



Town of Cottesloe



Cottesloe

ANNUAL

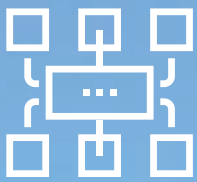
REPORT

2018



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

2017/2018



Cr Philip Angers - Mayor



Cr Mark Rodda - Deputy Mayor
(South Ward)



Cr Lorraine Young (South Ward)



Cr Sally Pyvis (Central Ward)



Cr Melissa Harkins (Central Ward)



Cr Helen Sadler (North Ward)



Cr Rob Thomas (North Ward)



Cr Sandra Boulter (East Ward)



Cr Michael Tucak (East Ward)

MAYOR'S MESSAGE



ON BEHALF OF THE TOWN OF COTTESLOE, I AM PLEASED TO PRESENT THE 2017-2018 ANNUAL REPORT, HIGHLIGHTING OUR ACHIEVEMENTS OVER THE PAST 12 MONTHS.

Following detailed designs developed by Emerge Associates, construction on the first stage of the Cottesloe Foreshore Renewal project has commenced. This stage of works will upgrade and improve the universal access path that leads from Marine Parade to the beach. Also being constructed is new decked seating, to provide shady spots to rest and enjoy the view, and new shade structures on the beach. These works are scheduled to be finished in time for the busy summer period.

Earlier this year we asked our community what they would like to see in the area that is Car Park One. An overwhelming majority indicated that they would support removal of the car park for it to be turned into a space that everyone can enjoy, incorporating grass areas, plants and trees, paths, tables and seating, and a recreation facility. This feedback was taken to Council who resolved to do this, based on an overarching Foreshore Master Plan and detailed design works for the car park area. It was specified that comments received from the community during the consultation must be considered in the development of detailed designs. The Master Plan is currently being reviewed and we will continue to consult with and keep our community up to date as this project progresses.

Consultation was also carried out earlier this year in relation to the upgrade of four beach access paths; S10, S12, N6 and N7. These paths have now been designed and

construction has commenced. This long term project will see all beach access paths upgraded on a priority basis over a number of years.

The iconic Cottesloe Pylon received some much needed restoration work over a number of months earlier this year. Works to refurbish the last standing Pylon included; installation of ground anchors, installation of permanent stainless steel formwork and the placement of a reinforced concrete collar. Further work is required to restore the top part of the Pylon and to make this possible, the Town of Cottesloe is seeking assistance from our community and anyone interested in playing a part to help conserve the heritage-listed pylon, so that it can remain the historic landmark that it has been for many years. The Town has worked with the National Trust (WA) to establish an appeal for the Cottesloe Pylon. The appeal recognises the significance of the Pylon as an icon, and will allow people to make donations towards the ongoing upkeep and maintenance of the Pylon.

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

Phil Angers
Mayor



CEO'S REPORT



I AM VERY PLEASED TO PROVIDE THE FOLLOWING UPDATE ON PROGRESS MADE TOWARDS ACHIEVING COUNCIL'S STATED STRATEGIC OBJECTIVES AS OUTLINED IN THE TOWN OF COTTESLOE STRATEGIC COMMUNITY PLAN. A FULL SUMMARY ON A PROJECT BY PROJECT BASIS CAN BE FOUND IN THE INTEGRATED PLANNING AND REPORTING FRAMEWORK IN THIS ANNUAL REPORT.

PRIORITY AREA 1

- Protect and enhance the wellbeing of residents and visitors

Over the past 12 months considerable progress has been accomplished towards achieving these objectives with some of the major achievements being;

- Obtaining a commitment from the State Government to complete the Principal Shared Path between Perth and Fremantle. Works on the Cottesloe section will commence in early 2019 and should take approximately two months;
- Adoption of a new Disability Access and Inclusion Plan to guide Council in delivering works and services to improve universal access; and
- The development of a new and improved website with increased functionality for site users and new tools to improve community engagement.

PRIORITY AREA 2

- Achieving connectivity between east and west Cottesloe

Council has continued to negotiate with Main Roads WA and the Public Transport Authority over the past 12 months with the aim of improving vehicle and pedestrian access over the railway line. Council hopes to further progress discussions to improve the integration of the train station with the

town centre over the coming 12 months, in conjunction with the implementation of the Station Street Activity Plan, and to develop a long term solution to achieving connectivity.

PRIORITY AREA 3

- Enhancing beach access and the foreshore

Recently, the Town negotiated to lease back the public toilets located underneath Indiana from the tenant. This will now allow the Town to have control over the cleaning and maintenance of this important public amenity.

After several years of planning and public consultation, works on the foreshore upgrade has commenced. Currently underway are the construction of a new universal access path and associated works, and restoration of the pylon.

Funding has been allocated for the further development of a Master Plan for the Cottesloe foreshore in the 2018/19 Budget, with the tender for the design work awarded by Council at the November 2018 meeting.

The design of upgrades to the Beach Access Paths has been determined, and works have commenced on priority paths. These works will be undertaken over a number of years.

Funding to Coastcare was increased considerably to fund ongoing foreshore dune restoration.



PRIORITY AREA 4

- Managing development

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

The Town is working with Curtin Care who hold the lease for the Wearne Hostel site located at Lot 87 (8) Warton Street, Cottesloe on a draft Local Planning Policy which will provide requirements and guidelines for the redevelopment of the Wearne Hostel site. These have been drawn from a Master Plan that was prepared in 2017 and advertised for comment. The Master Plan has been endorsed by the four landowners of the site; the Towns of Cottesloe, Claremont and Mosman Park, and the Shire of Peppermint Grove.

As we look to the year ahead, the Station Street Place Making Strategy will be a priority for the Town in the 2018/19 financial year.

PRIORITY AREA 5

- Providing sustainable infrastructure and community amenities

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

Some of the major infrastructure projects undertaken in 2017-18 include:

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

PRIORITY AREA 6

- Providing open and accountable local governance

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

- Increased use of social media and email to communicate with electors;
- Progression of plans to lease land from the Town of Mosman Park to construct a new Works Depot which will deliver cost savings and improved efficiencies; and
- Funding provided for a review of the Community Consultation Policy and training for Elected Members and staff to better understand modern consultation methods.

I would like to take this opportunity to thank the Mayor, Elected Members and our dedicated staff for their efforts in achieving our goals in 2017-18 and I look forward to a productive 2018-19.

Mat Humfrey
Chief Executive Officer





SUSTAINABILITY IN COTTESLOE

THE TOWN OF COTTESLOE CONTINUED ITS IMPORTANT WORK IN SUSTAINABILITY OVER THE PAST 12 MONTHS. THE TOWN RECOGNISES THE IMPORTANCE OF PROACTIVE PROGRAMS AND ENCOURAGING COMMUNITY PARTICIPATION AND IS PLEASED TO REPORT ON A NUMBER OF SIGNIFICANT ACHIEVEMENTS IN SUSTAINABILITY OVER THE PAST YEAR.

The Town was once again successful in receiving funding for the continuation of its coastal monitoring program. The annual summary report was completed for year four, while the Town also received grant funding for its fifth year of monitoring. The aim of the program is to provide a greater understanding of coastal processes along the Cottesloe coastline, allowing us to develop plans for the future and enhancing the Town's capacity to make informed and sustainable decisions regarding coastal management planning.

Revegetation works were undertaken by both the Town and Cottesloe Coastcare. The Town planted over 5,000 seedlings in May and June 2018 as ongoing dune restoration works at new and existing sites. These areas included sites

around the North Cottesloe SLSC, locations in North and South Cottesloe, Vlamingh and infill planting along the main foreshore, Mudurup Rocks and the Cottesloe Tennis Club batters. In addition to this, Cottesloe Coastcare planted 3,000 seedlings in existing sites and in the Coastwest grant site at Cottesloe's main beach.

Other successful projects include;

- Street tree verge infill planting was initiated across Cottesloe. Over 100 new trees were planted in Cottesloe's streets;
- A Town initiative to install additional tree nodes along Marine Parade was implemented to create future shady social meeting spaces with ocean views and to encourage bird habitat;
- Clean Up Australia Day was held in partnership with Earth Carers and Cottesloe Coastcare, where members of the community collected rubbish from areas north and south of Grant Marine Park;
- The Town's Garage Sale Trail was held in October 2018 in conjunction with Solaris Cancer Care. This national initiative promotes reuse and sustainability and is held across the country. A car boot sale in Car Park Two was enjoyed by many; and
- The annual WESROC Native Plant Subsidy Scheme was once again a big success with a sell out of 2,000 plants purchased by Cottesloe residents. This scheme promotes and encourage residents to grow native waterwise gardens.

STATUTORY REPORTS

DISABILITY ACCESS AND INCLUSION PLAN

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

Council adopted its 2018 – 2023 plan in April 2018 and a copy of the plan is available at Council’s Offices and on its website.

