

TOWN OF COTTESLOE



2013 / 2014

ANNUAL REPORT

OUR VISION

An iconic coastal community with a relaxed lifestyle.

OUR MISSION

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

UNDERPINNING PRINCIPLES

Sustainable Development

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

Community Participation

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

Good Governance

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

Co-operation

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

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OUR ELECTED MEMBERS – JUNE 2014



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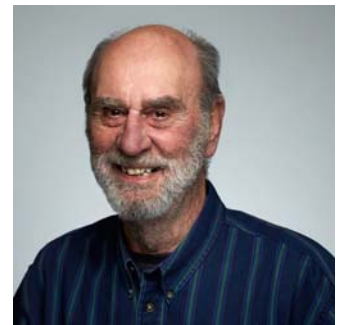
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MAYOR'S REPORT

I am pleased to present the Annual Report for the Town of Cottesloe for 2013/14 and I highlight the following issues of interest from the work of your Council.

Elections

2013 was an election year for local government and this saw a new Council for Cottesloe, including myself as Mayor. At that election Mayor Kevin Morgan retired as did Councillors Victor Strzina and Yvonne Hart. Cr Greg Boland also departed Council whilst Cr Katrina Downes was returned for another term. I take this opportunity to thank them all for their commitment and service to the Town. New Councillors Philip Angers and Helen Burke have joined Council for the first time whilst Jay Birnbrauer has returned after a short break. I welcome them to the Cottesloe team.

Local Government Reform

In the last 12 months Council has continued to consider the issue of amalgamation and the State Government's Metropolitan Reform strategy which has proposed significant changes for Perth Metropolitan Councils – including Cottesloe. The Local Government Advisory Board (LGAB) advertised a Notice of Enquiry and between November 2013 and May 2014 received 38 proposals for boundary changes. It undertook concurrent enquires into each proposal and called for public submissions. The Town did not make a proposal but was included, by association, in a number of other proposals. The Board made its final report to the Minister in September 2014 including making a recommendation to amalgamate five western suburbs local governments including Cottesloe, to form the City of Riversea.

The Minister for Local Government has rejected the Board's recommendation and as such the amalgamation will not proceed at this stage. However, the Minister has stated that the Cities of Perth and Vincent will come under a proposed new City of Perth Act which will include Kings Park, the University of WA and the QEII medical centre. Once these boundaries are formalised the State Government will take steps to create the City of Riversea. No timeframes have been set for the City of Perth Act or the proposed formation of the City of Riversea. It is unclear and frustrating as to what process, including the opportunity for a poll, might be used to determine the City of Riversea. These

unknowns will continue until the State Government determines its position with regard to the City of Perth.

Local Planning

As reported previously, Council has worked very closely with its community in preparing proposed Local Planning Scheme No. 3 and on 1 August 2014 LPS3 was finally gazetted. The new scheme will guide the strategic direction and statutory regulation of land use and development in Cottesloe for at least the next 5 years. In anticipation of our scheme being finalised Council has been developing a vision for the foreshore and planning for our Town Centre.

Sustainability

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

- Continued partnership with Cottesloe Coastcare – valuable input of volunteers in protecting and restoring our coastal environment
- Cott Cat shuttle to improve accessibility and reduce congestion during busy summer months
- Carbon Neutral progress – reduction in Council-related emissions.
- Sustainability Calendar - engagement with schools, education on water resources and popular with residents.
- Introduction of a new 3 bin system to include a new bin for green waste.

Other ongoing initiatives throughout the year include Car Free Friday, Walk to School breakfasts and encouraging local schools to adopt sustainable behaviours as part of their daily lifestyles. Every year the Town is also an active participant in Clean-Up Australia Day, highlighting the importance of waste management and education.

Significant Projects and Events

Council is required to adopt a budget for each financial year and this year Council's budget reflects the strong financial position the Town now finds itself in, with a rates increase kept to 3.8% whilst still allowing for all asset management obligations to be met, as well as allowing for some discretionary capital projects. In 2014 Council also adopted its Community Strategic Plan in line with the State Government's Integrated Planning and Reporting Framework.

MAYOR'S REPORT

In November 2013, Council accepted a tender from Nailsworth Pty Ltd for the purchase of the former depot site. As a part of the procedures for land that formerly housed the Town works depot, a memorial was placed on the title by the Department of Environmental Regulation (DER). The effect of this memorial was that prior to any subdivision being cleared, an audit of the site was to be completed and any remediation works carried out. The Town has complied with these requirements and an audited site investigation has been completed. Two sources of contamination were identified within a portion of the site and works have been proposed to remove the contamination. At the time of writing this report this work has been satisfactorily completed and the site cleared and will provide the Town with significant resources to both secure its financial future and deliver major strategic projects related to the beachfront and Town Centre.

As part of our capital improvements in the Town Centre Council has developed a new car park in Station Street and set aside \$350,000 for Town Centre improvements including landscaping, lighting, bollards, seating, bike racks and bins, with installation to occur in early 2015 in consultation with PROCOTT. In 2014 Council also focussed on plans to improve and upgrade the public toilet and change room facilities located in Indianas. Plans anticipate the redesign and refurbishment of the public and private facility. In consultation with Coastcare, for the redevelopment and landscaping of John Black Dune Park also commenced during 2014. During the year Council received external presentations for proposals related to a beach pool, watchtower for Cottesloe Surf Life Saving Club and an end-of-groyne Restaurant.

In addition the Town has continued its tradition of acquiring a sculpture from the Sculpture by the Sea exhibition each year, and this year the Town the new home of Takahiro Hirata's dark night shine is and located in Napoleon Street near the Post Office, one of the "entry points" to Cottesloe.

2015 is shaping up to be another interesting and challenging year for local government and Cottesloe and whilst we will be part of the reform debate we will also continue our focus on our own future planning, including upgrading of the Town Centre and beachfront facilities.

Special Thanks

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

Jo Dawkins
Mayor

CHIEF EXECUTIVE OFFICER'S REPORT

2013/14 has again been a busy year for the Town's administration and, in addition to the daily work of Council, a number of projects have been successfully completed.

Strategic Planning

Local Government reform has been an ongoing issue and the uncertainty created by the Metropolitan Local Government Reform process has added to the workload of the administration, with a number of reports to Council. The Town has subsequently been notified by the Local Government Advisory Board (LGAB) that their inquiry report recommended the Towns of Cottesloe, Mosman Park and Claremont, the City of Nedlands (part) and the Shire of Peppermint Grove be abolished and amalgamated to form a new local government to be called the City of Riversea. The Minister for Local Government has rejected the Board's recommendation however, the Minister has also stated that once the City of Perth boundaries are formalised the State Government will take steps to create the City of Riversea.

During the last 12 months a number of workshops and reports have been required for Council in order to finalise our new planning scheme (LPS3) and on 1 August 2014 it was gazetted.

Council's Strategic Planning Committee met on three occasions during 2013/14 and focused on priorities from its Future Plan including; a new agreement with Sculpture by the Sea, various policy reviews, the Annual Electors Meeting, WALGA representation, 10 Year Financial Plan, CEO Performance review, Department of Local Government Financial Assistance grant, Depot Funds Strategy, Business Plan for the sale of land on Station Street, and Workforce Plan.

During this year Council also engaged Consultants to commence the process of preparing its Community Strategic Plan in line with the State Government's Integrated Planning Framework and a number of workshops were conducted in August and September 2013. A report to Council was presented in September 2013 recommending public advertising prior to adoption and in December 2013 Council adopted its Community Strategic Plan. In February 2014 Council adopted its Long Term Financial Plan and in August 2014 Council adopted its Workforce Plan.

Communication

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

Town Operations

Our budget this year has been focused on achieving Council's priorities and objectives and is underpinned by a number of five (5) year programs for our major infrastructure and asset classes. We have continued to invest in capital projects including road resurfacing, drainage, footpaths and playground equipment. We have also focused on disposal of the Nailsworth Street site. As part of the 2013/14 budget Council confirmed two additional car parking areas on Napier Street and Forrest Street as pre-cursors for changes to car park # 1 and during 2014 Council was successful in securing a grant to upgrade the dual use path in Forrest Street. Council was also successful in a grant from LotteryWest of \$200k for a disability access path at the beachfront and this was installed during October 2013.

Administration

The organisational structure of the Town reflects the stability of an established residential suburb. Quality people are a critical component of any business success and during the year we have welcomed some new faces to the team at Cottesloe. We look forward to their contribution and efforts in maintaining and improving our services to residents, ratepayers and visitors. The Town is in a sound financial position as reflected in recent modest rate increases and the impending sale of the depot combined with Council's Depot Funds Strategy will see the Town relatively debt free and with increased capacity to manage our affairs well into the future.

Our 10 Year Financial Plan is based upon CPI only increases to rates whilst delivering on Council's strategic priorities. In the next financial year, the Town will revise its long term financial plan, following the settlement of the sale of the former depot, and it is expected that these funds will allow the Town to reorganise its financial position. This will result in lower interest expenses and a significant improvement in the Town's balance sheet.

CHIEF EXECUTIVE OFFICER'S REPORT

Depot

The Department of Environmental Regulation (DER) had a memorial placed on the Certificate of Title for the depot, noting "potential" contamination – but it did not specify what contamination may exist. During meetings with the purchaser, the issue of the memorial was presented and a course of action set in place. The agreement was that the due diligence period would be extended until a report or plan was produced that would show the presence of any contamination and what would be needed to be done to remove the memorial from the title. This position was formalised in writing, following advice from the Town's solicitors. The Town engaged Site Environmental Remediation Services (SERS), who specialise in reporting on contamination and setting in place the process for removing the memorial from the title. In order for the memorial to be removed, a Remediation Action Plan (RAP) was prepared and implemented, with the whole process overseen by an approved Environmental Auditor. While the Town had no desire to undertake works, it became apparent that the process was more involved than simply getting a report and handing it on. The overriding concern has, and continues to be, that there should be no ongoing liability for the Town, once settlement occurs. In order to achieve this, the Town will remove some of the contamination itself, so that settlement can proceed and the land (as remediated) can transfer to Nailsworth Pty Ltd.

Year Ahead

In the next twelve months Council has identified a number of strategic projects that will require the administration's time and resources, including managing the potential outcomes from the State Government's reform of local government in metropolitan Perth, transfer and settlement of the existing depot site, redevelopment of the public domain in both the foreshore precinct and Town Centre, and finalisation of our Corporate Business and Asset Management Plans. We are also advancing the designs and construction of new public change rooms and facilities at the beachfront and redevelopment of John Black Dune Park.

As your CEO, I would like to express my appreciation to the Mayor, Councillors and staff for their professionalism and support throughout 2013/14.

I am proud of the achievements listed in this report, and our compliance with all statutory obligations

required under legislation. Once again, I am looking forward to working with our professional and committed team of staff and elected members to deliver high quality services to the Cottesloe community.

Carl Askew
Chief Executive Officer

ENGINEERING SERVICES REPORT

Roadworks

Under Council's five year road resurfacing program, sections of seven streets (Jarrad Street, Geraldine Street, Salvado Street, William Street, Windsor Street, Elizabeth Street and Chamberlain Street) received asphalt resurfacing with new drainage pits and some replacement kerbing.

Playgrounds

Maintenance of playground equipment and extra soft fall rubber surfacing was installed at several playground sites.

Black Spots

Council received two State Blackspot grants for two thirds of the cost of the \$360,000 from Main Roads WA for two intersection treatments, being Curtain Avenue/ Eric Street and Eric Street / Railway Street, plus widening and footpath works.

Footpaths

Nine sections of concrete slab footpaths were replaced with in-situ concrete during 2013/14. This work included pedestrian access ramps designed for disability access at all path intersections with street kerbing.

The construction of the new Disability Access path at the Cottesloe Main Beach was completed.

Laneway Upgrading

Under Council's long term program to seal and drain existing unsealed laneways, two laneways had improvement works completed: 130 metres of ROW 4 north to grant between Broome and Brighton, ROW 15 Grant Marine Park, ROW 17 Hamersley Stand ROW 76B between Sydney St North towards Macarthur St.

