total adjustments to net current assets	(8,513,905)	(9,156,001)
Net current assets used in the Rate Setting Statement	2,453,660	2,499,997

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

24 FINANCIAL RISK MANAGEMENT

This note explains the Town's exposure to financial risks and how these risks could affect the Town's future financial performance.

Risk	Exposure arising from	Measurement	Management
Interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits and imposition of credit limits.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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 finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

24 FINANCIAL RISK MANAGEMENT (continued)

(a) Interest rate risk

Cash and cash equivalents and term deposits
 The Town's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Town to interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Town to interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate %	Carrying Amounts \$		Interest Rate \$		Non Interest Bearing \$
		Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Interest Rate	
2019						
Cash and cash equivalents	1.17%	7,734,871	4,565,765	2,374,967		794,139
Financial assets at amortised cost	2.17%	5,794,277	5,794,277	0		0
Total (refer note 3)		13,529,148	10,360,042	2,374,967		794,139
2018 Restated						
Cash and cash equivalents	2.13%	5,512,944	4,837,758	462,651		212,535
Financial assets at amortised cost	2.67%	7,499,819	7,499,819	0		0
Total (refer note 3)		13,012,763	12,337,577	462,651		212,535

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of cash and cash equivalents affected. With all other variables constant, the Town's net surplus is affected through the impact on variable rate investments, as follows

	Increase/decrease in basis points	Effect on net surplus \$
2019	+75	17,812
	-75	(17,812)
2018	+75	3,470
	-75	(3,470)

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

24 FINANCIAL RISK MANAGEMENT (Continued)

Borrowings

Borrowings are not subject to interest rate risk as all of the Town's borrowings are at fixed rates.

(b) Credit risk

Trade Receivables

The Town's major receivables comprise rates annual charges, infringements and user fees and charges. 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.

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 applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

Cash and cash equivalents and term deposits

Credit risk from balances with banks and financial institutions is managed by the Town's finance department in accordance with the Town's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed as part of a policy review by Elected Members of Council on a periodic basis, and may be updated throughout the year subject to approval by Council resolution. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's failure to make payments.

The Town's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2019 and 2018 is the carrying value.

The Town does not hold any security against the self supporting borrowings for the two community clubs.

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

24 FINANCIAL RISK MANAGEMENT (Continued)

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

(b) Credit risk

The loss allowance as at 30 June 2019 was determined as follows for sundry receivables.

	Current	< 90 days	90 - 365 days	365 - 1825 days	> 1825 days	Total
30 June 2019						
Sundry receivables - other						
Expected credit loss rate	0%	10%	50%	90%	100%	
Gross carrying amount at risk of default	85,127	10,545	6,166	3,482	0	105,320
Expected credit loss	0	1,055	3,083	3,134	0	7,271
Sundry receivables - infringements						
Expected credit loss rate	14.5%	20%	25%	50%	80%	
Gross carrying amount at risk of default	13,225	14,073	94,025	194,134	97,369	412,826
Expected credit loss	1,916	2,815	23,506	97,067	77,895	203,199

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

24 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and 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

The contractual undiscounted cash flows of the Town's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Note	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
		\$	\$	\$	\$	\$
2019						
Payables	13	1,976,860	0	0	1,976,860	1,976,861
Borrowings		522,637	2,554,195	2,046,233	5,123,065	5,123,065
		<u>2,499,497</u>	<u>2,554,195</u>	<u>2,046,233</u>	<u>7,099,925</u>	<u>7,099,926</u>
2018						
Payables	13	839,532	0	0	839,532	839,532
Borrowings		730,340	2,593,523	2,529,542	5,853,405	5,853,405
		<u>1,569,872</u>	<u>2,593,523</u>	<u>2,529,542</u>	<u>6,692,937</u>	<u>6,692,937</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

25 TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are restated as follows:

	1 July 2017 Restated Note 29	Amounts Received	30 June 2018 Restated Note 29	Amounts Received	30 June 2019
				\$	\$
Cash in lieu of public open space	625,698	16,867	642,565	18,414	660,979
	625,698	16,867	642,565	18,414	660,979

26 SUBSEQUENT EVENTS

There have been no subsequent events of a material nature to report since the end of the financial year.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

27 INITIAL APPLICATION OF AUSTRALIAN 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.

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Town applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Town has not restated the comparative information which continues to be reported under AASB 139. The effect of adopting AASB 9 as at 1 July 2018 was not material.

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Town's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Town's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

27 INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The classification and measurement requirements of AASB 9 did not have a significant impact on the Town. The following are the changes in the classification of the Town's financial assets:

- Trade receivables and loans and advances (i.e. other debtors) classified as loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
- The Town did not designate any financial assets as at fair value through profit and loss.