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

Access improvement initiatives undertaken during the past year include:

- Review and update of the Disability Access and Inclusion Plan, which included extensive public consultation;
- Work on the Cottesloe Foreshore Renewal Project which includes provision for improved universal access at Cottesloe Beach;
- Membership of the Companion Card program, allowing free entry to Council events for carer’s of those with a disability;
- A requirement for events with more than 500 patrons to have a Disability Access and Inclusion Plan;
- An audit of the number of ACROD bays to general parking bays within the Town was conducted with the results to inform future planning;
- Continued works around Cottesloe Civic Centre and other public buildings to improve universal access; and
- A range of minor works including parking bays, signage, kerb ramps and handrails at a number of community facilities.

PAYMENTS MADE TO EMPLOYEES

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

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

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

\$ Band	Number of Employees
\$160,000 to \$169,999	1
\$130,000 to \$139,000	1
\$120,000 to \$129,999	1
\$110,000 to \$119,999	1
\$100,000 to \$109,999	2

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:

- the name of the council member about whom the complaint is made;
- the name of the person who makes the complaint;
- a description of the minor breach that the standards panel finds has occurred; and
- 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 Recordkeeping Plan (RKP) is to set out the matters about which records are to be created by the Town of Cottesloe and how the Town is to retain its records. The RKP is to provide an accurate reflection of the record keeping program within the organisation including information regarding the organisation's record keeping systems, disposal arrangements, policies, procedures and practises. The RKP is the primary means of providing evidence of compliance with the State Records Act 2000 and the implementation of best practice record keeping within the organisation.

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

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

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



A wooden signpost with three horizontal planks is the central focus. The top plank is inscribed with 'SHARK', the middle with 'ENJOY', and the bottom with 'RESPECT'. The sign is set against a backdrop of a bright blue ocean under a clear sky. A shark fin is visible in the water behind the sign. The foreground shows a grassy area and a wooden fence. The top of the image features a decorative graphic with orange, white, and blue curved bands.

INTEGRATED PLANNING AND REPORTING FRAMEWORK ACTION ITEMS

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

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

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a.	Review the Current Bike Plan	Revised bike plan adopted by 31 December 2014	14/15	14/15	Department of Transport currently preparing a Cycle Strategy for the Town for consideration in 2019
b.	Implement projects contained within bike plan	Projects within bike plan incorporated into 5 year capital works plans	15/16	Ongoing	Awaiting adoption of the Bike Plan
c.	Lobby for the completion of the principle shared path (along rail line)	Commitment of funds in the forward estimates for the improvements of the principle shared path	14/15	Ongoing	Construction to commence in December 2018 and be finished by February 2019
d.	Design, cost and include in the Asset Management Plan (AMP) and Long Term Financial Plan (LTFP) the Raia Roberts dual use path	AMP and LTFP contain project costings	15/16	16/17	Awaiting adoption of the Bike Plan

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

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a.	Foster and develop a community forum where residents are able to convey any concerns with the licensed premises within the Town	Monthly meetings of the Hotels Working Group continue and achieve a satisfactory level of attendance	Ongoing		The community forum (Hotels Committee) was disbanded in 2018 and these matters are now addressed by the Community Safety and Crime Prevention Committee
b.	Maintain a positive relationship with licensees	Representatives of the licensees attend the Hotels Working Group on a regular basis	Ongoing		Ongoing
c.	Review planning and approval processes for any approval of or amendment to licensed facilities within the Town	Effective consultation reporting and decision making on approvals or referrals for licensed premises	15/16		Ongoing

1.3 Identify places to host more cultural events and activities

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a.	Undertake an audit of current cultural events and facilities within the Town	Calendar of events created - linked to a social media interface that advertises events within the Town. Inventory of facilities capable of hosting cultural events created	14/15	15/16	Calendar of events created and maintained Social media policy was adopted in March 2017 and Facebook now used to promote Council and other events New Town of Cottesloe website developed which went live in September 2018
b.	Identify cultural events that are desirable, but not currently available within the Town	Workshops held with elected members, community organisations and key stakeholders to identify opportunities for cultural events within the Town	15/16		No action undertaken. Significant number of events already in place Cottesloe Film Festival has been approved for 2019 and 2020 Annual beach concert "By the C" approved in 2016, with an additional event held in 2018. Approval has been granted for an event in 2019
c.	Create a checklist to assess potential facilities for hosting cultural events within the Town	Essential requirements for the hosting of events identified and documented	15/16		No action undertaken Foreshore Masterplan has provisions for Place Making strategies to be implemented
d.	Cost improvements required to facilities in point c. and include costs in Asset Management Plan and Long Term Financial Plan	Asset Management Plan and Long Term Financial Plan updated to reflect improvements required	16/17		No action undertaken

1.4 Continue to improve community engagement

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a.	Review the Community Consultation Policy regularly	Regular reviews of the Community Consultation Policy undertaken	Ongoing	Ongoing	Formal review undertaken in 2017 Further review proposed for 2019
b.	Create a register of community consultation processes undertaken, including the date, type, methods of advertising and summaries of submissions received	Register created. Register reviewed with Community Consultation Policy and trend data or observations contribute to policy amendments	15/16	Ongoing	No action undertaken Register to commence in 2019
c.	Regularly research alternate methods of community engagement, including social media	Research leads to amendments in Community Consultation policy. Information Technology platforms expanded to cater for increased use of social media	Ongoing		Ongoing. Social media policy adopted March 2017. Facebook page and email database created in 2017. New website developed in 2018 with increased focus on interacting with the community.
d.	Training provided on interpreting and responding to community feedback, either from formal or informal consultation	Reduced occurrences of resolutions being rescinded. Reduced occurrences of petitions and large scale feedback being received following Council or Committee decisions	15/16		Training planned for late 2018 or early 2019

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

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a.	Review the Disability Access and Inclusion Plan (DAIP) on an annual basis	Review of DAIP presented to Council for endorsement	14/15	Ongoing	DAIP adopted by Council in April 2018
b.	Undertaken an audit of accessibility for all public buildings and infrastructure within the Town	Results of and recommendation from audit presented to Council for consideration	15/16	Ongoing	Access audit of Council owned and/or managed facilities completed in 2017 and used for review of DAIP Audit of Sea View Golf Club undertaken in 2018 Included in the implementation of the Foreshore Masterplan for construction of buildings along Cottesloe Foreshore
c.	Prioritise and cost improvements identified in point b. and include in the Asset Management Plan (AMP) and Long Term Financial Plan (LTFP)	AMP and LTMP amended to incorporate requirements from audit	16/17	Ongoing	Project due to start next financial year Included in the implementation of the Foreshore Masterplan
d.	Provide training and support to community groups to increase inclusive activities for seniors and people with disabilities	Training sessions provided to community organisations within Cottesloe on providing universally accessible programs and facilities	14/15	Ongoing	Training planned for November 2019
e.	Provide training to Elected Members and staff on the provision of universally accessible programs, facilities and support	Training sessions made available to elected members and provided to staff on universal access	14/15	Ongoing	Training planned for November 2019

Priority Area 2 - Achieving connectivity between east and west Cottesloe

2.1 Proactively pursue solutions for Curtin Avenue and the railway

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a.	Lobby the State Government to sink the Fremantle rail line through Cottesloe and realign Curtin Avenue	A project to sink the Fremantle rail line is announced	Ongoing		Ongoing
b.	Lobby the State Government for improvements to the Eric Street bridge, to ease traffic congestion while improving pedestrian access and safety	State Government commits funds to the project and establishes project guidelines	Ongoing		Ongoing
c.	Lobby the State Government for improvements to the Jarrad Street crossing, including the provision of grade separation	State Government commits funds to the project and establishes project guidelines	Ongoing		State Government currently reviewing all crossing locations, including Jarrad Street. Ongoing discussions with Main Roads WA for implications for the Town of Cottesloe
d.	Lobby the State Government for improvements to all local crossings, including the provision of grade separation	State Government commits funds to the project and establishes project guidelines	Ongoing		Ongoing

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

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a.	Lobby and advocate for the development of a strategic plan for railway crossings within the western suburbs	Strategic plan produced	14/15	16/17	Ongoing
b.	Produce a structure plan, in partnership with Public Transport Authority (PTA) and Department of Planning (DoP) for the railway lands within Cottesloe	Structure plan produced	14/15	16/17	Project initiated in September 2015. Discussions are ongoing Council has resolved to pursue an Activity Centre Plan for the area

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

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a.	Undertake research and analysis to strengthen the case for improved east / west connectivity including; 1. Traffic counts and studies; 2. Analysis of pedestrian use; 3. Emissions (noise and pollutants) resulting from traffic in this area.	Case study for rail-road interactivity within the Town produced	15/16	17/18	Ongoing
b.	Undertake a cost analysis of providing grade separation between rail and road within the western suburbs	A project costing for the provision of grade separation is provided for consideration	16/17		Deputation made to Minister for Transport who is currently assessing the proposal
c.	Provide an analysis of the land acquisitions required as well as the land development potential within the rail corridor	A structure plan is produced showing the net costs of land development within the Town as a result of providing rail - road separation	16/17		See 2.3 (b) above
d.	Undertake baseline environment studies (i.e. water table, drainage) and impact studies (noise) for providing grade separation within the rail corridor	Current impacts of rail line documented. Analysis of environmental factors within the rail corridor undertaken. Model created showing impacts of providing grade separation.	15/16		See 2.3 (b) above