Road Safety Installations

As part of an ongoing long term program to reduce speed and increase safety on Cottesloe streets, one project, the road narrowing at the intersection of Margaret Street/Ozone Parade was completed. The dual use path in Forrest St was completed with the State Government Grant under the Town's Bike Plan.

Community Improvement Works

The ongoing restoration of the Civic Centre paths and limestone walls continued, as part of the commitment to fully restore the building and grounds to their previous quality condition. A

section of failed internal Civic Centre asphalt access roads were also resurfaced.

Cottesloe Depot Operations

Depot services continue to operate from our premises in Stack Street, North Fremantle with some storage located at the Civic Centre and Sea View Golf Club. The Town is currently negotiating with the Club terms and conditions.

Public Building Improvements

Council Chambers windows were renovated and the Civic Centre grounds received restoration works. The air conditioning system at the Civic Centre was partially completed with the remaining part of the upgrade is to be completed by the end of 2014.

Parking Construction

The Forrest Street and Napier Street parking construction were completed in 2013 /2014.

Louis Prospero

Acting Manager Engineering Services

CORPORATE & COMMUNITY SERVICES REPORT

Finance

At the completion of the financial year, the Town is once again in a healthy position. With reserves available, a positive current ratio and the asset renewal funding ratio above the required benchmark, the indications are sound.

Close observers of the financial statements will be surprised to see the operating result being a profit in excess of \$29,000,000. Before any excitement ensues, the reason for the operating result is the revaluation of the Town's land and buildings from historical cost to fair value. The net result, being a profit of \$535,696 provides a more accurate description of the financial year recently completed.

The need to revalue the Town's land and building assets arises from recent changes to the *Local Government (Financial Management) Regulations 1996*. While entities have been allowed to value assets at fair value for some time, it was previously discouraged by the regulations. The recent amendments require each and every local government in the State to move to fair value for all non-current asset classes by the completion of the next financial year. Last year, the Town moved all plant and equipment to fair value and next year, the final asset class – being infrastructure, will also be moved to fair value.

In the next financial year, the Town will revise its long term financial plan, following the settlement of the sale of the former depot site at 2B Nailsworth Street, Cottesloe. It is expected that the funds will allow the Town to reorganise its financial position. This will result in significantly lower interest expenses and a significant improvement in the Town's balance sheet. It will also allow important projects that have been waiting for funding to proceed.

With no major obstacles in the short to mid-term, a sound financial position and expected improvements to be accounted for the next year, there does not appear to be any reason for significant rate increases in the short to medium term.

Governance and Administration

Integrated Planning and Reporting Framework

During the year ended 30 June 2014, the Town adopted its first Strategic Community Plan. This is the first part of the Integrated Planning and Reporting Framework (IPRF) as required by the *Local*

Government (Administration) Regulations 1996. The second part of this Framework, the Corporate Business Plan, which will be presented to Council for consideration by December 2014.

The Town also adopted its first Long Term Financial Plan during the year ended 30 June 2014. The Plan, spanning 10 years, sets out the major spending activities and expected trends and developments in operating during the 10 year period. The first five years of the plan have been developed in some detail, while the out five years focus on trends rather than actuals. The Plan shows the Town's financial position improving during each of the 10 years of the forecast period.

The Town's Workforce Plan had also recently been adopted and forms a part of the IPRF. This leaves the only supporting strategy to be developed being the Asset Management Plan (AMP). The administration are currently compiling the required background information for the AMP – with development of the plan to follow on directly from the Corporate Business Plan.

Policies Reviewed

The following policies were reviewed and updated during the 2013/14 year and are available on the Town's website for inspection.

- Communication Policy
- Rights of Way/Laneways Policy
- Purchase Orders Policy
- Staff Gift Policy
- Defence Reservist Leave

New Policies

The following new policies were adopted in the 2013/14 year and are available on the Town's website for inspection.

- Group Fitness and Personal Training Policy
- Sustainable Travel Allowance (Staff)

CORPORATE & COMMUNITY SERVICES REPORT

Ranger Services

Parking

Parking revenue was down slightly during the 2013 / 2014 financial year, mainly due to external factors. Anecdotally, rangers believed that parking on weekends at the beach was lighter than previous years, and this is supported by the trends observed by the surf life savers, which showed lower attendances at the beach front.

Parking throughout the Town was also improved by the construction of new parking stations, on Napier Street and Forrest Street in the foreshore area, and new 52 bay carpark on Railway Street in the Town Centre. These parking stations reduced the pressure on parking in these areas, which in turn reduced the occurrences of people parking in ways contrary to the law.

Provided below is a summary of the actions taken during the 2013/2014 financial year.

Parking Infringement Statistics

Total Parking Infringements	6705
Cautions Issued	2238
Infringements Sent to F E R	1034
Reminder Notices Sent	4072
Final Demand	2350
F E R Warning Notice	1329
Prosecutions	13

Dog Control

During the winter months, rangers undertook foot patrols in areas where many people exercise their dogs. Many cautions were issued to people for walking their dogs without leads, and rangers were carrying temporary leads which people were required to use if they were not carrying one of their own. As time has progressed, compliance in this area has lifted and rangers are having to speak to less people about this issue.

Another issue that has arisen on several occasions during the year, is the requirement for dogs to be kept within the premises at which they live. Several "rush" attacks have been reported, where a dog has run at someone in an aggressive way, usually while barking, as the person walked down a footpath or street. Dogs must be effectively contained within the premises or yard at which they are registered, failing

to do so for any reason is an offence. During the coming winter rangers will again be looking at this issue throughout the Town. If you have any concerns, please call the rangers for assistance.

Lastly, when dog registrations next expire, owners will be able to take up the option of lifetime registration for their dogs. As with cats, this will mean a dog can be registered once, for its entire lifetime – removing the need to renew each year.

The following is a summary of actions involving dogs during the 2013/2014 financial year.

Dog Control Statistics

Dog Attacks	6
Dog Nuisances	22
Dogs Impounded	44
Cautions Issued	951
Infringements issued	26
Final Demands Sent	4
Prosecutions	2

Cat Control Statistics

Cat Nuisances	2
Cats Impounded	2
Cautions Issued	4

Beach Patrols

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

Library Services

The Town of Cottesloe jointly owns and manages the Grove Library and the Community Learning Centre in partnership with the Town of Mosman Park and the Shire of Peppermint Grove. The Grove is also part of the Western Suburbs Library Group, sharing a common membership database and catalogue with Subiaco, Nedlands and Claremont library systems, giving Grove members reciprocal access to an extended range of library materials.

CORPORATE & COMMUNITY SERVICES REPORT

Library membership has remained at a steady level with a total of 9,874 “active” members (that is, members who have borrowed in the past two years), which includes 3,139 Cottesloe residents.

Total library loans have also remained steady at 250,800 for the year. Children’s loans have increased slightly from last year, representing approximately 40% of all loans. Attendance at baby rhyme time, children’s storytimes and school holiday activities has also increased, with sessions attracting more than 30 babies with their carers being common.

The Youth Librarian has introduced many children to reading and has developed a special collection, “First Reads”, especially for very young babies and their mothers/carers. The “Trident” children’s book club continues to be popular with 255 keen members, who earn small rewards for achieving reading milestones.

95 students from North Cottesloe Primary School visited the Grove and attended sessions with children’s author Justin D’Ath during Children’s Book Week 2013. North Cottesloe students’ Sculpture by the School artwork on the theme “Letters and Literature” was also exhibited at the Grove during April 2014, and the Grove assisted with sales of the School’s history, Cottesloe Child.

The Grove is now offering ebooks, on-line magazines, and downloadable audio books. There have been approximately 6,000 issues of on-line resources, and this is expected to grow rapidly as there has been a marked increase in enquiries about ebooks and other online services.

The Grove Library’s website attracted a total of 28,400 visits. The Grove also maintains active Facebook, Twitter and Instagram accounts, and distributes a monthly e-newsletter.

13,529 reservations for items already on loan to other borrowers or located at other Western Suburbs libraries were placed, mainly by customers themselves via the on-line catalogue. In addition, 2,112 interlibrary loans from libraries outside of the Western Suburbs system were organized by library staff on behalf of library customers.

Many older residents of Cottesloe have been introduced to computers and ipads through our beginners’ courses. The Library’s IT facilities continue to be heavily utilized, including the wifi service, with more than 10,000 individual users logging on throughout the year.

The Grove Community History Library was announced as the 2014 winner of the Library Board of Western Australia Foundation’s Award for Excellence for its local history “apps”.

Several oral histories were completed with Cottesloe residents this year, including Kerryn Briody, John Pope and Beryl Yeomans. The proprietors and long term customers of Claremont Drapers (relocated to Cottesloe) also supplied memories about this local business. Planning is under way to capture more of the history of the shops and businesses in Napoleon and Station Streets.

The Community Learning Centre hosted a total of approximately 17,500 attendances at 513 individual events and meetings. These included 6,131 attendances at 235 events organized by the volunteer community group West Coast Community Centre; and 1,528 attendances at group parenting and information sessions organized by the Child Health Centre, which is co-located within the Grove precinct.

Mat Humfrey

Manager Corporate & Community Services

DEVELOPMENT SERVICES REPORT

During 2013/14 the Town Planning team has provided ongoing customer service, progressed the Scheme Review and planning projects, and liaised with owners, designers, neighbours and the community in the assessment of planning proposals.

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

Development Applications

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

During the year some 260 development applications were processed by the Town, mainly handled by staff under delegated authority. The remainder were referred to the Development Services Committee and Council, as they were major proposals or involved a significant exercise of discretion. A few were regional planning approvals involving the Western Australian Planning Commission (WAPC). The total number was a notable increase over the previous year and predominantly residential, as well as several non-residential developments approved in the district. The volume which went to Council was limited by staff facilitating proposals suitable for delegated determination.

Subdivisions and Stratas

A number of subdivision or survey strata proposals were received during the year for referral to and determination by the WAPC. This represents a relatively low level of subdivision activity in the built-up district. A significant proposal further advanced by the Town is the subdivision of the former depot site and its preparation for residential development.

Compliance

Compliance monitoring, problem-solving, informal negotiation/mediation and enforcement action comprises another important task in relation to all of

the types of approvals managed by the Planning staff in liaison with the Building staff. This ensures that developments are implemented correctly and that amenity impacts are minimised.

State Administrative Tribunal

In considering development applications, performance assessment, discretion and the ability to impose conditions means that Council can most often achieve balanced outcomes to address all concerns, however, a right of appeal does exist where agreement is not reached. Officers aim to minimise the number of appeals and there has been only one this year, which had an acceptable outcome mediated.

Proposed Local Planning Scheme No. 3

The Town worked with the State Government Department of Planning to advance the new Scheme towards final approval and commencement (which has subsequently occurred on 1 August 2014).

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

Planning Projects

Planning projects involving working groups and consultants to examine certain matters have continued this year. This has included subdivision approval for housing on the former depot site and preparation of the site for sale to the developer; the Town Centre, in particular upgrading Napoleon Street; the Foreshore Redevelopment Plan as a basis for consideration of more detailed projects, including additional public toilets/change-rooms and parking distribution; expansion of the Tennis Club; and a related concept plan for John Black Dune Park.

Regional Planning

Development Services has also participated in a number of ongoing regional planning activities which have a bearing on Cottesloe, including: the Stirling Highway Activity Corridor Study and related proposed Metropolitan Region Scheme Amendment; and ongoing reviews of the Residential Design Codes.

Andrew Jackson
Manager Development Services

SUSTAINABILITY REPORT

The Town actively maintains its role in fostering sustainability throughout the community and workplace by encouraging residents and staff members to engage in various programs, activities and events. A number of successful initiatives were implemented and milestones achieved in the Town's sustainability sector during 2013/2014.