In summary, upon the adoption of AASB 9, the Town had the following required (or elected) reclassifications as at 1 July 2018:

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB 139	New measurement category under AASB 9	Carrying amount under AASB 139	Carrying amount under AASB 9
			\$	\$
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost	5,512,944	5,512,944
Trade Receivables	Loans and receivables	Financial assets at amortised cost	922,403	922,403
Other financial assets	Loans and receivables	Financial assets at amortised cost	8,009,611	8,009,611
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost	839,532	839,532
Borrowings	Financial liability at amortised cost	Financial liability at amortised cost	4,219,402	4,219,402

The change in classification has not resulted in any remeasurement adjustment at 1 July 2018.

(b) Impairment

The adoption of AASB 9 has fundamentally changed the Town's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Town to recognise an allowance for ECLs for all financial assets not held at fair value through P/L.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

28 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Town, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

The Town will adopt AASB 15 *Revenue from Contracts with Customers* (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Town will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019.

The Town is currently assessing the impact of adopting of the new standard but believe the adoption of the new standard will not have a material impact on the financial report.

(b) Leases

AASB 16 requires lessees to account for all leases under a single on-balance sheer model in a similar way to finance leases under AASB 117 *Leases*. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (eg., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Town is currently assessing the impact of adopting of the new standard but believe the adoption of the new standard will not have a material impact on the financial report.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

28 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (Continued)

(c) Income For Not-For-Profit Entities

The Town will adopt AASB 1058 *Income for Not-for-Profit Entities* (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Town will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

The Town is currently assessing the impact of adopting of the new standard but believe the adoption of the new standard will not have a material impact on the financial report.

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. The Town currently recognises prepaid rates as a financial liability until the taxable event occurs at which point the financial liability will be extinguished and the Town will recognise income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Town to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

29 CORRECTION OF ERROR

(a) Restatement of cash and cash equivalents

During the year ended 30 June 2016, the Town received \$600,000 of cash in lieu of public open space monies. These monies were recognised to cash and cash equivalents and credited against a cash backed reserve accounts in equity.

Under section 154 of the *Planning and Development Act 2005*, the monies should be held in trust. No amounts should have been recorded to cash and cash equivalents and cash backed reserve accounts in equity on initial recognition.

The error has been corrected by restating each of the affected financial statement line items for prior periods.

(b) Restatement of term deposits with a maturity of greater than three months

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Under AASB 107 *Statement of Cash Flows*, investment in term deposits qualifies as a cash equivalent only when it has a maturity of three months or less from the date of acquisition.

In a prior period, short term deposits with a maturity of greater than three months were incorrectly classified as cash equivalents.

These errors were rectified by restating each of the affected line items of the financial statements for comparative purposes.

Statement of Financial Position	30/06/2017 Reported balance	Adjustment A	Adjustment B	30 June 2017 Restated
	\$		\$	\$
Current assets				
Cash and cash equivalents	12,715,611	(625,698)	(1,543,467)	10,546,446
Other financial assets at amortised cost	52,365	-	1,543,467	1,595,832
Equity				
Reserves - cash backed	10,773,681	(625,698)	-	10,147,983

Statement of Financial Position	30/06/2018 Reported balance	Adjustment A	Adjustment B	30 June 2018 Restated
	\$		\$	\$
Current assets				
Cash and cash equivalents	13,655,328	(642,565)	(7,499,819)	5,512,944
Other financial assets at amortised cost	54,631	-	7,499,819	7,554,450
Equity				
Reserves - cash backed	11,086,361	(642,565)	-	10,443,796

Statement of Cash Flow	30/06/2018 Reported balance	Adjustment A	Adjustment B	30 June 2018 Restated
Opening cash as of 1 July 2017	12,715,611	(625,698)	(1,543,467)	10,546,446

There have been no material changes to the previously reported statement of comprehensive income for the year-ended 30 June 2018 as a result of the above prior year errors.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

30 OTHER SIGNIFICANT ACCOUNTING POLICIES

a) 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.

b) Current and non-current classification

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 or non-current based on the Town's intentions to release for sale.

c) Rounding off figures

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

d) 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 statements that has a material effect on the statement of financial position, 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.

e) 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.

f) 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.

g) Fair value of assets and liabilities

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.

h) 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.

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 the service capacity of an asset.

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.

i) Impairment of assets

In accordance with Australian Accounting Standards the Town's cash generating non-specialised 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 specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

31 ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES

GOVERNANCE

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

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

To provide an operational framework of environmental and community health.

EDUCATION AND WELFARE

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

COMMUNITY AMENITIES

To provide services required by the community.

RECREATION AND CULTURE

To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.

TRANSPORT

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

ECONOMIC SERVICES

To help promote the Town and its economic wellbeing.