Priority Area 3 - Enhancing beach access and the foreshore

3.1 Implement the Foreshore Renewal Masterplan in consultation with the community

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a.	Design Advisory Panel (DAP) to review the Foreshore Redevelopment Plan	Revised plan presented to Council for consideration	14/15		Foreshore Renewal Masterplan adopted. Foreshore Renewal Summary Strategy provided to the public for comment. New Masterplan to be prepared in 2019.
b.	Undertake a detailed audit of infrastructure in foreshore area to identify and prioritise required works	Audit completed and presented to Council for consideration	15/16	16/17	
c.	Identify, cost and prioritise projects within the revised Foreshore Renewal Masterplan	Detailed costings for projects available	15/16		
d.	Where appropriate seek funds from State Government for projects	Funding attained from the State Government.	15/16		Preliminary discussions held with government agencies
e.	Update Asset Management Plan and Long Term Financial Plan to incorporate projects within the Foreshore Renewal Masterplan as well as the required works from infrastructure audit	Plans updated and presented for consideration	15/16		Awaiting adoption of the Foreshore Concept Plan and costing/timetable of works
f.	Undertake baseline parking and traffic studies, to guide the development of a parking strategy and overall traffic strategy	Parking Strategy and policy presented for consideration Traffic strategy presented for consideration	15/16	2015	Completed

3.2 Continue to improve access to beach facilities

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a.	Renovate all beach access paths over a period of four years	Beach paths renovated.	15/16		Beach Access Paths Committee formed. Priority paths to be upgraded in 2018
b.	Renovate and improve public ablutions at Cottesloe Beach	Renovated facilities opened for public use.	15/16	17/18	Council sub-leased the ablutions back from the tenant in September 2018 and will consider refurbishment options in conjunction with the principal lessee
c.	Provide universal access to all facilities at Cottesloe Beach	Universal access provided to renovated facilities and beach level	16/17		Universal access path currently under construction. Expected completion date is mid December 2018
d.	Audit and improve infrastructure for public events, such as Sculpture by the Sea at Cottesloe Beach	Improved provision of events at Cottesloe Beach	Ongoing		Ongoing. Document included in the Foreshore Renewal Summary Strategy outlining infrastructure requiring short term or long term improvements

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

Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a. Undertake a review of the NAMP 2010 – 2014	NAMP revised and overall progress assessed.	14/15	2015	Complete
b. Draft and adopt a revised NAMP 2014 – 2018	Council adoption of the updated NAMP 2014/2018	14/15	2015	Complete
c. Prioritise and cost projects included in NAMP for inclusion in the Asset Management Plan and Long Term Financial Plan	Asset Management Plan and Long Term Financial Plan updated to include priorities and projects from NAMP 2014 – 2018	15/16		Ongoing

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

Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a. Assess the current Cott Cat service, and where appropriate, implement improvements	Continuation and possible extension of the Cott Cat service	14/15	17/18	Review complete, changes to the route implemented
b. Liaise with Public Transport Authority (PTA) with regards to service provision and improvements	Additional bus services are provided during peak times	15/16		Ongoing
c. Redesign the interface between Cottesloe Train Station and Forrest Street, and cost required for improvements and works	Design for the train station/Forrest Street interface approved for public consultation	16/17		Project due to start this financial year
d. Find suitable alternative parking (such as train station) to ease congestion and parking issues at Cottesloe Beach during peak times	Alternative parking stations developed and shuttle transports in place	16/17		Parking options currently being considered as part of the Foreshore masterplan process

3.5 Develop a parking strategy for the beach precinct

Actions		Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a.	Undertake an audit of current facilities within the foreshore zone	Map produced detailing all available parking, including any restrictions	15/16		Project due to start this financial year
b.	Develop a Foreshore Parking Strategy which covers beach precinct that includes; supporting infrastructure (paths, crossing points, car parks), provision of any additional bays and traffic management issues	Foreshore Parking Strategy adopted by Council	16/17		Project due to start this financial year. Local Planning Scheme No. 3 Parking Matter Policy adopted, which partially relates to this Foreshore Masterplan will consider this issue further
c.	Cost and prioritise the projects that arise out of the Foreshore Parking Strategy	Costed implementation plan produced	16/17		Project due to start this financial year
d.	Include projects from the Foreshores Parking Strategy in the Asset Management Plan and Long Term Financial Plan	Asset Management Plan and Long Term Financial Plan updated to reflect the projects required for the Foreshore Parking Strategy	17/18		Project due to start this financial year

Priority Area 4 - Managing development

4.1 Finalise Local Planning Scheme No. 3 (LPS3)

Actions		Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a.	Gazettal of the LPS3	Complete	NA	2014	Complete
b.	Initiate and complete amendments required to correct minor issues within LPS3 as Gazetted	Amendments Gazetted	14/15	2016	Complete
c.	Undertake an awareness campaign to ensure relevant parties are aware of LPS3 and the implications for land owners	Public awareness campaign completed	14/15	15/16	Complete

4.2 Implement / apply planning incentives for heritage properties

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a.	Apply the LPS3 provisions that offer concessions or variations for proposals for heritage properties	Planning concessions made available to heritage properties	14/15		Commenced
b.	Operate a heritage advisory service to assist proponents with proposals for heritage properties	Heritage advisory service available	15/16		Previous heritage advisory service ceased and now consultants used on an as needs basis
c.	Formulate a policy that offers financial incentives for heritage properties in support of planning outcomes	Policy adopted by Council	15/16		Discussions held with elected members, not supported at this stage
d.	Introduce a local heritage awards program to encourage the conservation of heritage properties	Heritage awards program commences	16/17		No action undertaken

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

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a.	Undertake an audit of Crown Land or land owned by the Town of Cottesloe that have development potential	Audit results presented to Council for consideration	15/16		Project not due to start this financial year Previous reports submitted to Council on potential land availability
b.	From the results of the audit above, prioritise available land or higher density developments	Prioritised development strategy formulated	16/17		Project not due to start this financial year
c.	Create structure plans for high priority land or development zones in partnership with the State Government	Structure plans presented to Council for consideration	17/18		Project not due to start this financial year
d.	Lobby and negotiate with relevant partners, such as the Department of Lands and LandCorp to instigate development in identified priority areas	Development begins in priority areas	17/18		Project not due to start this financial year

Priority Area 5 - Providing sustainable infrastructure and community amenities

5.1 Develop sustainability and capacity criteria to assess major strategies

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a.	Write and implement a 10 year Asset Management Plan (AMP)	AMP adopted by Council	14/15	15/16	Project commenced with Draft Plan to be presented to Council in 2019
b.	Update Long Term Financial Plan (LTFP) to include impacts from AMP	LTFP updated	15/16		Awaiting completion of the Asset Management Plan
c.	Research and develop criteria for whole of life costings and ensure criteria are used in assessment of tenders for major projects.	Criteria used to assess any new project or strategy, prior to inclusion in AMP or LTFP	16/17		Project due to start this financial year

5.2 Manage assets that have a realisable value

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a.	Finalise the sale of the former depot site at 2B Nailsworth Street, Cottesloe	Sale transaction settled	14/15	2015	Complete
b.	Update the Long Term Financial Plan (LTFP) to show the economic benefit of the sale of the former depot site	LTFP updated to show impacts of depot funds strategy	14/15	2016	Complete. The LTFP is reviewed annually to ensure it's accuracy and relevance
c.	Create a strategy for the development of the site at the corner of Station and Railway Streets in Cottesloe, which includes parking and traffic management plans	Strategy for the development of the site adopted by Council	15/16		No action undertaken
d.	Create an inventory of land and other major assets that are currently held by the Town	Inventory created	15/16	2016	Complete

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

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a.	Revise and update TCPDIIP, in consultation with stakeholders, such as ProCott	Revised plan adopted by Council	14/15	15/16	Napoleon Street has been upgraded, Station Street Place Making Strategy has been adopted and Council has resolved to pursue an Activity Centre Plan
b.	Complete streetscape improvement works within Napoleon Street	Streetscape works completed	14/15	14/15	Complete. Tree planting to replace existing trees budgeted for in 2018/19
c.	Begin negotiations with Public Transport Authority (PTA) to redevelop train station interface with the Town Centre	A design for the redevelopment of the train station/town centre interface developed	14/15	15/16	Implementation of the Station Street Place Making Strategy and formulation of an Activity Centre Plan will include this project
d.	Undertake amendments to LPS3, where necessary, to prompt development within the Town Centre Precinct	Amendments identified and initiated	14/15	15/16	Implementation of the Station Street Place Making Strategy, a future Activity Centre Plan and specific development proposals may require amendment to LPS3