Through Council funded initiatives and campaigns the Town aims to educate the community on the value and benefits of the natural environment and subsequently encourage the community to adopt a sense of accountability for their impacts on the environment. The Bush to Beach Trail, completed in September in partnership with WESROC, is one example of how the Town has assisted in facilitating a stronger connection between nature and the community. Interpretative signage and well maintained pathways make the Bush to Beach Trail accessible to everyone. Other ongoing initiatives throughout the year include Car Free Friday and Walk to School breakfasts, encouraging local schools to adopt sustainable behaviours as part of their daily lifestyles. Every year the Town is also an active participant in Clean Up Australia Day, highlighting the importance of waste management and education. The Town strongly advocates sustainability, endorsing initiatives designed to encourage people to actively seek ways to reduce their environmental footprint.

Coastal Protection and Management

The Town recognises that Local Government is vital in protecting and maintaining key assets in the district such Cottesloe beach. In April 2014 the Town applied for funding through the Coastal Adaptation and Protection Grant made available by the Department of Transport. As a result of being a successful candidate a new and significant project for the Town will involve implementation of a coastal monitoring program. The ongoing project will track and document seasonal variations and changes in the coastline, enabling Council to improve its capacity to make long term decisions as well as inform Council in enhancing coastal management and development practices.

Water Management

The Town continues to maintain its status as a Waterwise Council, completing the fifth and final milestone of the ICLEI Water Campaign in 2013. Protecting water quality and reducing overall water

consumption is a priority for the Town. The increasing popularity of the Native Plant Subsidy Scheme offered annually to residents demonstrates interest in preserving the urban environment and reducing water consumption by planting natives. This year 1,500 native plants were sold to Cottesloe residents as part of the scheme.

Climate Change

In 2010 Council committed to becoming a carbon neutral Town by 2015 in order to actively work towards tackling climate change. The Town has made significant progress towards this goal, reducing overall greenhouse gas emissions which are now at 372 tonnes of CO_{2-e}, by over 50% since baseline calculations of 806 tonnes of CO_{2-e}. The Town is continually looking for new and innovative ways to reduce its emissions, be it through energy efficiency upgrades or behaviour change. This will enable the Town to transition into the fourth and final stage of the process, which will entail purchasing the most optimal and beneficial offsets to effectively maintain carbon neutral status.

The Town's dedication to mitigating negative environmental impact has seen Council benefit in financial savings. The 15kW solar panel system installed at the Civic Centre little over a year ago has attributed to savings of approximately \$1,500 per month in purchased electricity. Although availability of sunlight influences total savings the solar panels have proven to be a cost-effective and environmentally beneficial investment nonetheless.

In educating the community on the effects of climate change the Town has partnered with WESROC to embark upon a Climate Smart campaign. Climate Smart addresses key topics (Protecting Our Urban Forest being the first topic out of six) local communities will face in relation to changing environments and climates. Climate Smart provides comprehensive information on what to expect and tips on how to better prepare for such changes with the goal of enhancing the resilience and adaptive capacity of the local community.

SUSTAINABILITY REPORT

Sustainable Transport

Encouraging sustainable transport through ongoing infrastructure improvements as well as community programs is important to the Town. April 2014 saw the completion of a new dual use footpath on Forrest Street linking the beach and the train station. In addition to this project, the Town made a donation to North Cottesloe Primary School to fund a fish-shaped bike rack which was designed and constructed by the school with the help of the local Men's Shed. Such improvements in infrastructure enable both residents and visitors to safely and comfortably enjoy getting around Cottesloe, be it via walking, cycling or any other sustainable means of travelling.

Annual reporting of Council-related emissions reveals that fuel is the largest contributor to the Town's environmental footprint, thus, in 2013 the Town endorsed a Sustainable Travel Allowance policy for staff. The allowance offers staff a financial incentive to commute to work via sustainable means in exchange for leaving their car at home. Since the introduction of the policy 20% of staff now travel to work utilising public transport, by walking, cycling or car pooling, reducing the amount of greenhouse gases attributed to the Town.

Cottesloe Sustainability Calendar

The annual Cottesloe Sustainability Calendar proves to be popular amongst the local community and 2014 was no exception. With sustainable transport picked as the theme for the year, students from Cottesloe Primary School and North Cottesloe Primary School showcased their creativity through drawings and paintings of what sustainable transport means to them. The artworks produced by the children demonstrated a strong understanding of the many benefits of sustainable travel including environmental and health. The 2014 calendar provided residents with information and tips on how to effectively travel around Cottesloe without the use of a car. Calendar messages encouraged residents to utilise public transport, ride bikes or walk where practical, making the calendar an excellent educative and enjoyable means for engaging the community on sustainability matters.

Cottesloe Cat Shuttle Bus

Operating annually from December to March, the Cott Cat shuttle bus was again successful in reducing the number of cars on the road and parking demand in Cottesloe during the busy summer season. Patrons utilised the popular shuttle service, making their way to the Sculptures by the Sea exhibition or visiting the beach throughout summer, also contributed to limiting the amount of pollution that would have otherwise entered the atmosphere. The Cott Cat benefits the community as a whole by providing a safe, easy and comfortable way to get to and from the beach from Cottesloe Station. The service enables visitors, tourists and residents alike to access and enjoy the beach.

Melissa Rachan
Sustainability Officer

ENVIRONMENTAL HEALTH REPORT

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

Food Safety

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

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

In all, 194 food-related activities were conducted this year for a total of 55 food businesses registered as low to high risk.

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

Public Buildings

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

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

Noise

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

The total number of noise-related activities for last year is 124.

Swimming Pools

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

Public Toilets

The Environmental Health team has been monitoring the public toilets located at Indiana and Barchetta.

Council is investigating options to refurbish the existing public toilets and change-room facilities at the beachfront.

Customer Requests

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

All requests for service have been attended to promptly. The total number of activities recorded for customer requests was 226.

Services to Shire of Peppermint Grove

The Town continues to provide a comprehensive Environmental Health Service to the Shire of Peppermint Grove.

A total of 110 activities were completed and comprised mainly of food business, public buildings, swimming pool and compliance related matters.

ENVIRONMENTAL HEALTH REPORT

Waste Management and Recycling

The Town is committed to reducing waste sent to landfill, while continuing to provide a quality and timely service at the lowest cost possible. The Town's yearly report to the Department of Environmental Regulation indicates that Cottesloe diverted 50% of residential waste from landfill in 2013/14.

The 11% increase in waste diversion is largely due to the introduction of the new three bin system with source separation available for co-mingled recycling and greens. The diversion rate is anticipated to increase further in 2014/15 to 55%.

Cottesloe residents also received three verge-side greens collections which is more than most local governments in WA. The waste from the two annual verge-side bulk waste collections currently all goes to landfill.

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

Item, such as batteries, phones and light globes should all be recycled and the Town offers collection facilities at the admin building. Further details can be found on the websites waste disposal guide.

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

The Town's residential waste diversion rate is expected to increase further once the facility is able to process waste. This would make the Town one of the leaders in waste diversion in WA.

Darrell Monteiro
Principal Environmental Health Officer

BUILDING SERVICES REPORT

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

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

Building /Demolition Applications

The town has been operating under a new building approval system for 2 years. The number of certified applications has increased and there has been no sign of slowing down in building activity. 255 building applications were determined during the year with a total value of \$35.4million. The majority of Permits (183) are for residential dwellings and dwelling additions/alterations. 23 Dwellings and 2 public buildings were demolished in the last year. The Town has also seen a substantial increase in fees collected due to a different fee structure under the Building Regulations 2012.

Swimming Pool Safety Barriers

The Town has a statutory obligation to inspect all swimming pools to ensure compliance with the AS 1926.1-1993. All the pools have been scheduled for a 4 year inspection in December 2014.

Use of Verges

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

materials, and there was a large increase in verge permit applications issued last year.

Infrastructure bonds have been increased for dwellings/demolition works and swimming pools. Council is looking to improve the processing of bonds paid. The objective is to refund bonds, in full in an efficient and timely manner where no damage has been identified.

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

Commercial projects consisted mainly of shop and office fit-outs.

WANSLEA Cancer Wellness Centre and North Cottesloe Primary School additions have been completed.

Scout Hall redevelopment has been completed and is awaiting a Certificate of Construction Compliance from a private certifier which is essential for issuing an occupancy permit.

Peppermint Grove Shire

Building Services also provides services to the Shire of Peppermint Grove, it comprises of:

- Assessment of uncertified building permit applications
- Issuing of certificates of design compliance
- Assistance with compliance issues.

Compliance

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

Elena Bull
Principal Building Surveyor

STATUTORY REPORTS

National Competition Policy

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

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

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

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

During the 2013/14 financial year the Town met its obligations relating to the National Competition Policy. It continues to monitor Council policies and local laws for anti-competitive practices. No complaints were received by the Town in the 2013/14 financial year regarding anti-competitive practices.

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

Disability Access & Inclusion Plan

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

Council adopted its plan in August 2012 and a copy of the plan is available at the Council's Offices and on its website.

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

Access improvements initiatives undertaken during the past year include:

- The Disability Access and Inclusion Plan annual update (signed off and sent into the Disability Services Commission in late August 2014).
- Disability Access and Inclusion training sessions, provided by an external presenter, were offered and attended by the Town's staff and elected members.
- A range of minor works including parking bays, signage, kerb ramps and handrails at a number of community facilities.
- The works to build the Town's universal access path at Cottesloe Beach, funded in part through a LotteryWest grant, were completed, and the path was opened to members of the public on 6 December 2013.
- Funds were allocated in the Town's Budget for the purchase of two Beach wheelchairs to be used at Cottesloe Beach. One model, the TADWA Beach trekker, was ordered, and is due to be received by the Town and made available for use for members of the public during the 2014/2015 financial year.
- New community facilities were built to include the legal requirements for access, for e.g. the Scout Hall on Eric Street.

STATUTORY REPORTS

Payments Made to Employees

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

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

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

- \$110,000 to \$119,999:- 2
- \$120,000 to \$129,999:- 1
- \$160,000 to \$169,999:- 1

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

Register of Complaints

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

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

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

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

Records Management

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

Commitment to Records Management

The Town of Cottesloe is committed to the reliable and systematic management of government records

in accordance with legislative requirements and best practice standards.

Recordkeeping Plan

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

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

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

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

INTEGRATED PLANNING AND REPORTING FRAMEWORK

Strategic Community Plan Adoption

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

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

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

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

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

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

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

The framework does not require a single methodology to be applied by local governments and is intended to guide local governments to a successful integrated strategic planning process,

which, at its most simple, would deliver the following outcomes:

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

During the past financial year and prior to this report being published, the Town has adopted three of the five required plans for the IPRF. The Strategic Community Plan was adopted by Council in December 2013, following the required consultation and advertising. This was the first such plan adopted by the Council. The Long Term Financial Plan was adopted by Council in February 2014 and covers the years from the year ended 30 June 2014 to the financial year ended 30 June 2024. It too, was the first such plan adopted by Council. Finally, the Town's Workforce Plan was adopted in August 2014 and shows the structure and makeup of the Town's workforce over a period of 10 years.

This leaves two plans to be developed and adopted in the near term. The Corporate Business Plan will be presented to Council by December 2014. It will show how the Strategic Community Plan will be actioned by the Council and provide a mechanism to report progress.

The last plan to be adopted will be the Town's Asset Management Plan – which will be presented prior to the consideration of the 2015/2016 budget. Unlike the other plans the Town has had to develop, the Town has had such plans before, albeit over a period of five years, and with each plan being separate. The 10 Asset Management Plan will effectively combine the five year works plans that the Town has been using for some time. As these plans were in place, this was seen as the last plan required to be developed.

Now that the plans are largely in place, a reporting structure will be developed to allow for the regular review and updating of the plans, as well as reporting progress against the plans to the community.