OTHER PROPERTY AND SERVICES

To monitor and control the Town's overheads and operating accounts.

ACTIVITIES

Includes the activities of members of council and 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.

Rates, general purpose government grants and interest revenue.

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

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

Maintenance of senior citizen centre and community care programs.

Rubbish collection services, operation of rubbish disposal sites, litter control, protection of the environment and administration of the town planning scheme.

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

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

Tourism and area promotion, Building control.

Engineering operating costs, plant repair and operation costs.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

32 FINANCIAL RATIOS

	2019	Restated 2018	2018	2017
	Actual	Actual	Actual	Actual
Current ratio	1.52	1.62	1.62	1.35
Asset consumption ratio	0.80	0.82	0.82	0.80
Asset renewal funding ratio	0.84	1.61	1.61	1.06
Asset sustainability ratio	1.55	0.46	0.46	0.96
Debt service cover ratio	3.19	2.86	2.86	4.49
Operating surplus ratio	(0.02)	(0.03)	(0.03)	0.06
Own source revenue coverage ratio	0.97	0.98	0.98	1.01

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 consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Town of Cottesloe

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Town of Cottesloe which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Town of Cottesloe:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Town for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Town in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Town's annual financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Town is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual financial report, the CEO is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Town.

The Council is responsible for overseeing the Town's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the annual financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the annual financial report, including the disclosures, and whether the annual financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) All required information and explanations were obtained by me.
- (ii) All audit procedures were satisfactorily completed.
- (iii) In my opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial ratios for 2017 in Note 32 of the annual financial report were audited by another auditor when performing their audit of the Town for the year ending 30 June 2017. The auditor expressed an unmodified opinion on the annual financial report for that year.

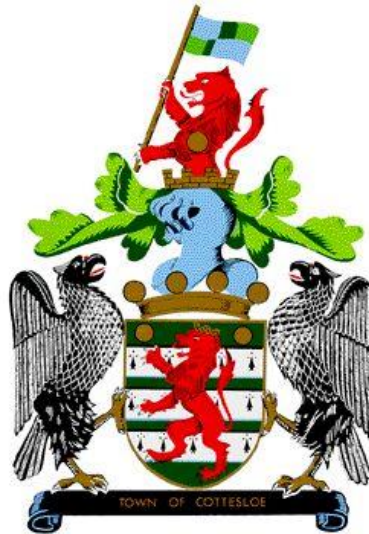
Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Town of Cottesloe for the year ended 30 June 2019 included on the Town's website. The Town's management is responsible for the integrity of the Town's website. This audit does not provide assurance on the integrity of the Town's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
9 December 2019

TOWN OF COTTESLOE



AUDIT COMMITTEE

ATTACHMENT

ITEM 8.1.1B: AUDIT CONCLUDING MEMORANDUM



Our Ref: 7976

Mr Mat Humfrey
Chief Executive Officer
Town of Cottesloe
PO Box 606
COTTESLOE WA 6911



7th Floor, Albert Facey House
469 Wellington Street, Perth

Mail to: Perth BC
PO Box 8489
PERTH WA 6849

Tel: (08) 6557 7500
Fax: (08) 6557 7600
Email: info@audit.wa.gov.au

Dear Mr Humfrey

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

The Office has completed the audit of the annual financial report for your Town. In accordance with section 7.12AD (2) of the *Local Government Act 1995*, we enclose the Auditor General's auditor's report, together with the audited annual financial report.

We have also forwarded the reports to the Mayor and the Minister for Local Government, as required by the Act. You are required to publish the annual report, including the auditor's report and the audited financial report, on your Town's official website within 14 days after the annual report has been accepted by your Council.

Management Control Issues

I would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the audit. These matters have been discussed with management and their comments have been included in the attachment.

Please note that the purpose of our audit was to express an opinion on the financial report. The audit included consideration of internal control relevant to the preparation of the financial report in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

An audit is not designed to identify all internal control deficiencies that may require management attention. The matters being reported are limited to those deficiencies that have been identified during the audit that are of sufficient importance to warrant being reported. It is possible that other irregularities and deficiencies may have occurred and not been identified as a result of our audit.

This letter has been provided for the purposes of the Town and the Minister for Local Government and may not be suitable for other purposes.

I would like to take this opportunity to thank you, the management and the staff of the Town for their cooperation with the audit team during our audit.

Feel free to contact me on 6557 7525 if you would like to discuss these matters further.

Yours faithfully

KELLIE TONICH
SENIOR DIRECTOR
FINANCIAL AUDIT
9 December 2019

Attach



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Town of Cottesloe

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Town of Cottesloe which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Town of Cottesloe:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Town for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Town in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Town's annual financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Town is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual financial report, the CEO is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Town.