5.4 Maximise income from non-rates sources

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a.	Develop a list of projects that would be capable of attracting grants and develop grant applications accordingly	Grant income increases	Ongoing		Ongoing
b.	Review lease arrangements to ensure the expenditure undertaken on leased buildings does not exceed lease payments received. Ensure commercial leases provide the most favourable return Lease payments and rents	Leases reviewed and amended when they are presented for renewal	Ongoing		Rent reviews for Indiana and Barchetta undertaken in 2017/18
c.	Ensure that fees and charges for services provided are paid in a timely fashion and that where at all possible infringements issued are collected	Ratio of outstanding debtors/ infringements reduces	Ongoing		New Debt Recovery policy to be presented to Council in 2019. Analysis of sundry and rates debtors presented to Elected Members with Monthly Financial Statement.
d.	Invest surplus funds prudently to maximise returns where possible, without risking financial assets	Rate of return on investments is improved	Ongoing	17/18	New Investment Policy adopted by Council

5.5 Develop a long term Asset Management Plan and accompanying Financial Plan

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a.	Review and improve the Long Term Financial Plan (LTFP) on an annual basis	Annual review of LTFP undertaken	Ongoing		Ongoing
b.	Implement a long term Asset Management Plan (AMP) to be reviewed annually (November each year)	AMP presented to Council for endorsement.	14/15		Project commenced with Draft Plan to be presented to Council in 2019
c.	Analyse and compare the required level of renewal and replacement against the projected level of capital expenditure to ensure asset gaps do not eventuate	Asset Consumption Ratio and Asset Sustainability Ratio are calculated and show improvement	Ongoing		Ongoing
d.	Review asset 'service levels' and 'rating strategies' to ensure the expected level of service is achievable under the current rating levels	Asset Consumption Ratio and Asset Sustainability Ratio are calculated and show improvement	Ongoing		Ongoing

Priority Area 6 - Providing open and accountable local governance

6.1 Ongoing implementation of Council's community consultation policy

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a.	Ensure that where relevant, Council's final consideration of major issues follows appropriate community consultation	Appropriate consultation undertaken	Ongoing		Ongoing
b.	Community Consultation Policy regularly reviewed	Regular reviews provided to Council for consideration	Ongoing	Ongoing	Reviewed in 2017 with further review planned for 2019
c.	Strategic Community Plan reviewed on a regular basis, ensuring community involvement during the review	Strategic Community Plan regularly reviewed	Ongoing	Ongoing	Next review planned for 2020

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

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a.	Ongoing provision of training and development for staff as well as membership of relevant associations	Highly skilled and supported staff available to guide and advise Council	Ongoing	Ongoing	Ongoing
b.	Ongoing provision of study leave for relevant professional development	Highly skilled and supported staff available to guide and advise Council	Ongoing		Study Leave available as per Council Policy
c.	Implement a customised elected member training and development program	Increased confidence in decision making skills and procedural awareness of elected members	Ongoing		Ongoing
d.	Undertake a cost analysis of significant decisions made that vary or amend projects	Increased awareness of the cost of making decisions that alter the current state of projects	Ongoing		Ongoing



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

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a.	Scope, design and implement a Customer Relationship Management (CRM) system	Customer Relationship Management system in place and providing relevant reporting data	15/16	17/18	Project completed
b.	Undertake a review of the current core operating systems to identify and prioritise areas for improvement	A full review of the core operating system is complete and a prioritised list of improvements presented	18/19		Funding for Information technology Strategic review to be requested in January 2019 Budget Review
c.	Develop a specification for the core systems required by the Town of Cottesloe	A specification for core operating systems is available for tender purposes	19/20		To be developed with Strategic Review (see 6.3b)
d.	Using the results of b. and c. - implement core systems that best meet the needs of the Town's administration and elected council	Improvements in processing time and reporting capability are able to be documented	19/20		To be implemented with Strategic Review (see 6.3b)

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

	Actions	Success Indicator	Project Start	Year of delivery	Progress in year ended 30 June 2017
a.	Processes in place to educate community on impending changes	Relevant information on any change freely available to residents and ratepayers	Ongoing		Ongoing
b.	Ensure that information on any major change or project is freely available via the Town's website, notice boards or from administration	Relevant information on any change freely available to residents and ratepayers	Ongoing		Ongoing Use of social media (Facebook and email database) has been implemented New website has improved functionality for users to find this information
c.	Regularly review administration structure and service delivery models to ensure they are as up to date as possible	Administration structure and services offered are modern and meet the needs of the community	Ongoing		Ongoing



FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2018



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**FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Town of Cottesloe for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the Town of Cottesloe at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the

4th

day of

DECEMBER

2018



Mathew Humfrey
Chief Executive Officer

TOWN OF COTTESLOE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Rates	24	10,006,569	9,764,380	9,568,218
Operating grants, subsidies and contributions	2(a)	349,167	222,324	553,890
Fees and charges	2(a)	2,205,369	1,832,797	1,939,625
Interest earnings	2(a)	422,532	330,129	412,095
Other revenue	2(a)	168,957	142,316	233,808
		<u>13,152,594</u>	<u>12,291,946</u>	<u>12,707,636</u>
Expenses				
Employee costs		(4,182,143)	(4,291,588)	(4,014,095)
Materials and contracts		(4,400,526)	(4,921,284)	(3,905,594)
Utility charges		(379,514)	(352,945)	(329,045)
Depreciation on non-current assets	10(b)	(2,146,741)	(1,903,230)	(2,202,632)
Interest expenses	2(b)	(274,272)	(281,108)	(298,876)
Insurance expenses		(139,911)	(175,098)	(182,068)
Other expenditure		(1,524,033)	(987,752)	(1,038,422)
		<u>(13,047,140)</u>	<u>(12,913,005)</u>	<u>(11,970,732)</u>
		105,454	(621,059)	736,904
Non-operating grants, subsidies and contributions	2(a)	95,026	0	506,150
Profit on asset disposals	10(a)	3,157	0	3,221
(Loss) on asset disposals	10(a)	(15,553)	0	(18,432)
Share of (loss)/profit in associate	7	(212,205)	0	27,745
(Loss) on revaluation of Infrastructure - Streetscape	9(b)	(155,605)	0	0
(Loss) on revaluation of Infrastructure - Irrigation	9(b)	(74,895)	0	0
Net result		(254,621)	(621,059)	1,255,588
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	(5,457,900)	0	39,206,580
Total other comprehensive income		(5,457,900)	0	39,206,580
Total comprehensive income		(5,712,521)	(621,059)	40,462,168

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 2018

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
Revenue				
	2(a)			
Governance		21,547	31,700	60,318
General purpose funding		10,739,845	10,264,083	10,436,335
Law, order, public safety		68,024	30,300	61,714
Health		102,761	94,200	109,354
Education and welfare		35,111	29,115	30,245
Community amenities		509,009	560,300	609,886
Recreation and culture		512,898	368,689	383,437
Transport		921,499	768,000	814,970
Economic services		241,349	145,059	176,626
Other property and services		551	500	24,751
		<u>13,152,594</u>	<u>12,291,946</u>	<u>12,707,636</u>
Expenses				
	2(a)			
Governance		(758,732)	(779,898)	(837,417)
General purpose funding		(317,438)	(312,465)	(218,317)
Law, order, public safety		(301,677)	(322,880)	(293,957)
Health		(227,880)	(234,028)	(221,629)
Education and welfare		(753,388)	(280,058)	(260,165)
Community amenities		(3,283,827)	(3,564,837)	(2,979,920)
Recreation and culture		(3,485,484)	(3,459,976)	(3,456,407)
Transport		(3,226,539)	(3,280,637)	(3,035,149)
Economic services		(417,903)	(387,118)	(343,635)
Other property and services		0	(10,000)	(25,260)
		<u>(12,772,868)</u>	<u>(12,631,897)</u>	<u>(11,671,856)</u>
Finance Costs				
	2(a)			
Governance		0	(100)	(33)
Recreation and culture		(274,272)	(281,008)	(298,843)
		<u>(274,272)</u>	<u>(281,108)</u>	<u>(298,876)</u>
		105,454	(621,059)	736,904
Non-operating grants, subsidies and contributions	2(a)	95,026	0	506,150
Profit on disposal of assets	10(a)	3,157	0	3,221
(Loss) on disposal of assets	10(a)	(15,553)	0	(18,432)
Share of (loss)/profit in associate	7	(212,205)	0	27,745
(Loss) on revaluation of Infrastructure - Streetscape	9(b)	(155,605)	0	0
(Loss) on revaluation of Infrastructure - Irrigation	9(b)	(74,895)	0	0
		<u>(360,075)</u>	<u>0</u>	<u>518,684</u>
Net result		(254,621)	(621,059)	1,255,588
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	(5,457,900)	0	39,206,580
Total other comprehensive income		(5,457,900)	0	39,206,580
Total comprehensive income		(5,712,521)	(621,059)	40,462,168