TOWN OF COTTESLOE



2013 - 2014

ANNUAL FINANCIAL STATEMENTS

TOWN OF COTTESLOE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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Principal place of business:
109 Broome Street, Cottesloe WA 6011

TOWN OF COTTESLOE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Town of Cottesloe being the annual financial report and other information for the financial year ended 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the Town of Cottesloe at 30th June 2014 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the

1st day of DECEMBER 2014



Carl Askew
Chief Executive Officer

TOWN OF COTTESLOE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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109 Broome Street, Cottesloe WA 6011

TOWN OF COTTESLOE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Rates	23	8,503,306	8,423,694	8,190,821
Operating Grants, Subsidies and Contributions	29	203,429	158,289	306,266
Fees and Charges	28	2,016,833	1,432,180	2,059,009
Interest Earnings	2(a)	222,299	219,500	277,864
Other Revenue	2(a)	255,783	279,977	3,053,281
		<u>11,201,650</u>	<u>10,513,640</u>	<u>13,887,241</u>
Expenses				
Employee Costs		(3,402,266)	(3,649,000)	(3,343,726)
Materials and Contracts		(3,903,455)	(4,000,000)	(3,921,630)
Utility Charges		(342,020)	(335,000)	(295,467)
Depreciation on Non-Current Assets	2(a)	(2,074,113)	(2,080,737)	(2,024,406)
Interest Expenses	2(a)	(360,100)	(366,792)	(381,798)
Insurance Expenses		(187,546)	(150,000)	(173,006)
Other Expenditure		(874,151)	(890,422)	(768,621)
		<u>(11,143,651)</u>	<u>(11,471,951)</u>	<u>(10,908,654)</u>
		57,999	(958,311)	2,978,587
Non-Operating Grants, Subsidies and Contributions	29	542,000	599,000	194,907
Share of Joint Venture's Net Assets	6	(21,142)	0	(130,386)
Profit on Asset Disposals	21	5,231	0	30,741
Loss on Asset Disposals	21	(48,392)	0	(16,760)
NET RESULT		535,696	(359,311)	3,057,089
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	13	28,911,830	0	239,554
Total Other Comprehensive Income		<u>28,911,830</u>	<u>0</u>	<u>239,554</u>
Total Comprehensive Income		<u><u>29,447,526</u></u>	<u><u>(359,311)</u></u>	<u><u>3,296,643</u></u>

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

TOWN OF COTTESLOE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Governance		134,952	53,750	38,438
General Purpose Funding		8,919,281	8,818,633	8,785,301
Law, Order, Public Safety		28,239	15,100	17,395
Health		78,840	78,710	96,786
Education and Welfare		33,285	30,500	33,912
Community Amenities		577,942	469,005	551,752
Recreation and Culture		317,552	352,842	3,158,024
Transport		897,922	550,900	1,050,083
Economic Services		209,285	122,700	134,858
Other Property and Services		4,352	21,500	20,692
	2(a)	<u>11,201,650</u>	<u>10,513,640</u>	<u>13,887,241</u>
Expenses				
Governance		(686,056)	(679,642)	(559,887)
General Purpose Funding		(292,904)	(243,477)	(218,551)
Law, Order, Public Safety		(249,307)	(276,161)	(247,465)
Health		(194,226)	(245,751)	(175,345)
Education and Welfare		(219,121)	(227,957)	(196,740)
Community Amenities		(3,091,876)	(3,105,326)	(2,927,260)
Recreation & Culture		(2,724,620)	(3,040,209)	(2,948,967)
Transport		(3,018,721)	(2,878,044)	(2,905,030)
Economic Services		(306,720)	(392,524)	(347,611)
Other Property and Services		0	(16,068)	0
	2(a)	<u>(10,783,551)</u>	<u>(11,105,159)</u>	<u>(10,526,856)</u>
Financial Costs				
Governance		0	(1,000)	(20)
Recreation & Culture		(360,100)	(365,792)	(381,778)
	2(a)	<u>(360,100)</u>	<u>(366,792)</u>	<u>(381,798)</u>
Non-Operating Grants, Subsidies and Contributions				
Recreation & Culture		50,000	0	60,000
Transport		492,000	599,000	134,907
		<u>542,000</u>	<u>599,000</u>	<u>194,907</u>
Share of Joint Venture's Net Assets				
Community Amenities	6	(21,142)	0	(130,386)
		<u>(21,142)</u>	<u>0</u>	<u>(130,386)</u>
Profit/(Loss) on Disposal of Assets				
Governance		(8,278)	0	3,698
Community Amenities		(6,250)	0	0
Recreation & Culture		(11,770)	0	3,526
Transport		195	0	19,627
Other Property and Services		(17,058)	0	(12,870)
		<u>(43,161)</u>	<u>0</u>	<u>13,981</u>
Net Result		535,696	(359,311)	3,057,089
Other Comprehensive Income				
Changes on revaluation of non-current assets	13	28,911,830	0	239,554
Total Other Comprehensive Income		<u>28,911,830</u>	<u>0</u>	<u>239,554</u>
Total Comprehensive Income		<u><u>29,447,526</u></u>	<u><u>(359,311)</u></u>	<u><u>3,296,643</u></u>

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

TOWN OF COTTESLOE
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014

	NOTE	2014 \$	2013 \$	2012 \$
CURRENT ASSETS				
Cash and Cash Equivalents	3	2,879,586	2,960,597	2,485,595
Trade and Other Receivables	4	360,685	348,736	302,129
Inventories	5	197,799	98,745	46,125
TOTAL CURRENT ASSETS		<u>3,438,070</u>	<u>3,408,078</u>	<u>2,833,849</u>
NON-CURRENT ASSETS				
Other Receivables	4	451,619	490,453	543,031
Investment Accounted for using the Equity Method	6	1,034,684	1,055,826	1,186,212
Property, Plant and Equipment	7	46,573,608	18,189,025	15,526,263
Infrastructure	8	14,823,328	14,042,393	14,053,140
TOTAL NON-CURRENT ASSETS		<u>62,883,239</u>	<u>33,777,697</u>	<u>31,308,646</u>
TOTAL ASSETS		<u>66,321,309</u>	<u>37,185,775</u>	<u>34,142,495</u>
CURRENT LIABILITIES				
Trade and Other Payables	9	870,810	929,352	945,182
Current Portion of Long Term Borrowings	10	365,759	357,642	351,449
Provisions	11	683,621	584,942	482,354
TOTAL CURRENT LIABILITIES		<u>1,920,190</u>	<u>1,871,936</u>	<u>1,778,985</u>
NON-CURRENT LIABILITIES				
Long Term Borrowings	10	5,147,371	5,513,130	5,870,772
Provisions	11	70,161	64,648	53,320
TOTAL NON-CURRENT LIABILITIES		<u>5,217,532</u>	<u>5,577,778</u>	<u>5,924,092</u>
TOTAL LIABILITIES		<u>7,137,722</u>	<u>7,449,714</u>	<u>7,703,077</u>
		<u>59,183,587</u>	<u>29,736,061</u>	<u>26,439,418</u>
EQUITY				
Retained Surplus		28,952,783	28,126,240	25,378,159
Reserves - Cash Backed	12	1,182,946	1,370,267	1,061,259
Revaluation Surplus	13	29,047,858	239,554	0
TOTAL EQUITY		<u>59,183,587</u>	<u>29,736,061</u>	<u>26,439,418</u>

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

**TOWN OF COTTESLOE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2012		23,028,659	1,061,259	0	24,089,918
Correction of Errors	35	<u>2,349,500</u>	<u>0</u>	<u>0</u>	<u>2,349,500</u>
Restated Balance 1 July 2012		25,378,159	1,061,259	0	26,439,418
Comprehensive Income Net Result		3,057,089	0	0	3,057,089
Changes on Revaluation of Non-Current Assets Total Comprehensive Income	13	<u>0</u> <u>3,057,089</u>	<u>0</u> <u>0</u>	<u>239,554</u> <u>239,554</u>	<u>239,554</u> <u>3,296,643</u>
Transfers from/(to) Reserves		<u>(309,008)</u>	<u>309,008</u>	<u>0</u>	<u>0</u>
Balance as at 30 June 2013		28,126,240	1,370,267	239,554	29,736,061
Comprehensive Income Net Result		535,696	0	0	535,696
Changes on Revaluation of Non-Current Assets Total Comprehensive Income	13	<u>0</u> <u>535,696</u>	<u>0</u> <u>0</u>	<u>28,911,830</u> <u>28,911,830</u>	<u>28,911,830</u> <u>29,447,526</u>
Transfers from/(to) Reserves		187,321	(187,321)	0	0
Other Transfers					
Transfer of Prior Year Revaluation Increment to Retained Surplus on Sale of Plant and Equipment		<u>103,526</u>	<u>0</u>	<u>(103,526)</u>	<u>0</u>
Total Other Transfers		<u>103,526</u>	<u>0</u>	<u>(103,526)</u>	<u>0</u>
Balance as at 30 June 2014		28,952,783	1,182,946	29,047,858	59,183,587

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 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Cash Flows From Operating Activities				
Receipts				
Rates		8,494,123	8,300,000	8,248,335
Operating Grants, Subsidies and Contributions		221,921	158,000	268,305
Fees and Charges		2,016,833	1,450,000	2,063,503
Interest Earnings		222,299	200,000	260,107
Goods and Services Tax		551,728	540,000	580,590
Other Revenue		255,783	220,000	404,142
		<u>11,762,687</u>	<u>10,868,000</u>	<u>11,824,982</u>
Payments				
Employee Costs		(3,324,111)	(3,600,000)	(3,127,224)
Materials and Contracts		(3,960,528)	(3,850,000)	(4,018,228)
Utility Charges		(342,020)	(325,000)	(295,663)
Interest Expenses		(366,816)	(150,000)	(173,006)
Insurance Expenses		(187,546)	(330,000)	(387,022)
Share of Joint Venture Net Assets		(21,142)	0	(130,386)
Goods and Services Tax		(548,693)	(520,000)	(655,467)
Other Expenditure		(853,010)	(800,000)	(624,914)
		<u>(9,603,866)</u>	<u>(9,575,000)</u>	<u>(9,411,910)</u>
Net Cash Provided By (Used In) Operating Activities	14(b)	<u>2,158,821</u>	<u>1,293,000</u>	<u>2,413,072</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		(98,984)	0	(57,191)
Payments for Purchase of Property, Plant & Equipment		(704,808)	(819,877)	(516,521)
Payments for Construction of Infrastructure		(1,825,752)	(1,700,891)	(1,317,870)
Non-Operating Grants, Subsidies and Contributions		542,000	543,549	194,907
Proceeds from Sale of Fixed Assets		159,599	179,750	66,912
Net Cash Provided by (Used in) Investment Activities		<u>(1,927,945)</u>	<u>(1,797,469)</u>	<u>(1,629,763)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(357,642)	(357,642)	(337,457)
Proceeds from Self Supporting Loans		45,755	45,755	43,142
Net Cash Provided By (Used In) Financing Activities		<u>(311,887)</u>	<u>(311,887)</u>	<u>(294,315)</u>
Net Increase (Decrease) in Cash Held		(81,011)	(816,356)	488,994
Cash at Beginning of Year		2,960,597	2,952,923	2,471,603
Cash and Cash Equivalents at the End of the Year	14(a)	<u><u>2,879,586</u></u>	<u><u>2,136,567</u></u>	<u><u>2,960,597</u></u>