The Council is responsible for overseeing the Town's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the annual financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the annual financial report, including the disclosures, and whether the annual financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) All required information and explanations were obtained by me.
- (ii) All audit procedures were satisfactorily completed.
- (iii) In my opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial ratios for 2017 in Note 32 of the annual financial report were audited by another auditor when performing their audit of the Town for the year ending 30 June 2017. The auditor expressed an unmodified opinion on the annual financial report for that year.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Town of Cottesloe for the year ended 30 June 2019 included on the Town's website. The Town's management is responsible for the integrity of the Town's website. This audit does not provide assurance on the integrity of the Town's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
9 December 2019

ATTACHMENT

**TOWN OF COTTESLOE
PERIOD OF AUDIT: YEAR ENDED JUNE 2019
FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Financial statement compilation		✓	
2. Refine provision for expected credit losses		✓	

KEY TO RATINGS

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

ATTACHMENT

**TOWN OF COTTESLOE
PERIOD OF AUDIT: YEAR ENDED JUNE 2019
FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

1. Financial statement compilation

Finding

The Town uses an Excel data input sheet to record the financial position and financial performance of the Town for the year ended 30 June 2019. Accounts are aggregated, mapped and hard coded into the Excel data input sheet. No reconciliation of the trial balance to the Excel data input sheet is performed.

Implication

The manual process increases the risk of error as data is manually extracted from the trial balance and inputted into the Excel data input sheet. The absence of a reconciliation between the trial balance to the Excel data input sheet reduces the transparency of the mapping of general ledger accounts to financial statement rows. Additionally, the current process is time-consuming and may cause the annual financial reporting timeline to be longer than necessary.

Recommendation

Management should clearly document the reconciliation of the trial balance to the financial statement compilation.

Management comment

The Town agrees with the finding and, in conjunction with our auditors, will follow the recommendations moving forwards.

Responsible Person: Wayne Richards
Completion Date: March 2020 in time for the interim audit

ATTACHMENT

**TOWN OF COTTESLOE
PERIOD OF AUDIT: YEAR ENDED JUNE 2019
FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

2. Refine provision for expected credit losses

Finding

The expected default rates included in provision matrix for the calculation of the provision for expected credit losses do not reflect the historical profile of bad debt write-offs or forward-looking information. It is unclear as to how the expected default rates included in the provision matrix for the calculation of the provision for expected credit losses was determined.

Implication

Calculating a provision with reference to expected default rates which do not reflect evidence available to management may cause the provision to be excessive or inadequate.

Recommendation

Management should refine the policy for the provision for expected credit losses that is based on a combination of factors, such as the historical profile of bad debt write-offs as a proportion of revenue, the ageing of trade and other receivables and forward-looking information.

Management comment

In consultation with our authority software consultant and auditors, the Town will develop a new report to enable us to scrutinize and better predict the provisions for expected credit losses.

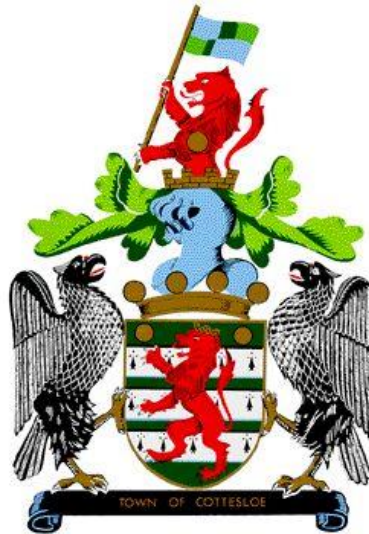
Responsible person:

Wayne Richards

Completion date:

December 2019 in time for the mid-year budget review 2019-20.

TOWN OF COTTESLOE



AUDIT COMMITTEE

ATTACHMENT

ITEM 8.1.1C: ELECTORS GENERAL MEETING NOTICE

Town of Cottesloe**NOTICE OF ELECTORS' GENERAL MEETING**

Electors are invited to attend the Electors' General Meeting for the 2018/2019 Financial Year. The meeting will be held at 6.00pm, Thursday 27 February 2020 at the Town of Cottesloe's Lesser Hall (109 Broome Street, Cottesloe).

The purpose of the meeting is to discuss the contents of the 2018/2019 Annual Report incorporating the 2018/2019 Annual Financial Statements and Auditor's Report, and any other general business.

The Electors' General Meeting Agenda can be viewed on the Town's Webpage.

Hard copies of the Annual Report incorporating Annual Financial Statements are available at the Town's Administration Centre (109 Broome Street, Cottesloe) and Grove Library (1 Leake Street, Peppermint Grove).

Any enquiries may be directed to the Town on 9285 5000

Neil Hartley
Acting Chief Executive Officer