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

TOWN OF COTTESLOE
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018

	NOTE	2018	2017
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	13,655,328	12,715,611
Trade and other receivables	5	674,569	1,172,360
Inventories	6	36,809	37,437
TOTAL CURRENT ASSETS		14,366,706	13,925,408
NON-CURRENT ASSETS			
Other receivables	5	626,419	673,399
Investment Accounted for using the Equity Method	7	837,050	1,049,255
Property, plant and equipment	8	84,795,024	85,206,386
Infrastructure	9	36,434,356	42,472,921
TOTAL NON-CURRENT ASSETS		122,692,849	129,401,961
TOTAL ASSETS		137,059,555	143,327,369
CURRENT LIABILITIES			
Trade and other payables	12	773,433	748,217
Current portion of long term borrowings	13	475,390	449,332
Provisions	14	819,320	942,744
TOTAL CURRENT LIABILITIES		2,068,143	2,140,293
NON-CURRENT LIABILITIES			
Long term borrowings	13	3,744,012	4,219,401
Provisions	14	76,058	83,812
TOTAL NON-CURRENT LIABILITIES		3,820,070	4,303,213
TOTAL LIABILITIES		5,888,213	6,443,506
NET ASSETS		131,171,342	136,883,863
EQUITY			
Retained surplus		28,688,578	29,255,879
Reserves - cash backed	4	11,086,361	10,773,681
Revaluation surplus	11	91,396,403	96,854,303
TOTAL EQUITY		131,171,342	136,883,863

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 2018**

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2016		28,053,996	10,719,976	57,647,723	96,421,695
Comprehensive income					
Net result		1,255,588	0	0	1,255,588
Changes on revaluation of assets	11	0	0	39,206,580	39,206,580
Total comprehensive income		1,255,588	0	39,206,580	40,462,168
Transfers from/(to) reserves		(53,705)	53,705	0	0
Balance as at 30 June 2017		29,255,879	10,773,681	96,854,303	136,883,863
Comprehensive income					
Net result		(254,621)	0	0	(254,621)
Changes on revaluation of assets	11	0	0	(5,457,900)	(5,457,900)
Total comprehensive income		(254,621)	0	(5,457,900)	(5,712,521)
Transfers from/(to) reserves		(312,680)	312,680	0	0
Balance as at 30 June 2018		28,688,578	11,086,361	91,396,403	131,171,342

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 2018

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		10,108,367	9,764,380	9,410,128
Operating grants, subsidies and contributions		739,797	222,324	49,299
Fees and charges		2,205,369	1,832,797	1,939,625
Interest earnings		422,532	330,129	412,095
Goods and services tax		650,495	670,000	641,373
Other revenue		168,957	142,316	261,553
		14,295,517	12,961,946	12,714,073
Payments				
Employee costs		(4,366,419)	(4,291,588)	(3,908,126)
Materials and contracts		(4,314,849)	(4,776,926)	(3,922,769)
Utility charges		(379,514)	(352,945)	(329,045)
Interest expenses		(281,007)	(281,108)	(305,343)
Insurance expenses		(139,911)	(175,098)	(182,068)
Goods and services tax		(650,514)	(670,000)	(596,804)
Other expenditure		(1,524,035)	(987,752)	(1,066,168)
		(11,656,249)	(11,535,417)	(10,310,323)
Net cash provided by (used in) operating activities	15	2,639,268	1,426,529	2,403,750
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(405,698)	(1,790,790)	(1,338,950)
Payments for construction of infrastructure		(1,112,400)	(2,359,357)	(779,646)
Non-operating grants, subsidies and contributions		95,026	500,000	506,150
Proceeds from sale of fixed assets		120,488	181,750	139,257
Net cash provided by (used in) investment activities		(1,302,584)	(3,468,397)	(1,473,189)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings		(449,331)	(449,333)	(424,627)
Proceeds from self supporting loans		52,364	55,869	50,091
Net cash provided by (used in) financing activities		(396,967)	(393,464)	(374,536)
Net increase (decrease) in cash held		939,717	(2,435,332)	556,025
Cash at beginning of year		12,715,611	12,107,114	12,159,586
Cash and cash equivalents at the end of the year	15	13,655,328	9,671,782	12,715,611

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

TOWN OF COTTESLOE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)		2,351,146	1,209,218	1,187,268
		2,351,146	1,209,218	1,187,268
Revenue from operating activities (excluding rates)				
Governance		21,547	31,700	60,477
General purpose funding		733,276	499,703	868,117
Law, order, public safety		68,024	30,300	61,714
Health		102,761	94,200	109,354
Education and welfare		35,111	29,115	30,245
Community amenities		510,903	560,300	637,631
Recreation and culture		514,161	368,689	386,499
Transport		921,499	768,000	814,970
Economic services		241,349	145,059	176,626
Other property and services		551	500	24,751
		3,149,182	2,527,566	3,170,384
Expenditure from operating activities				
Governance		(764,286)	(779,998)	(837,450)
General purpose funding		(317,438)	(312,465)	(218,317)
Law, order, public safety		(301,677)	(322,880)	(293,957)
Health		(227,880)	(234,028)	(221,629)
Education and welfare		(753,388)	(280,058)	(260,165)
Community amenities		(3,501,180)	(3,564,837)	(2,979,920)
Recreation and culture		(3,759,848)	(3,740,984)	(3,766,568)
Transport		(3,226,539)	(3,280,637)	(3,041,790)
Economic services		(412,896)	(387,118)	(343,635)
Other property and services		(240,267)	(10,000)	(25,733)
		(13,505,399)	(12,913,005)	(11,989,164)
Operating activities excluded				
(Profit) on disposal of assets	10(a)	(3,157)	0	(3,221)
Loss on disposal of assets	10(a)	15,553	0	18,432
Loss on revaluation of fixed assets	8(b)&9(b)	230,500	0	0
Share or (loss)/profit in associate	7	212,205	0	(27,745)
Movement in deferred pensioner rates (non-current)		(7,650)	0	15,886
Movement in employee benefit provisions		(131,178)	0	109,886
Depreciation on assets	10(b)	2,146,741	1,903,230	2,202,632
Amount attributable to operating activities		(5,542,057)	(7,272,991)	(5,315,642)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		95,026	0	506,150
Proceeds from disposal of assets	10(a)	120,488	181,750	139,257
Purchase of property, plant and equipment	8(b)	(405,698)	(1,790,790)	(1,338,950)
Purchase and construction of infrastructure	9(b)	(1,112,400)	(2,359,357)	(779,646)
Amount attributable to investing activities		(1,302,584)	(3,968,397)	(1,473,189)
FINANCING ACTIVITIES				
Repayment of long term borrowings	13(a)	(449,331)	(449,333)	(424,627)
Proceeds from self supporting loans	13(a)	52,364	55,869	50,091
Transfers to reserves (restricted assets)	4	(1,308,095)	(216,785)	(1,058,942)
Transfers from reserves (restricted assets)	4	995,415	2,087,257	1,005,237
Amount attributable to financing activities		(709,647)	1,477,008	(428,241)
Deficiency before general rates		(7,554,288)	(9,764,380)	(7,217,072)
Total amount raised from general rates	24	10,006,569	9,764,380	9,568,218
Net current assets at June 30 c/fwd - surplus/(deficit)	25	2,452,281	0	2,351,146

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 2018

1 BASIS OF PREPARATION

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears on Note 27 to these financial statements.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

2 REVENUE AND EXPENSES

(a) Revenue	2018	2017
	Actual	Actual
	\$	\$
Significant revenue		
Education and Welfare (see note below)	0	500,000
Other revenue		
Reimbursements and recoveries	146,878	162,538
Other	22,079	71,270
	<u>168,957</u>	<u>233,808</u>

Note

The significant revenue in 2017 relates to grant funding towards a road/car park project as disclosed in non operating contributions in the Statement of Comprehensive Income by Nature and Type.

Fees and Charges

General purpose funding	42,887	41,519
Law, order, public safety	42,905	48,268
Health	87,607	90,126
Education and welfare	22,861	22,693
Community amenities	478,925	522,011
Recreation and culture	453,677	295,479
Transport	836,997	744,759
Economic services	239,510	174,770
	<u>2,205,369</u>	<u>1,939,625</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 2018

2 REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Grant Revenue

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

	2018	2017
	\$	\$
Operating grants, subsidies and contributions		
Governance	4,000	20,000
General purpose funding	270,510	416,862
Law, order, public safety	0	900
Community amenities	22,738	65,655
Recreation and culture	17,337	26,485
Transport	34,582	23,988
	<u>349,167</u>	<u>553,890</u>
Non-operating grants, subsidies and contributions		
Education and welfare	0	500,000
Recreation and culture	92,091	6,150
Transport	2,935	0
	<u>95,026</u>	<u>506,150</u>
Total grants, subsidies and contributions	<u>444,193</u>	<u>1,060,040</u>

SIGNIFICANT ACCOUNTING POLICIES

Grants, Donations and Other Contributions

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over

Grants, Donations and Other Contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 23. 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 period.