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

**TOWN OF COTTESLOE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
Revenue				
Governance		134,952	53,750	42,136
General Purpose Funding		415,975	394,939	594,480
Law, Order, Public Safety		28,239	15,100	17,395
Health		78,840	78,710	96,786
Education and Welfare		33,285	30,500	33,912
Community Amenities		577,942	469,005	551,752
Recreation and Culture		367,552	352,842	3,225,373
Transport		1,390,118	1,149,900	1,204,684
Economic Services		209,285	122,700	134,858
Other Property and Services		4,351	21,500	20,692
		<u>3,240,539</u>	<u>2,688,946</u>	<u>5,922,068</u>
Expenses				
Governance		(694,334)	(680,642)	(559,907)
General Purpose Funding		(292,904)	(243,477)	(218,551)
Law, Order, Public Safety		(249,307)	(276,161)	(247,465)
Health		(194,226)	(245,751)	(175,345)
Education and Welfare		(219,121)	(227,957)	(196,740)
Community Amenities		(3,119,268)	(3,105,326)	(3,057,646)
Recreation and Culture		(3,096,490)	(3,406,001)	(3,334,568)
Transport		(3,018,721)	(2,878,044)	(2,905,097)
Economic Services		(306,720)	(392,524)	(347,611)
Other Property and Services		(17,058)	(16,068)	(12,870)
		<u>(11,208,149)</u>	<u>(11,471,951)</u>	<u>(11,055,800)</u>
Net Result Excluding Rates		(7,967,610)	(8,783,005)	(5,133,732)
Adjustments for Cash Budget Requirements:				
Initial Recognition of Assets Due to Change to Regulations				
- Land		0	0	(2,659,458)
(Profit)/Loss on Asset Disposals	21	43,161	0	(13,981)
Movement in Deferred Pensioner Rates (Non-Current)		3,597	0	6,824
Movement in Equity Accounted Joint Ventures		21,142	0	130,386
Movement in Equity of Combined Library		0	0	(5,301)
Movement in Employee Benefit Provisions (Non-current)		104,192	0	123,269
Depreciation on Assets	2(a)	2,074,113	2,080,737	2,024,406
Capital Expenditure and Revenue				
Purchase Land Held for Resale		(98,984)	0	(57,191)
Purchase Land and Buildings	7(a)	(245,249)	(331,500)	(327,554)
Purchase Furniture and Equipment	7(a)	(120,503)	(146,014)	(43,903)
Plant and Equipment	7(a)	(339,056)	(357,500)	(145,064)
Purchase Roads	8(a)	(527,704)	(641,800)	(405,116)
Purchase Footpaths	8(a)	(610,177)	(514,155)	(162,182)
Purchase Drainage	8(a)	(7,907)	(10,000)	0
Purchase Parks & Ovals	8(a)	(43,002)	(45,000)	(56,255)
Purchase Other Infrastructure	8(a)	(201,672)	(202,000)	(110,224)
Purchase Car Parks	8(a)	(198,295)	(204,000)	(523,154)
Purchase Street Furniture	8(a)	(139,843)	0	(6,083)
Purchase Rights of Way	8(a)	(75,816)	(81,200)	(49,020)
Purchase Irrigation	8(a)	(21,336)	(20,000)	(5,836)
Proceeds from Disposal of Fixed Assets	21	159,599	179,750	66,912
Repayment of Debentures	22(a)	(357,642)	(357,642)	(337,457)
Proceeds from Self Supporting Loans		45,755	45,755	43,143
Transfers to Reserves (Restricted Assets)	12	(73,318)	(58,782)	(895,140)
Transfers from Reserves (Restricted Assets)	12	260,639	379,323	586,132
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	23(b)	1,005,513	643,339	770,273
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	23(b)	1,192,903	0	1,005,515
Total Amount Raised from General Rate	23(a)	<u>(8,503,306)</u>	<u>(8,423,694)</u>	<u>(8,190,821)</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 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 20. to these financial statements.

(b) Goods and Services Tax (GST)

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

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

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and Cash Equivalents

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

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

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land Held for Sale

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

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
 - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
 - (i) that are plant and equipment; and
 - (ii) that are -
 - (I) land and buildings; or-
 - (II) Infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

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

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

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

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16(a), the Council 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.

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2014.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

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

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

Revaluation

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

Transitional Arrangements

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

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

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

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to Fair Value, AASB 13 – Fair Value Measurement only become applicable for the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology in the previous reporting period (year ended 30 June 2013) the Council chose to early adopt AASB 13

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land Under Roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard 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 Council.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

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

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

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

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

When revalued assets are disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

Fair Value is the price that Council 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. 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 (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

The Council 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 Council are consistent with one or more of the following valuation approaches:

Market approach

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Council 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 and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(h) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-Term Employee Benefits

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

Other Long-Term Employee Benefits

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

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

(l) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

(o) Investment in Associates

An associate is an entity over which the Council 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 Council's share of net assets of the associate. In addition, the Council's share of the profit or loss of the associate is included in the Council's profit or loss.

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

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

When the Council's share of losses in an associate equals or exceeds its interest in the associate, the Council 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 Council 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 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Interests in Joint Arrangements

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

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

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

(q) Rates, Grants, Donations and Other Contributions

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

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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

(r) Superannuation

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

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 – Financial Instruments	December 2013	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	December 2013	1 January 2018	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]			

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iii) AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities] [AASB 1, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	December 2012	1 January 2014	Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128. It is not expected to have a significant impact on Council.
(iv) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	1 January 2014	This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. This Standard is not expected to significantly impact the Council's financial statements.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(v) AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	June 2013	1 January 2014	This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets.
(vi) AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	October 2013	1 January 2014	It is not expected to have a significant impact on Council. This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities. It is not expected to have a significant impact on Council.
(vii) AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]	December 2013	Refer Title column	Part A of this standard makes various editorial corrections to Australian Accounting Standards. Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031. Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value. As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council.

Notes:

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 10	AASB 128	AASB 2012 - 2
AASB 11	AASB 2011 - 7	AASB 2012 - 3
AASB 12	AASB 2011 - 9	AASB 2012 - 5
AASB 119	AASB 2011 - 10	AASB 2012 - 10
AASB 127		

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES	2014	2013
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit of the annual financial report	18,000	17,000
- Assistance with the finalisation of the Annual Financial Report	7,000	0
- Other Services	0	14,615
Depreciation		
Specialised Buildings	201,376	202,076
Furniture and Equipment	142,142	112,785
Plant and Equipment	227,032	215,670
Combined Library - Buildings	165,939	165,258
Roads	712,415	695,996
Footpaths	188,129	184,044
Drainage	120,502	103,975
Parks & Ovals	49,547	72,127
Other Infrastructure	175,472	166,528
Car Parks	25,344	3,681
Street Furniture	34,664	26,014
Rights of Way	7,602	5,584
Irrigation	23,949	70,668
	<u>2,074,113</u>	<u>2,024,406</u>
Interest Expenses (Finance Costs)		
Debentures (<i>refer Note 22.(a)</i>)	360,100	381,777
Other Interest Charges	0	21
	<u>360,100</u>	<u>381,798</u>
Rental Charges		
- Operating Leases	0	9,551
	<u>0</u>	<u>9,551</u>
(ii) Crediting as Revenue:		
Significant Revenue		
Initial Recognition of Assets due to Change in Regulation	0	2,659,458
	<u>0</u>	<u>2,659,458</u>
This significant revenues in 2013 relate to the initial recognition of Crown Land under the Town's control in accordance with amendments to the Financial management Regulations.		
Other Revenue		
Reimbursements and Recoveries	206,767	316,427
Other	49,016	77,396
Significant Revenue (Refer Above)	0	2,659,458
	<u>255,783</u>	<u>3,053,281</u>
	2014	2014
	Actual	Budget
	\$	\$
Interest Earnings		2013
- Self Supporting Loans		Actual
- Reserve Funds	33,029	\$
- Other Funds	118,573	
Other Interest Revenue (<i>refer note 27</i>)	70,697	50,927
	<u>222,299</u>	162,465
	<u>222,299</u>	64,472
	<u>219,500</u>	<u>277,864</u>

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

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

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

GOVERNANCE

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

EDUCATION AND WELFARE

Objective:

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

Activities:

Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home and community care programs and youth services.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

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

Activities:

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

TRANSPORT

Objective:

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

Activities:

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

ECONOMIC SERVICES

Objective:

To help promote the Town and its economic wellbeing.

Activities:

Tourism and area promotion. Building Control.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions	Opening		Expended ⁽³⁾		Closing		Expended ⁽³⁾		Closing	
	Balance ⁽¹⁾	1/07/12	Received ⁽²⁾	2012/13	Balance ⁽¹⁾	30/06/13	Received ⁽²⁾	2013/14	Balance ⁽¹⁾	30/06/14
Grant/Contribution	Function/ Activity	\$	\$	\$	\$	\$	\$	\$	\$	\$
North Metro Foreshore Weed Eradication Project	Recreation and Culture	2,732	14,350	(16,954)	128	0	0	(128)	0	0
Federal Stimulus Package (Round 2 - Playgrounds)	Recreation and Culture	72	0	0	72	0	0	(72)	0	0
Federal Stimulus Package (Round 3 - Disability)	Aged & Welfare	2,806	0	0	2,806	0	0	(2,806)	0	0
Metropolitan Local Government Reform	Governance	0	0	0	0	55,000	0	0	55,000	55,000
Total		5,610	14,350	(16,954)	3,006	55,000	(3,006)		55,000	

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 2014

	Note	2014 \$	2013 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		1,641,641	1,587,324
Restricted		1,237,945	1,373,273
		<u>2,879,586</u>	<u>2,960,597</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Area Improvement Reserve	12	34	857
Civic Centre Reserve	12	342	1,533
Waste Management Reserve	12	0	73,365
Leave Reserve	12	175,249	169,232
Parking Reserve	12	10,024	9,677
Property Reserve	12	378,993	365,869
Infrastructure Reserve	12	298,439	379,667
Unspent Grants/Funds Reserve	12	258	1,193
Legal Reserve	12	65,481	63,215
Parking Facilities Reserve	12	150,303	232,778
Combined Library Reserve	12	83,441	72,881
Sustainability Reserve	12	20,382	0
Unspent Grants	2(c)	55,000	3,006
		<u>1,237,945</u>	<u>1,373,273</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		69,230	56,450
Sundry Debtors		166,690	173,128
GST Receivable		50,745	53,780
Loans - Clubs/Institutions		35,237	45,755
Accrued Income		7,057	19,329
Other Tax Debtors		512	294
Prepayments		31,214	0
		<u>360,685</u>	<u>348,736</u>
Non-Current			
Rates Outstanding - Pensioners		194,999	198,596
Loans - Clubs/Institutions		256,620	291,857
		<u>451,619</u>	<u>490,453</u>
5. INVENTORIES			
Current			
History Books		41,624	41,554
Land Held for Resale			
Development Costs		156,175	57,191
		<u>197,799</u>	<u>98,745</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

6. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

Western Metropolitan Regional Council (WMRC)

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

NON CURRENT	2014	2013
	\$	\$
(a) Retained Earnings attributable to interest in joint venture:		
Balance at the beginning of the financial year	491,932	562,475
Adjustment from prior year audited Financial Statements	0	1,012
Net Transfers (to)/from reserves	(7,918)	101,714
Share of joint venture's profit from ordinary activities after tax	56,714	12,644
Share of Impairment Loss	(76,558)	(185,913)
Balance at the end of the financial year:	<u>464,170</u>	<u>491,932</u>
(b) Reserves - Cash Backed:		
Balance at the beginning of the financial year	522,024	623,737
Transfer to Reserves	81,886	23,866
Transfer from Reserves	(73,968)	(125,579)
Balance at the end of the financial year:	<u>529,942</u>	<u>522,024</u>
(c) Carrying amount of investment in joint venture:		
Balance at the beginning of the financial year	1,055,826	1,186,212
Adjustment from prior year audited Financial Statements	0	1,012
Share of profit from ordinary activities	56,714	12,644
Share of Impairment Loss	(76,558)	(185,913)
Share of Total Other Comprehensive Income	(1,298)	41,870
Balance at the end of the financial year:	<u>1,034,684</u>	<u>1,055,826</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2013 \$
7. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Independent Valuation 2014	15,916,070	0
- Cost	<u>0</u>	<u>347,304</u>
	15,916,070	347,304
Land Vested In and Under the Control of Council at:		
- Independent Valuation 2014	<u>1,500,000</u>	<u>2,659,458</u>
	1,500,000	2,659,458
Total Land	<u><u>17,416,070</u></u>	<u><u>3,006,762</u></u>
Specialised Buildings at:		
- Independent Valuation 2014	22,786,345	0
- Cost	0	10,915,155
Less: Accumulated Depreciation	<u>0</u>	<u>(2,690,800)</u>
	22,786,345	8,224,355
Combined Library - Buildings at:		
- Independent Valuation 2014	5,177,358	0
- Cost	0	6,264,968
Less Accumulated Depreciation	<u>0</u>	<u>(457,100)</u>
	5,177,358	5,807,868
Total Buildings	<u><u>27,963,703</u></u>	<u><u>14,032,223</u></u>
Total Land and Buildings	<u><u>45,379,773</u></u>	<u><u>17,038,985</u></u>
Furniture and Equipment at:		
- Management Valuation 2013	1,286,871	1,286,871
- Additions after Valuation - Cost	120,503	0
Less Accumulated Depreciation	<u>(1,044,631)</u>	<u>(902,489)</u>
	362,743	384,382
Plant and Equipment at:		
- Independent Valuation 2013	759,800	1,083,084
- Management Valuation 2013	105,709	120,939
- Additions after Valuation - Cost	339,056	0
Less Accumulated Depreciation	<u>(540,416)</u>	<u>(449,138)</u>
	664,149	754,885
Combined Library - Plant and Equipment at:		
- Management Valuation 2014	8,037	0
- Cost	0	12,032
Less Accumulated Depreciation	<u>0</u>	<u>(2,406)</u>
	8,037	9,626
Combined Library - Furniture and Equipment at:		
- Management Valuation 2014	158,906	0
- Cost	0	49,838
Less Accumulated Depreciation	<u>0</u>	<u>(48,691)</u>
	158,906	1,147
	<u><u>46,573,608</u></u>	<u><u>18,189,025</u></u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and Buildings:

The Town's land and buildings were revalued at 30 June 2014 by independent valuers.

In relation to land, valuations were made on the basis of observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use (Level 2 inputs in the fair value hierarchy), unless there is some restriction or other factors associated with the land which resulted in the land being deemed to be valued at Level 3.

The increase in revaluations from land with level 2 inputs amounted to \$14,608,500 and related to three land holdings being a car park in the Town Centre, the site of Shine Community Services and the Town's share in 1 Gibney Street, Cottesloe.

Restrictions and other factors including zoning, area, usage or topography which resulted in a reduced degree of confidence applying a typical valuation method based on direct comparable sales evidence. The value of this land was derived by making necessary adjustment to the closest available market evidence in order to reflect the current (highest and best) use to which the land is zoned. Given the significance of the Level 3 inputs into the overall fair value measurement these lands are deemed to have been valued using Level 3 inputs.

The increase in revaluations from land assets with level 3 inputs totalled \$1,166,867 and related to many sites within the Town, including rights of ways, truncations and land used for parks and reserves (but owned freehold). One notable example of this is the site of the Cottesloe Civic Centre.

With regards to land vested in and under the control of Council, these assets were originally recognised as at 30 June 2013 at deemed cost where cost was effectively the fair value at the date of recognition and revalued at 30 June 2014.

As land vested in and under the control of Council is Crown Land restricted to its usage, it is not possible for an alternative usage to be considered when arriving at the fair value. In addition, due to its nature, any significant value attributable directly to the land would likely be offset by the need to return value to the Crown before any restriction is lifted, thus reducing the net fair value to nil.

Consequently, the original value of deemed cost was obtained having regard for the current replacement cost of the improvements on the land to allow for its current restricted usage.

These included both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).

Given the significance of the Level 3 inputs into the overall fair value measurement, this land vested in and under the control of Council is deemed to have been valued using Level 3 inputs.

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

The revaluation of land vested in and under the control of Council resulted in a decrease in the net value of the Land vested in and under the control of the Council of \$634,959.

With regard to buildings, these were valued having regard for their current replacement cost utilising both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and Buildings (continued):

Given the significance of the Level 3 inputs into the overall fair value measurement, these specialised building assets are deemed to have been valued using Level 3 inputs. The total of these revaluations is \$14,083,711 (excluding assets held in the Combined Library).

Information for the valuation of the Combined Library was supplied by the Shire of Peppermint Grove and consists of both level 2 and level 3 inputs. Due to the significance of the level 3 inputs this was deemed to be an asset with level 3 inputs. The total of the revaluations for this class was a decrement of \$468,459.

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

Furniture and Equipment

Plant and Equipment:

Both furniture and equipment and plant and equipment were revalued in 2013 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A.

Whilst the additions since that time are shown at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. Thus, the value is considered in accordance with Local Government (Regulation) 17A (2) which requires these assets to be shown at fair value.

The Combined Library Plant and Equipment was revalued at 30 June 2014 by management and resulted in a decrease of \$1,590 for Plant and Equipment.

All of the valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy).

The Combined Library Furniture and Equipment was revalued as at 30 June 2014 by management valuation having regard for their current replacement cost, condition assessment (Level 3 inputs in the fair value hierarchy), residual values and remaining estimated useful life (Level 3 inputs) and resulted in an increase of \$157,760.

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

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

They will be revalued during the year ended 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1 (f).

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(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.

	Balance at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements)	Impairment (Losses)/ Reversals	Depreciation (Expense)	Other Movements	Carrying Amount at the End of Year
	\$	\$	\$	\$	\$	\$	\$	\$
Freehold Land (Level 2)	0	0	0	14,608,500	0	0	0	14,608,500
Freehold Land (Level 3)	347,304	0	0	1,166,867	0	0	(206,601)	1,307,570
Land Vested In and Under the Control of Council	2,659,458	0	0	(634,959)	0	0	(524,499)	1,500,000
Total Land	3,006,762	0	0	15,140,408	0	0	(731,100)	17,416,070
Specialised Buildings (Level 3)	8,224,355	241,361	0	14,083,711	0	(201,376)	438,294	22,786,345
Combined Library Buildings (Level 3)	5,807,868	3,888	0	(468,459)	0	(165,939)	0	5,177,358
Total Buildings	14,032,223	245,249	0	13,615,252	0	(367,315)	438,294	27,963,703
Total Land and Buildings	17,038,985	245,249	0	28,755,660	0	(367,315)	(292,806)	45,379,773
Furniture and Equipment (Level 3)	384,382	120,503	0	0	0	(142,142)	0	362,743
Plant and Equipment (Level 2)	740,465	300,257	(199,617)	0	0	(219,247)	0	621,858
Plant and Equipment (Level 3)	14,420	38,799	(3,143)	0	0	(7,785)	0	42,291
Combined Library - Plant and Equipment (Level 2)	9,626	0	0	(1,590)	0	0	1	8,037
Combined Library - Furniture and Equipment (Level 3)	1,147	0	0	157,760	0	0	(1)	158,906
Total Property, Plant and Equipment	18,189,025	704,808	(202,760)	28,911,830	0	(736,489)	(292,806)	46,573,608

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2013
	\$	\$
8. INFRASTRUCTURE		
Roads		
- Cost	18,293,314	17,838,820
Less Accumulated Depreciation	<u>(11,743,044)</u>	<u>(11,037,245)</u>
	6,550,270	6,801,575
Footpaths		
- Cost	5,797,139	5,186,961
Less Accumulated Depreciation	<u>(3,671,461)</u>	<u>(3,483,332)</u>
	2,125,678	1,703,629
Drainage		
- Cost	5,461,784	5,198,429
Less Accumulated Depreciation	<u>(1,920,751)</u>	<u>(1,751,402)</u>
	3,541,033	3,447,027
Parks & Ovals		
- Cost	991,819	727,450
Less Accumulated Depreciation	<u>(831,485)</u>	<u>(560,571)</u>
	160,334	166,879
Other Infrastructure		
- Cost	1,564,808	1,144,491
Less Accumulated Depreciation	<u>(744,208)</u>	<u>(438,936)</u>
	820,600	705,555
Car Parks		
- Cost	798,954	527,449
Less Accumulated Depreciation	<u>(39,936)</u>	<u>(7,976)</u>
	759,018	519,473
Street Furniture		
- Cost	612,686	472,844
Less Accumulated Depreciation	<u>(293,151)</u>	<u>(258,487)</u>
	319,535	214,357
Rights of Way		
- Cost	1,564,431	1,495,698
Less Accumulated Depreciation	<u>(1,300,685)</u>	<u>(1,297,528)</u>
	263,746	198,170
Irrigation		
- Cost	1,255,418	1,234,082
Less Accumulated Depreciation	<u>(972,304)</u>	<u>(948,354)</u>
	283,114	285,728
	<u>14,823,328</u>	<u>14,042,393</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

8. INFRASTRUCTURE (Continued)

(a) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements)	Impairment (Losses)/ Reversals	Depreciation (Expense)	Other Movements	Carrying Amount at the End of Year
	\$	\$	\$	\$	\$	\$	\$	\$
Roads	6,801,575	527,704	0	0	0	(712,415)	(66,594)	6,550,270
Footpaths	1,703,629	610,177	0	0	0	(188,129)	1	2,125,678
Drainage	3,447,027	7,907	0	0	0	(120,502)	206,601	3,541,033
Parks & Ovals	166,879	43,002	0	0	0	(49,547)	0	160,334
Other Infrastructure	705,555	201,672	0	0	0	(175,472)	88,845	820,600
Car Parks	519,473	198,295	0	0	0	(25,344)	66,594	759,018
Street Furniture	214,357	139,843	0	0	0	(34,664)	(1)	319,535
Rights of Way	198,170	75,816	0	0	0	(7,602)	(2,638)	263,746
Irrigation	285,728	21,336	0	0	0	(23,949)	(1)	283,114
Total	14,042,393	1,825,752	0	0	0	(1,337,624)	292,807	14,823,328

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2013
	\$	\$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	103,312	152,769
Accrued Interest on Debentures	97,489	104,205
Accrued Salaries and Wages	118,994	140,846
ATO Liabilities	68,334	72,519
Accrued Expenses	482,681	459,013
	<u>870,810</u>	<u>929,352</u>

10. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge Debentures	365,759	357,642
	<u>365,759</u>	<u>357,642</u>
Non-Current		
Secured by Floating Charge Debentures	5,147,371	5,513,130
	<u>5,147,371</u>	<u>5,513,130</u>

Additional detail on borrowings is provided in Note 22.

11. PROVISIONS

Analysis of Total Provisions

Current	683,621	584,942
Non-Current	70,161	64,648
	<u>753,782</u>	<u>649,590</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2013	405,666	243,924	649,590
Additional provision	213,995	98,623	312,618
Amounts used	(194,011)	(14,415)	(208,426)
Balance at 30 June 2014	<u>425,650</u>	<u>328,132</u>	<u>753,782</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2014 Budget \$	2013 \$
12. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	169,232	168,125	137,620
Amount Set Aside / Transfer to Reserve	6,017	5,044	31,612
Amount Used / Transfer from Reserve	0	0	0
	<u>175,249</u>	<u>173,169</u>	<u>169,232</u>
(b) Civic Centre Reserve			
Opening Balance	1,533	1,410	20,770
Amount Set Aside / Transfer to Reserve	261	42	954
Amount Used / Transfer from Reserve	(1,452)	(1,452)	(20,191)
	<u>342</u>	<u>0</u>	<u>1,533</u>
(c) Waste Management Reserve			
Opening Balance	73,365	72,867	70,064
Amount Set Aside / Transfer to Reserve	1,997	2,186	3,301
Amount Used / Transfer from Reserve	(75,362)	0	0
	<u>0</u>	<u>75,053</u>	<u>73,365</u>
(d) Area Improvement Reserve			
Opening Balance	857	891	857
Amount Set Aside / Transfer to Reserve	61	27	0
Amount Used / Transfer from Reserve	(884)	(918)	0
	<u>34</u>	<u>0</u>	<u>857</u>
(e) Parking Reserve			
Opening Balance	9,677	14,300	398,166
Amount Set Aside / Transfer to Reserve	347	429	11,511
Amount Used / Transfer from Reserve	0	0	(400,000)
	<u>10,024</u>	<u>14,729</u>	<u>9,677</u>
(f) Property Reserve			
Opening Balance	365,869	364,364	85,743
Amount Set Aside / Transfer to Reserve	13,124	11,077	304,935
Amount Used / Transfer from Reserve	0	0	(24,809)
	<u>378,993</u>	<u>375,441</u>	<u>365,869</u>
(g) Infrastructure Reserve			
Opening Balance	379,667	377,781	122,866
Amount Set Aside / Transfer to Reserve	13,410	11,333	256,801
Amount Used / Transfer from Reserve	(94,638)	(162,000)	0
	<u>298,439</u>	<u>227,114</u>	<u>379,667</u>
(h) Unspent Grants/Funds Reserve			
Opening Balance	1,193	921	142,052
Amount Set Aside / Transfer to Reserve	18	32	273
Amount Used / Transfer from Reserve	(953)	(953)	(141,132)
	<u>258</u>	<u>0</u>	<u>1,193</u>
(i) Legal Reserve			
Opening Balance	63,215	62,824	33,675
Amount Set Aside / Transfer to Reserve	2,266	1,885	29,540
Amount Used / Transfer from Reserve	0	0	0
	<u>65,481</u>	<u>64,709</u>	<u>63,215</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2014 Budget \$	2013 \$
12. RESERVES - CASH BACKED (continued)			
(j) Parking Facilities Reserve			
Opening Balance	232,778	231,500	0
Amount Set Aside / Transfer to Reserve	4,875	6,945	232,778
Amount Used / Transfer from Reserve	(87,350)	(204,000)	0
	150,303	34,445	232,778
(k) Combined Library Reserve			
Opening Balance	72,881	0	49,447
Amount Set Aside / Transfer to Reserve	10,560	19,782	23,434
Amount Used / Transfer from Reserve	0	(10,000)	0
	83,441	9,782	72,881
(l) Sustainability Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	20,382	0	0
Amount Used / Transfer from Reserve	0	0	0
	20,382	0	0
TOTAL RESERVES	1,182,946	974,442	1,370,267
Total Opening Balance	1,370,267	1,294,983	1,061,259
Total Amount Set Aside / Transfer to Reserve	73,318	58,782	895,140
Total Amount Used / Transfer from Reserve	(260,639)	(379,323)	(586,132)
TOTAL RESERVES	1,182,946	974,442	1,370,267