	2018	2018	2017
	Actual	Budget	Actual
	\$	\$	\$
Interest earnings			
- Reserve funds	252,109	182,849	263,614
- Other funds	83,611	92,280	73,322
Other interest revenue (refer note 24)	86,812	55,000	75,159
	<u>422,532</u>	<u>330,129</u>	<u>412,095</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

2 REVENUE AND EXPENSES (Continued)

(b) Expenses	2018	2017
	\$	\$
Significant expense		
Legal expenses - Recreation and Culture (see note below)	0	203,518
Auditors remuneration		
- Audit of the Annual Financial Report	36,000	16,563
- Other services	2,000	3,250
	<u>38,000</u>	<u>19,813</u>
Interest expenses (finance costs)		
Long term borrowings (refer Note 13(a))	274,272	298,843
Other	0	33
	<u>274,272</u>	<u>298,876</u>

Note

In 2017, the legal expenses noted above were incurred as part of a lease dispute.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

3 CASH AND CASH EQUIVALENTS	NOTE	2018 \$	2017 \$
Unrestricted		2,564,937	1,425,506
Restricted		11,090,391	11,290,105
		13,655,328	12,715,611
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	4	95,675	190,582
Civic Centre Reserve	4	352,992	343,954
Waste Management Reserve	4	602,485	440,743
Parking Reserve	4	11,194	10,903
Property Reserve	4	373,601	411,841
Infrastructure Reserve	4	721,922	611,690
Unspent Grants/Funds Reserve	4	183,910	0
Legal Reserve	4	164,122	159,850
Parking Facilities Reserve	4	166,841	163,454
Library Reserve	4	35,656	47,378
Sustainability Reserve	4	159,937	155,842
Depot Funds Reserve	4	7,420,513	7,601,318
Right of Way Reserve	4	17,607	10,428
Public Open Space Reserve	4	642,565	625,698
Sculpture and Artworks Reserve	4	124,388	0
Car Park Reserve	4	12,953	0
Unspent grants	23	4,030	516,424
		11,090,391	11,290,105

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of

Cash and cash equivalents (Continued)

cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

4 RESERVES - CASH BACKED

	2018		2018		2018		2018		2018		2017		2017	
	Actual	Actual	Actual	Transfer	Budget	Transfer	Budget	Transfer	Budget	Actual	Actual	Actual	Transfer	Actual
	Opening	Transfer	Transfer	(from)	Opening	to	Opening	(from)	Closing	Opening	Transfer	Opening	to	Closing
	Balance	to	to	to	Balance	to	Balance	to	Balance	Balance	to	Balance	to	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave Reserve	190,582	5,093	(100,000)	95,675	190,618	5,242	0	0	195,860	185,516	5,066	0	0	190,582
Civic Centre Reserve	343,954	9,038	0	352,992	338,489	9,308	0	0	347,797	281,235	62,719	0	0	343,954
Waste Management Reserve	440,743	161,742	0	602,485	440,594	11,550	0	0	452,144	282,817	157,926	0	0	440,743
Area Improvement Reserve	0	0	0	0	0	0	0	0	0	1	0	0	(1)	0
Parking Reserve	10,903	291	0	11,194	10,905	300	0	0	11,205	10,613	290	0	0	10,903
Property Reserve	411,841	9,760	(48,000)	373,601	411,917	11,328	(48,000)	0	375,245	400,892	10,949	0	0	411,841
Infrastructure Reserve	611,690	110,232	0	721,922	610,494	46,668	(260,000)	0	397,162	282,719	328,971	0	0	611,690
Unspent Grants/Funds Reserve	0	183,910	0	183,910	0	0	0	0	0	273	6	(279)	0	0
Legal Reserve	159,850	4,272	0	164,122	159,880	4,397	0	0	164,277	155,601	4,249	0	0	159,850
Parking Facilities Reserve	163,454	3,387	0	166,841	163,484	4,496	0	0	167,980	159,109	4,345	0	0	163,454
Library Reserve	47,378	1,074	(12,796)	35,656	47,378	0	0	0	47,378	47,378	0	0	0	47,378
Sustainability Reserve	155,842	4,095	0	159,937	153,438	4,220	0	0	157,658	115,634	40,208	0	0	155,842
Depot Funds Reserve	7,601,318	153,814	(334,619)	7,420,513	7,553,161	101,179	(1,749,257)	0	5,905,083	8,178,972	427,303	(1,004,957)	0	7,601,318
Right of Way Reserve	10,428	7,179	0	17,607	10,430	287	0	0	10,717	10,151	277	0	0	10,428
Public Open Space Reserve	625,698	16,867	0	642,565	625,814	17,210	0	0	643,024	609,065	16,633	0	0	625,698
Sculpture and Artworks Reserve	0	124,388	0	124,388	83,000	600	(30,000)	0	53,600	0	0	0	0	0
Car Park Reserve	0	512,953	(500,000)	12,953	500,000	0	0	0	500,000	0	0	0	0	0
	10,773,681	1,308,095	(995,415)	11,086,361	11,299,602	216,785	(2,087,257)	0	9,429,130	10,719,976	1,058,942	(1,005,237)	0	10,773,681

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.

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

5 TRADE AND OTHER RECEIVABLES

	2018	2017
	\$	\$
Current		
Rates outstanding	129,448	238,896
Sundry debtors	717,130	1,037,290
GST receivable	0	(21)
Loans receivable - clubs/institutions	54,631	52,365
Provision for Doubtful Debts	(228,616)	(193,165)
Accrued Income	1,636	36,350
Other Tax Debtors	340	645
	674,569	1,172,360
Non-current		
Rates outstanding - pensioners	171,258	163,608
Loans receivable - clubs/institutions	455,161	509,791
	626,419	673,399

Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

Rates outstanding

Includes:

Past due and not impaired

- 1 to 5 years	129,448	238,896
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Sundry debtors

Includes:

Past due and not impaired

- up to 1 month	13,992	21,155
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- 1 to 3 months	58,991	80,132
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- 3 months to 1 year	91,711	81,179
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- 1 to 5 years	80,128	81,180
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Impaired	228,616	193,165
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SIGNIFICANT ACCOUNTING POLICIES

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.

Classification and subsequent measurement

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.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

6 INVENTORIES

	<u>2018</u>	<u>2017</u>
	\$	\$
Current		
History Books	36,809	37,437
	<u>36,809</u>	<u>37,437</u>

SIGNIFICANT ACCOUNTING POLICIES

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.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

7 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	2018	2017
	\$	\$
(a) Retained Earnings attributable to interest in associate:		
Balance at the beginning of the financial year	448,446	432,666
Net Transfers (to)/from reserves	70,146	(11,965)
Share of profit/(loss) from ordinary activities	(212,205)	27,745
Balance at the end of the financial year:	<u>306,387</u>	<u>448,446</u>
(b) Carrying amount of investment in associate:		
Balance at the beginning of the financial year	1,049,255	1,021,510
Share of profit/(loss) from ordinary activities	(212,205)	27,745
Balance at the end of the financial year:	<u>837,050</u>	<u>1,049,255</u>
(c) Western Metropolitan Regional Council (WMRC) summarised financial position		
Current Assets	3,414,296	3,986,978
Non-current Assets	2,240,726	2,451,376
Total Assets	<u>5,655,022</u>	<u>6,438,354</u>
Current Liabilities	976,324	574,673
Non-current liabilities	12,867	14,992
Total liabilities	<u>989,191</u>	<u>589,665</u>
Net Assets	4,665,831	5,848,689
Town's share of equity (17.94%)	<u>837,050</u>	<u>1,049,255</u>

SIGNIFICANT ACCOUNTING POLICIES

Investment in associates

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

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in associates (Continued)