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 2014

12. RESERVES - CASH BACKED (continued)

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

- (a) Leave Reserve
 - to fund the cost of improving facilities within the Municipality.
- (b) Civic Centre Reserve
 - to fund the cost of improvement, renovations and extensions to the buildings that make up the Civic Centre.
- (c) Waste Management Reserve
 - to fund the improvement, replacement, and expansion of waste management plant, equipment, facilities and services .
- (d) Area Improvement Reserve
 - to partially cash back the accumulated employee leave liability and to fund the payment of accumulated leave entitlements.
- (e) Parking Reserve
 - the purpose of this reserve is, in accordance with the Council's Town Planning Scheme, to set aside funds from developers for the development of parking facilities.
- (f) Property Reserve
 - to contribute towards future property construction/renewal.
- (g) Infrastructure Reserve
 - to contribute towards future infrastructure construction/renewal.
- (h) Unspent Grants/Funds Reserve
 - to carry forward available funding for uncompleted projects and grants that will be utilised in ensuing financial years.
- (i) Legal Reserve
 - to contribute towards unanticipated legal expenses incurred by Council.
- (j) Parking Facilities Reserve
 - to fund improvements to Parking Facilities within the Town of Cottesloe.
- (k) Combined Library Reserve
 - to fund the operations of the combined library.
- (l) Sustainability Reserve
 - to fund new or enhance existing Sustainability Initiatives within the Town of Cottesloe.

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

Leave Reserve - as staff take leave.

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

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

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

Parking Reserve - to fund ongoing upgrades to parking facilities within the Town

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

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

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

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

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

Combined Library Reserve - to fund ongoing library operations.

Sustainability Reserve - to fund new and ongoing initiatives over the next five years.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

13. REVALUATION SURPLUS	2014	2013
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land & Buildings		
Opening Balance	0	0
Revaluation Increment - Freehold Land - Level 2	14,608,500	0
Revaluation Increment - Freehold Land - Level 3	1,166,867	0
Revaluation Increment - Specialised Buildings - Level 3	14,083,711	0
Revaluation Decrement - Land Vested in and Under the Control of Council - Level 3	(634,959)	0
Revaluation Decrement - Combined Library Buildings - Level 3	(468,459)	0
	<u>28,755,660</u>	<u>0</u>
(b) Plant & Equipment		
Opening Balance	186,834	0
Revaluation Increment	0	186,834
Revaluation Decrement	(105,115)	0
	<u>81,718</u>	<u>186,834</u>
(c) Furniture and Office Equipment		
Opening Balance	52,720	0
Revaluation Increment	157,760	52,720
Revaluation Decrement	0	0
	<u>210,480</u>	<u>52,720</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>29,047,858</u></u>	<u><u>239,554</u></u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2014 \$	2014 Budget \$	2013 \$
Cash and Cash Equivalents	<u>2,879,586</u>	<u>2,136,567</u>	<u>2,960,597</u>

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

Net Result	535,696	(359,311)	3,057,089
Depreciation	2,074,113	2,080,737	2,024,406
(Profit)/Loss on Sale of Asset	43,161	0	(13,981)
(Increase)/Decrease in Receivables	(18,870)	0	(30,347)
(Increase)/Decrease in Deferred Rates	0	0	(6,824)
(Increase)/Decrease in Inventories	(70)	0	4,571
Increase/(Decrease) in Payables	(58,543)	115,123	(15,830)
Increase/(Decrease) in Employee Provisions	104,192	0	113,916
Grants Contributions for the Development of Assets	(542,000)	(543,549)	(194,907)
(Increase)/Decrease in Equity Accounted Joint Ventures	21,142	0	134,437
Non-Current Assets recognised due to changes in legislative requirements	0	0	(2,659,458)
Net Cash from Operating Activities	<u>2,158,821</u>	<u>1,293,000</u>	<u>2,413,072</u>

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

	2014 \$	2013 \$
Bank Overdraft limit	250,000	250,000
Bank Overdraft at Balance Date	0	0
Credit Card limit	5,000	5,000
Credit Card Balance at Balance Date	0	(4,633)
Total Amount of Credit Unused	<u>255,000</u>	<u>250,367</u>

Loan Facilities

Loan Facilities - Current	365,759	357,642
Loan Facilities - Non-Current	5,147,371	5,513,130
Total Facilities in Use at Balance Date	<u>5,513,130</u>	<u>5,870,772</u>

Unused Loan Facilities at Balance Date	<u>NIL</u>	<u>NIL</u>
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**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

15. CONTINGENT LIABILITIES

The Town has no contingent liabilities as at 30th June 2014.

16. CAPITAL AND LEASING COMMITMENTS	2014	2013
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	0	2,158
- later than one year but not later than five years	0	0
- later than five years	0	0
	<u>0</u>	<u>2,158</u>
	<u>0</u>	<u>2,158</u>

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

(b) Capital Expenditure Commitments	2014	2013
	\$	\$
Contracted for:		
- capital expenditure projects	0	263,755
- plant & equipment purchases	0	0
Payable:		
- not later than one year	0	263,755

The Town did not have any future capital expenditure commitments at the reporting date.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

17. JOINT VENTURE ARRANGEMENTS

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

	2014 \$	2013 \$
CURRENT ASSETS		
Cash		
- Library Restricted Reserves	83,441	72,881
	83,441	72,881
NON CURRENT ASSETS		
Plant and Equipment - at Cost	10,533	12,032
Accumulated Depreciation	(2,496)	(2,406)
	8,037	9,626
Furniture and Equipment - at Cost	158,907	49,838
Accumulated Depreciation	0	(48,691)
	158,907	1,147
Buildings at:		
- Cost	0	6,181,159
- Independent Valuation 2013	5,177,358	0
Less Accumulated Depreciation	0	(387,882)
	5,177,358	5,793,277
TOTAL ASSETS	5,268,836	5,875,784
CURRENT LIABILITIES		
Long Term Borrowings	168,127	157,694
Provision for Leave	40,170	27,332
	208,297	185,026
NON CURRENT LIABILITIES		
Long Term Borrowings	4,150,077	4,318,204
Provision for Leave	1,067	0
	4,151,144	4,318,204
TOTAL LIABILITIES	4,359,441	4,503,230
SHARE OF NET ASSETS OF JOINT VENTURE	909,395	1,372,554

At the time of completion of the Town of Cottesloe's 2013-2014 audit, audited financial statements for the year ended 30th June 2014 were not available from the Shire of Peppermint Grove, therefore draft figures for 2013-2014 supplied by the Shire of Peppermint Grove have been used.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2014	2013
	\$	\$
Governance	578,638	441,377
General Purpose Funding	270,913	424,098
Law, Order, Public Safety	0	11,128
Health	24,027	14,014
Education and Welfare	13,713,750	2,747,892
Community Amenities	1,523,399	1,400,554
Recreation and Culture	26,653,266	15,739,260
Transport	20,964,351	14,068,190
Economic Services	22,004	25,591
Other Property and Services	148,178	140,167
Unallocated	2,332,783	2,173,504
	<u>66,231,309</u>	<u>37,185,775</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2013	2012
19. FINANCIAL RATIOS			
Current Ratio	1.26	1.20	1.08
Asset Sustainability Ratio	0.49	0.53	0.61
Debt Service Cover Ratio	3.38	7.32	3.25
Operating Surplus Ratio	0.00	0.26	0.01
Own Source Revenue Coverage Ratio	0.98	1.00	0.97

The above ratios are calculated as follows:

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

Notes:

Information relating to the Asset Consumption Ratio and the Asset Renewal Funding Ratio can be found on Page 65 of this document - Supplementary Ratio Information.

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

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

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

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

20. TRUST FUNDS

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

	Balance 1 July 2013 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2014 \$
BCITF Levy	0	154,297	(154,297)	0
Building Services Levy	5,679	128,306	(121,209)	12,776
Infrastructure Deposits	504,474	327,078	(281,204)	550,348
Right of Ways	47,566	2,000	(6,700)	42,866
Miscellaneous	46,406	41,878	(22,024)	66,260
	<u>604,125</u>			<u>672,250</u>

21. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Governance	31,931	30,000	23,653	30,000	(8,278)	0
Community Amenities	24,474	40,000	18,224	40,000	(6,250)	0
Recreation and Culture	58,391	7,150	46,621	7,150	(11,770)	0
Transport	24,502	53,000	24,697	53,000	195	0
Other Property and Services	63,462	49,600	46,404	49,600	(17,058)	0
	<u>202,760</u>	<u>179,750</u>	<u>159,599</u>	<u>179,750</u>	<u>(43,161)</u>	<u>0</u>

Profit	5,231	0
Loss	(48,392)	0
	<u>(43,161)</u>	<u>0</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars Recreation and Culture	Principal 1 July 2013 \$	New Loans \$	Principal Repayments		Principal 30 June 2014		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Cottesloe Tennis Club - Loan No 104*	37,678	0	24,761	24,761	12,917	12,917	1,628	1,815
Seaview Golf Club - Loan No 105*	299,933	0	20,994	20,994	278,939	278,939	18,200	18,559
Civic Centre Extension - Loan No 106	1,057,263	0	154,193	154,194	903,070	903,069	52,228	53,509
Joint Library - Loan No 107	4,475,898	0	157,694	157,694	4,318,204	4,318,204	288,044	291,909
	5,870,772	0	357,642	357,643	5,513,130	5,513,129	360,100	365,792

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

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2013/14

The Town did not take up any new debentures during the year ended 30 June 2014.

(c) Unspent Debentures

The Town did not have any unspent debentures as at 30 June 2014.

(d) Overdraft

Council established an overdraft facility of \$250,000 in 2009 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2013 and 30 June 2014 was \$nil.