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

8(a) PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	\$	\$
Land and buildings		
Land - freehold land at:		
- Independent valuation 2017 - level 2	54,452,000	54,452,000
	<u>54,452,000</u>	<u>54,452,000</u>
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 2	1,560,000	1,560,000
	<u>1,560,000</u>	<u>1,560,000</u>
Total land	<u>56,012,000</u>	<u>56,012,000</u>
Buildings - specialised at:		
- Independent valuation 2017 - level 3	28,047,974	28,023,982
- Additions after valuations - cost	119,667	0
Less: accumulated depreciation	(546,504)	0
	<u>27,621,137</u>	<u>28,023,982</u>
Total buildings	<u>27,621,137</u>	<u>28,023,982</u>
Total land and buildings	<u>83,633,137</u>	<u>84,035,982</u>
Furniture and equipment at:		
- Management valuation 2016 - level 3	187,116	187,116
- Additions after valuations - cost	238,970	130,350
Less: accumulated depreciation	(101,424)	(49,569)
	<u>324,662</u>	<u>267,897</u>
Plant and equipment at:		
- Management valuation 2016 - level 2	373,766	529,205
- Management valuation 2016 - level 3	7,575	13,088
- Additions after valuations - cost	505,636	332,676
Less: accumulated depreciation	(175,618)	(107,231)
	<u>711,359</u>	<u>767,738</u>
Plant and equipment - Library at:		
- Management valuation 2016 - level 2 - Combined Library	7,644	7,644
Less: accumulated depreciation	(2,548)	0
	<u>5,096</u>	<u>7,644</u>
Furniture and equipment - Library at:		
- Management valuation 2016 - level 3 - Combined Library	127,125	127,125
Less: accumulated depreciation	(6,355)	0
	<u>120,770</u>	<u>127,125</u>
Total property, plant and equipment	<u>84,795,024</u>	<u>85,206,386</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

8 PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - specialised	Total buildings and buildings	Total land and buildings	Furniture and equipment	Plant and equipment - Library	Furniture and equipment - Library	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	15,916,070	1,500,000	17,416,070	27,148,834	27,148,834	44,564,904	187,116	7,644	127,125	45,583,552
Additions	0	0	0	875,925	875,925	875,925	130,350	0	0	1,338,950
(Disposals)	0	0	0	0	0	0	0	0	0	(154,468)
Revaluation increments/ (decrements) transferred to revaluation surplus	38,535,930	60,000	38,595,930	610,650	610,650	39,206,580	0	0	0	39,206,580
Depreciation (expense)	0	0	0	(611,427)	(611,427)	(611,427)	(49,569)	0	0	(768,228)
Carrying amount at 30 June 2017	54,452,000	1,560,000	56,012,000	28,023,982	28,023,982	84,035,982	267,897	7,644	127,125	85,206,386
Additions	0	0	0	119,667	119,667	119,667	108,620	0	0	405,698
(Disposals)	0	0	0	0	0	0	0	0	0	(132,884)
Revaluation increments/ (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	0	0	0
Revaluation (loss)/ reversals transferred to profit or loss	0	0	0	0	0	0	0	0	0	0
Depreciation (expense)	0	0	0	(522,512)	(522,512)	(522,512)	(51,855)	(2,548)	(6,355)	(684,176)
Carrying amount at 30 June 2018	54,452,000	1,560,000	56,012,000	27,621,137	27,621,137	83,633,137	324,662	5,096	120,770	84,795,024

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

8 PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar items	Independent registered valuers	June 2017	Price per hectare
Land - vested in and under the control of Council	2	Market approach using recent observable market data for similar items	Independent registered valuers	June 2017	Price per hectare
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment					
	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment					
- Management valuation 2016	2	Market approach using recent observable market data for similar items	Management Valuation	June 2016	Price per item
- Management valuation 2016	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

Land at the Wearne Hostel, Cottesloe Civic Centre and Cottesloe Rugby Club has been valued at replacement cost, which would involve the acquisition of freehold residential land and hence is effectively valued on a highest and best use basis, which differs from its current use.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

9 (a). INFRASTRUCTURE	2018	2017
	\$	\$
Infrastructure - Roads		
- Management valuation 2015 - level 3	0	32,944,731
- Management valuation 2018 - level 3	27,708,243	0
- Additions after valuations - cost	0	306,994
Less: accumulated depreciation	(12,829,065)	(8,831,952)
	<u>14,879,178</u>	<u>24,419,773</u>
Infrastructure - Car Parks		
- Management valuation 2015 - level 3	0	3,160,009
- Management valuation 2018 - level 3	2,852,828	0
- Additions after valuations - cost	0	116,610
Less: accumulated depreciation	(1,702,771)	(663,107)
	<u>1,150,057</u>	<u>2,613,512</u>
Infrastructure - Footpaths		
- Management valuation 2015 - level 3	0	6,941,566
- Management valuation 2018 - level 3	9,561,030	0
- Additions after valuations - cost	0	289,064
Less: accumulated depreciation	(4,086,366)	(3,690,011)
	<u>5,474,664</u>	<u>3,540,619</u>
Infrastructure - Drainage		
- Management valuation 2015 - level 3	0	6,291,340
- Management valuation 2018 - level 3	7,478,493	0
- Additions after valuations - cost	0	30,808
Less: accumulated depreciation	(2,384,970)	(1,572,100)
	<u>5,093,523</u>	<u>4,750,048</u>
Infrastructure - Parks		
- Management valuation 2015 - level 3	0	1,776,816
- Management valuation 2018 - level 3	2,467,850	0
- Additions after valuations - cost	0	289,849
Less: accumulated depreciation	(265,267)	(548,092)
	<u>2,202,583</u>	<u>1,518,573</u>
Infrastructure - Miscellaneous		
- Management valuation 2015 - level 3	0	3,430,613
- Management valuation 2018 - level 3	9,807,282	0
- Additions after valuations - cost	0	203,055
Less: accumulated depreciation	(3,951,062)	(1,577,632)
	<u>5,856,220</u>	<u>2,056,036</u>
Infrastructure - Streetscape		
- Management valuation 2015 - level 3	0	792,340
- Management valuation 2018 - level 3	808,143	0
- Additions after valuations - cost	0	293,209
Less: accumulated depreciation	(250,565)	(386,958)
	<u>557,578</u>	<u>698,591</u>
Infrastructure - Right of Way		
- Management valuation 2015 - level 3	0	2,320,651
- Management valuation 2018 - level 3	1,861,683	0
- Additions after valuations - cost	0	286,993
Less: accumulated depreciation	(824,835)	(711,618)
	<u>1,036,848</u>	<u>1,896,026</u>
Infrastructure - Irrigation		
- Management valuation 2015 - level 3	0	1,171,080
- Management valuation 2018 - level 3	207,803	0
- Additions after valuations - cost	0	49,439
Less: accumulated depreciation	(24,098)	(240,776)
	<u>183,705</u>	<u>979,743</u>
Total infrastructure	<u>36,434,356</u>	<u>42,472,921</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

9 INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Car Parks	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks	Infrastructure - Miscellaneous	Infrastructure - Streetscape	Infrastructure - Right of Way	Infrastructure - Irrigation	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	25,051,278	2,701,747	3,606,971	4,824,725	1,427,637	2,032,157	664,933	1,835,854	982,377	43,127,679
Additions	65,061	81,929	123,237	16,012	156,264	111,928	81,692	116,505	27,018	779,646
Depreciation (expense)	(696,566)	(170,164)	(189,589)	(90,689)	(65,328)	(88,049)	(48,034)	(56,333)	(29,652)	(1,434,404)
Carrying amount at 30 June 2017	24,419,773	2,613,512	3,540,619	4,750,048	1,518,573	2,056,036	698,591	1,896,026	979,743	42,472,921
Additions	21,156	61,077	159,750	29,329	159,052	456,915	67,206	137,301	20,614	1,112,400
Revaluation increments/(decrements) transferred to revaluation surplus	(8,861,744)	(1,362,004)	1,966,660	405,724	599,971	3,438,415	0	(933,594)	(711,328)	(5,457,900)
Revaluation (loss)/ reversals transferred to profit or loss	0	0	0	0	0	0	(155,605)	0	(74,895)	(230,500)
Depreciation (expense)	(700,007)	(162,528)	(192,365)	(91,578)	(75,013)	(95,146)	(52,614)	(62,885)	(30,429)	(1,462,565)
Carrying amount at 30 June 2018	14,879,178	1,150,057	5,474,664	5,093,523	2,202,583	5,856,220	557,578	1,036,848	183,705	36,434,356

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

9 INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Car Parks	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Parks	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Miscellaneous	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Streetscape	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Right of Way	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Irrigation	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

10 FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

Land under control

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in *Australian Accounting Standard AASB 1051 Land Under Roads* and the fact *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

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

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

10 FIXED ASSETS (Continued)

(a) Disposals of Assets

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Plant and Equipment								
Governance								
Passenger Vehicle	28,325	23,400	0	(4,925)	25,000	25,000	0	0
Passenger Vehicle	12,756	12,127	0	(629)	8,000	8,000	0	0
Community amenities								
Passenger Vehicle	21,272	23,166	1,894	0	18,000	18,000	0	0
Passenger Vehicle	16,859	13,236	0	(3,623)	18,000	18,000	0	0
Passenger Vehicle	19,290	17,763	0	(1,527)	18,000	18,000	0	0
Recreation and culture								
Small Plant	292	200	0	(92)	250	250	0	0
Small Plant	124	272	148	0	250	250	0	0
Small Plant	104	364	260	0	250	250	0	0
Small Plant	103	159	56	0	250	250	0	0
Small Plant	103	200	97	0	250	250	0	0
Ride on Mower	15,498	16,200	702	0	7,000	7,000	0	0
Transport								
Truck (did not proceed with disposal)	0	0	0	0	30,000	30,000	0	0
Truck (did not proceed with disposal)	0	0	0	0	20,000	20,000	0	0
Ranger vehicle (did not proceed with disposal)	0	0	0	0	17,000	17,000	0	0
Economic services								
Passenger Vehicle	15,750	11,854	0	(3,896)	18,000	18,000	0	0
Other property and services								
Small Plant	565	387	0	(178)	400	400	0	0
Small Plant	565	387	0	(178)	300	300	0	0
Small Plant	639	387	0	(252)	400	400	0	0
Small Plant	639	386	0	(253)	400	400	0	0
	132,884	120,488	3,157	(15,553)	181,750	181,750	0	0