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2014

23. RATING INFORMATION - 2013/14 FINANCIAL YEAR

(a) Rates	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$	
RATE TYPE												
Differential General Rate / General Rate												
GRV - Residential Improved (RI)	0.063388	3,079	105,603,190	6,693,975	80,611	3,402	6,777,988	6,698,523	0	0	6,698,523	
GRV - Residential Vacant (RV)	0.063388	82	3,884,860	246,254	(8,794)	1,060	238,520	246,254	0	0	246,254	
GRV - Commercial Improved (CI)	0.063388	68	7,354,765	466,204	3,210	0	469,414	466,204	0	0	466,204	
GRV - Commercial Town (CT)	0.074533	120	8,376,135	624,298	3,671	891	628,860	624,298	0	0	624,298	
GRV - Industrial (II)	0.063388	1	35,000	2,219	0	0	2,219	2,219	0	0	2,219	
Sub-Totals		3,350	125,253,950	8,032,950	78,698	5,353	8,117,001	8,037,498	0	0	8,037,498	
Minimum Payment												
GRV - Residential Improved (RI)	968	379	4,706,072	366,872	(968)	0	365,904	366,872	0	0	366,872	
GRV - Commercial Improved (CI)	968	10	104,250	9,680	0	0	9,680	9,680	0	0	9,680	
GRV - Commercial Town (CT)	968	14	167,495	13,552	968	233	14,753	13,552	0	0	13,552	
Sub-Totals		403	4,977,817	390,104	0	233	390,337	390,104	0	0	390,104	
Ex-Gratia Rates							8,507,338				8,427,602	
Discounts (refer note 26.)							(4,032)				(3,908)	
Total Amount Raised From General Rate							8,503,306				8,423,694	

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

23. RATING INFORMATION - 2013/14 FINANCIAL YEAR (Continued)

(b) Information on Surplus Brought Forward

	2014 (30 June 2014 Carried Forward) \$	2014 (1 July 2013 Brought Forward) \$	2013 (30 June 2013 Carried Forward) \$
Surplus 1 July Brought Forward	<u>1,192,903</u>	<u>1,005,513</u>	<u>1,005,513</u>
Comprises:			
Cash and Cash Equivalents			
Unrestricted	1,641,641	1,587,324	1,587,324
Restricted	1,237,945	1,373,273	1,373,273
Receivables			
Rates Outstanding	69,230	56,450	56,450
Sundry Debtors	166,690	173,128	173,128
GST Receivable	50,745	53,780	53,780
Loans - Clubs/Institutions	35,237	45,755	45,755
Accrued Income	7,057	19,329	19,329
Other Tax Debtors	512	294	294
Prepayments	31,214	0	0
Inventories			
History Books	41,624	41,554	41,554
Land Held for Resale			
Development Costs	156,175	57,191	57,191
Less:			
Trade and other Payables			
Sundry Creditors	(103,312)	(152,769)	(152,769)
Accrued Interest on Debentures	(97,489)	(104,205)	(104,205)
Accrued Salaries and Wages	(118,994)	(140,846)	(140,846)
ATO Liabilities	(68,334)	(72,519)	(72,519)
Accrued Expenses	(482,681)	(459,013)	(459,013)
Current Portion of Long Term Borrowings			
Secured by Floating Charge Debentures	(365,759)	(357,642)	(357,642)
Provisions			
Provision for Annual Leave	(443,158)	(405,666)	(405,667)
Provision for Long Service Leave	(240,463)	(179,276)	(179,275)
Net Current Assets	<u>1,517,880</u>	<u>1,536,142</u>	<u>1,536,142</u>
Less:			
Reserves - Restricted Cash	(1,182,945)	(1,370,267)	(1,370,267)
Land Held for Resale			
Development Costs	(156,175)	(57,191)	(57,191)
Loans - Clubs/Institutions	(35,237)	(45,755)	(45,755)
Add:			
Secured by Floating Charge Debentures	365,759	357,642	357,642
Component of Leave Liability not required to be funded	683,621	584,942	584,942
Surplus	<u><u>1,192,903</u></u>	<u><u>1,005,513</u></u>	<u><u>1,005,513</u></u>

Difference

There was no difference between the Surplus 1 July 2013 Brought Forward position used in the 2014 audited financial report and the Surplus Carried Forward position as disclosed in the 2013 audited financial report.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

24. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

The Town did not impose any Specified Area Rates.

25. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

The Town did not impose any service charges.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2013/14 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount		4,032	3,908
Venue Hire	Discount	10% - 20%	500	5,000
Venue Hire	Waiver	100%	300	2,000

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

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

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

27. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		31,755	29,000
Interest on Instalments Plan	5.50%		32,448	33,000
Charges on Instalment Plan		18.60	15,941	16,000
Pensioner Deferred Rate Interest	3.27%		6,494	0
			<u>86,638</u>	<u>78,000</u>

Ratepayers had the option of paying rates in four equal instalments, due on 2nd September 2013, 4th November 2013, 13th January 2014 and 17th March 2014. Administration charges and interest applied for the final three instalments.

28. FEES & CHARGES	2014 \$	2013 \$
General Purpose Funding	44,635	48,598
Law, Order, Public Safety	19,259	7,811
Health	72,721	86,798
Education and Welfare	21,602	19,577
Community Amenities	544,343	519,227
Recreation and Culture	268,884	236,232
Transport	838,347	987,073
Economic Services	207,042	133,023
Other Property and Services	0	20,670
	<u>2,016,833</u>	<u>2,059,009</u>

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

29. GRANT REVENUE

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

	2014	2013
	\$	\$
By Nature or Type:		
Operating Grants, Subsidies and Contributions	203,429	306,266
Non-Operating Grants, Subsidies and Contributions	542,000	194,907
	<u>745,429</u>	<u>501,173</u>
By Program:		
General Purpose Funding	129,300	268,018
Other Governance	50,000	0
Law, Order, Public Safety	500	500
Community Amenities	0	227
Recreation and Culture	50,000	75,785
Transport	515,629	156,643
	<u>745,429</u>	<u>501,173</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>41</u>	<u>42</u>
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31. ELECTED MEMBERS REMUNERATION

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

	2014	2014	2013
	\$	Budget*	\$
		\$	
Meeting Fees	113,252	90,000	62,000
Mayor's Allowance	16,618	15,000	3,750
Deputy Mayor's Allowance	4,904	3,750	1,250
Travelling Expenses	14	1,250	0
Telecommunications Allowance	20,408	14,400	18,470
Other Member Expenses	7,378	14,950	8,289
	<u>162,574</u>	<u>139,350</u>	<u>93,759</u>

* Budgeted elected member expenses were increased mid year effective 1 January 2014 as a part of the mid year budget review as a result of a ruling by the Salaries and Allowances Tribunal.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

32. MAJOR LAND TRANSACTIONS

Cottesloe Depot Redevelopment

(a) Details

The Town's Depot operations moved to leased premises in Fremantle during 2012-2013 and the buildings at the old site at the rear of Marmion Street, Cottesloe, were demolished. It is highly probable this property will be sold during 2014-2015.

(b) Current Year Transactions	2014 \$	2014 Budget \$	2013 \$
<u>Operating Income</u>			
Profit on Sale	0	0	0
<u>Capital Income</u>			
Sale Proceeds	0	0	0
<u>Capital Expenditure</u>			
Purchase of Land	0	0	0
Development Costs (including demolition)	98,984	0	57,191
	<u>98,984</u>	<u>0</u>	<u>57,191</u>

The above capital expenditure is included in land held for resale.

(c) Expected Future Cash Flows

	2015 \$	2016 \$	2017 \$	2018 \$	Total \$
Cash Outflows					
- Development Costs	(350,000)	0	0	0	(350,000)
- Loan Repayments	0	0	0	0	0
	<u>(350,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(350,000)</u>
Cash Inflows					
- Loan Proceeds	0	0	0	0	0
- Sale Proceeds	8,650,000	0	0	0	8,650,000
	<u>8,650,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,650,000</u>
Net Cash Flows	<u>8,300,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,300,000</u>

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2013/14 financial year.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

34. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2014	2013	2014	2013
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	2,879,586	2,960,597	2,879,586	2,960,597
Receivables	812,304	839,189	812,304	839,189
	<u>3,691,890</u>	<u>3,799,786</u>	<u>3,691,890</u>	<u>3,799,786</u>
Financial Liabilities				
Payables	870,810	929,352	870,810	929,352
Borrowings	5,513,130	5,870,772	5,382,488	5,701,861
	<u>6,383,940</u>	<u>6,800,124</u>	<u>6,253,298</u>	<u>6,631,213</u>

Fair value is determined as follows:

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

34. FINANCIAL RISK MANAGEMENT (Continued)
(a) Cash and Cash Equivalents

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

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

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

Council manages these risks by diversifying its portfolio and only investing in registered commercial banks. Council also seeks advice from independent advisers (where applicable) before placing any cash.

	2014	2013
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	28,796	29,325
- Statement of Comprehensive Income	28,796	29,325

Notes:

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

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

34. FINANCIAL RISK MANAGEMENT (Continued)
(b) Receivables

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

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

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

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

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

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

	2014	2013
Percentage of Rates and Annual Charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of Other Receivables		
- Current	74%	85%
- Overdue	26%	15%

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2014

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

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
	<u>2014</u>				
Payables	870,810	0	0	870,810	870,810
Borrowings	706,868	2,774,319	4,865,745	8,346,932	5,513,130
	<u>1,577,678</u>	<u>2,774,319</u>	<u>4,865,745</u>	<u>9,217,742</u>	<u>6,383,940</u>
	<u>2013</u>				
Payables	929,352	0	0	929,352	929,352
Borrowings	720,496	2,787,048	5,555,114	9,062,658	5,870,772
	<u>1,649,848</u>	<u>2,787,048</u>	<u>5,555,114</u>	<u>9,992,010</u>	<u>6,800,124</u>

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

34. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings (Continued)**

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
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Year Ended 30 June 2014

Borrowings

Fixed Rate								
Debtentures	12,917	0	0	0	903,069	4,597,144	5,513,130	6.29%
Weighted Average Effective Interest Rate	5.75%	0.00%	0.00%	0.00%	5.25%	6.49%		

Year Ended 30 June 2013

Borrowings

Fixed Rate								
Debtentures	0	37,522	0	0	0	5,833,250	5,870,772	6.26%
Weighted Average Effective Interest Rate	0.00%	5.75%	0.00%	0.00%	0.00%	6.27%		

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

35. PRIOR PERIOD CORRECTIONS

Balances relating to the 2013 comparative year have been amended due to the correction of prior period errors. These errors have been adjusted as shown below and, in accordance with the requirements of AASB 101, a statement of financial position as at the beginning of the earliest comparative period has been included (refer statement of financial position column labelled as at 1 July 2012).

In June 2008 property at 1 Gibney Street, Cottesloe (Lot 555 on Deposited Plan 62538) was transferred to the Town of Claremont, Town of Cottesloe, Town of Mosman Park and the Shire of Peppermint Grove as tenants in common in equal shares. This property should have been recognised at that time and therefore this correction is made in this financial year with effect from 1 July 2012.

Effect of the above:	Original Balance	Amount of Adjustment	Adjusted Balance
	\$	\$	\$
As at 1 July 2012			
Statement of Financial Position			
Property, Plant and Equipment	13,176,763	2,349,500	15,526,263
Retained Surplus	23,028,659	2,349,500	25,378,159
As at 30 June 2013			
Statement of Financial Position			
Property, Plant and Equipment	15,839,525	2,349,500	18,189,025
Retained Surplus	25,776,740	2,349,500	28,126,240

36. LOCAL GOVERNMENT REFORM PROCESS

The Local Government Advisory Board has made recommendations to the Minister for Local Government involving substantial change to metropolitan local government boundaries and some of those recommendations have been accepted by the Minister. One of the recommendations is that a new entity be created from the amalgamation of the local governments of Cottesloe, Claremont, Mosman Park, Nedlands and Peppermint Grove and be named the City of Riversea, however this has been rejected by the Minister for Local Government.

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

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the Town of Cottesloe, which comprises the statement of financial position as at 30 June 2014, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL REPORT

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

AUDITOR'S RESPONSIBILITY

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

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

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

AUDITOR'S OPINION

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

- a giving a true and fair view of the Town's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

OTHER MATTERS

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Town.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 65 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS


GREG GODWIN
PARTNER

Date: 1 December 2014
Perth, WA

**TOWN OF COTTESLOE
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2014**

RATIO INFORMATION

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

	2014	2013	2012
Asset Consumption Ratio	0.46	0.32	N/A
Asset Renewal Funding Ratio	1.05	1.05	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio $\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$

Asset Renewal Funding Ratio $\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

N/A - In keeping with amendments to Local Government (Financial Management) Regulations 50, comparatives for the two preceding years (being 2012 and 2011) have not been reported as financial information is not available.