(b) Depreciation

	2018	2017
	\$	\$
Buildings - specialised	522,512	611,427
Furniture and equipment	51,855	49,569
Plant and equipment	100,906	107,232
Plant and equipment - Library	2,548	0
Furniture and equipment - Library	6,355	0
Infrastructure - Roads	700,007	696,566
Infrastructure - Car Parks	162,528	170,164
Infrastructure - Footpaths	192,365	189,589
Infrastructure - Drainage	91,578	90,689
Infrastructure - Parks	75,013	65,328
Infrastructure - Miscellaneous	95,146	88,049
Infrastructure - Streetscape	52,614	48,034
Infrastructure - Right of Way	62,885	56,333
Infrastructure - Irrigation	30,429	29,652
	2,146,741	2,202,632

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

10 FIXED ASSETS (Continued)

(b) Depreciation (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

Depreciation rates

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

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

Depreciation (Continued)

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.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

11 REVALUATION SURPLUS

	2018			2018			2017		
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Movement on Revaluation	Closing Balance	Opening Balance	Revaluation Increment	Total Movement on Revaluation	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus -Land - freehold land	53,676,338	0	0	0	53,676,338	15,140,408	38,535,930	38,535,930	53,676,338
Revaluation surplus -Land - vested in and under the control of Council	60,000	0	0	0	60,000	0	60,000	60,000	60,000
Revaluation surplus -Buildings - specialised	14,225,902	0	0	0	14,225,902	13,615,252	610,650	610,650	14,225,902
Revaluation surplus -Furniture and equipment	3,251	0	0	0	3,251	3,251	0	0	3,251
Revaluation surplus -Plant and equipment	98,670	0	0	0	98,670	98,670	0	0	98,670
Revaluation Surplus - Combined Library - Plant and equipment	(1,983)	0	0	0	(1,983)	(1,983)	0	0	(1,983)
Revaluation Surplus - Combined Library - Furniture and equipment	125,979	0	0	0	125,979	125,979	0	0	125,979
Revaluation surplus - Infrastructure - Roads	19,475,491	0	(8,861,744)	(8,861,744)	10,613,747	19,475,491	0	0	19,475,491
Revaluation surplus - Infrastructure - Car Parks	2,049,099	0	(1,362,004)	(1,362,004)	687,095	2,049,099	0	0	2,049,099
Revaluation surplus - Infrastructure - Footpaths	1,322,265	1,966,660	0	1,966,660	3,288,925	1,322,265	0	0	1,322,265
Revaluation surplus - Infrastructure - Drainage	1,422,364	405,724	0	405,724	1,828,088	1,422,364	0	0	1,422,364
Revaluation surplus - Infrastructure - Parks	1,180,311	599,971	0	599,971	1,780,282	1,180,311	0	0	1,180,311
Revaluation surplus - Infrastructure - Miscellaneous	1,117,632	3,438,415	0	3,438,415	4,556,047	1,117,632	0	0	1,117,632
Revaluation surplus - Infrastructure - Right of Way	1,387,656	0	(933,594)	(933,594)	454,062	1,387,656	0	0	1,387,656
Revaluation surplus - Infrastructure - Irrigation	711,328	0	(711,328)	(711,328)	0	711,328	0	0	711,328
	96,854,303	6,410,770	(11,868,670)	(5,457,900)	91,396,403	57,647,723	39,206,580	39,206,580	96,854,303

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

12 TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
Current		
Sundry creditors	630,940	545,891
Accrued interest on long term borrowings	73,465	80,200
Accrued salaries and wages	43,655	44,072
ATO liabilities	25,373	78,054
	773,433	748,217

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Town prior to the end of the financial year that are unpaid and arise when the Town becomes obliged to make future payments in respect

Trade and other payables (Continued)

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 2018

13 INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

Particulars	Interest Rate %	Principal 1 July 2017 \$	New Loans \$	Principal Repayments		Principal 30 June 2018		Interest Repayments	
				Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation and culture									
Loan 106	5.25%	389,512	0	189,711	189,711	199,801	199,801	15,570	17,992
Loan 107	6.51%	3,779,718	0	203,753	203,753	3,575,965	3,575,965	238,940	242,797
		4,169,230	0	393,464	393,464	3,775,766	3,775,766	254,510	260,789
Self Supporting Loans									
Recreation and culture									
Loan 105 - Sea View Golf Club	6.22%	207,661	0	26,820	26,822	180,841	180,840	12,114	12,506
Loan 108 - Cottesloe Tennis Club	2.71%	291,842	0	29,047	29,047	262,795	262,795	7,648	7,713
		499,503	0	55,867	55,869	443,636	443,635	19,762	20,219
		4,668,733	0	449,331	449,333	4,219,402	4,219,401	274,272	281,008

Self supporting loans are financed by payments from third parties. All other loan repayments were financed by general purpose revenue. All borrowings are with the Western Australian Treasury Corporation (WATC).

Borrowings

	2018	2017
	\$	\$
Current	475,390	449,332
Non-current	3,744,012	4,219,401
	4,219,402	4,668,733

(b) New Borrowings - 2017/18

The Town did not take up any new debentures during the year ended 30 June 2018.

(b) Unspent Borrowings

The Town did not have any unspent debentures as at 30 June 2018.

(b) Undrawn Borrowing Facilities

Credit Standby Arrangements

	2018	2017
	\$	\$
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	(2,745)	(874)
Total amount of credit unused	252,255	254,126

Loan facilities

Loan facilities - current	475,390	449,332
Loan facilities - non-current	3,744,012	4,219,401
Total facilities in use at balance date	4,219,402	4,668,733

Unused loan facilities at balance date

NIL NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are recognised at fair value when the Town becomes a party to the contractual provisions to the instrument.

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

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.

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
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FOR THE YEAR ENDED 30TH JUNE 2018

14 PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2017			
Current provisions	563,392	379,352	942,744
Non-current provisions	0	83,812	83,812
	<u>563,392</u>	<u>463,164</u>	<u>1,026,556</u>
Additional provision	(260,250)	(159,461)	(419,711)
Amounts used	188,731	99,802	288,533
Balance at 30 June 2018	<u>491,873</u>	<u>403,505</u>	<u>895,378</u>
Comprises			
Current	491,873	327,447	819,320
Non-current	0	76,058	76,058
	<u>491,873</u>	<u>403,505</u>	<u>895,378</u>

Annual leave and current long service leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	Annual Leave	Long Service Leave	Total
	\$	\$	\$
Current Provisions			
Within 12 months of the end of the reporting period	363,494	166,613	530,107
More than 12 months after the end of the reporting period	128,379	160,834	289,213
	<u>491,873</u>	<u>327,447</u>	<u>819,320</u>

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

Other long-term employee benefits (Continued)

rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

Provisions

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

15 NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2018	2018	2017
	Actual	Budget	Actual
	\$	\$	\$
Cash and cash equivalents	13,655,328	9,671,782	12,715,611

**Reconciliation of Net Cash Provided By
Operating Activities to Net Result**

Net result	(254,621)	(621,059)	1,255,588
Non-cash flows in Net result:			
Depreciation	2,146,741	1,903,230	2,202,632
(Profit)/loss on sale of assets	12,396	0	15,211
Share of loss/(profit) in associate	212,205	0	(27,745)
Loss on revaluation of fixed assets	230,500	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	492,407	220,741	(618,113)
(Increase)/decrease in inventories	628	0	349
Increase/(decrease) in payables	25,216	(76,383)	(27,908)
Increase/(decrease) in provisions	(131,178)	0	109,886
Non-operating grants and contributions for the development of assets	(95,026)	0	(506,150)
Net cash from operating activities	<u>2,639,268</u>	<u>1,426,529</u>	<u>2,403,750</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

16 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	<u>\$</u>	<u>\$</u>
Governance	434,400	359,524
General purpose funding	302,006	402,504
Law, order, public safety	9,629	0
Health	11,904	3,359
Education and welfare	21,244,321	21,847,661
Community amenities	2,090,651	2,260,233
Recreation and culture	59,140,384	55,549,889
Transport	42,812,132	52,373,958
Economic services	24,663	16,794
Other property and services	7,443,253	7,653,401
Unallocated	3,546,212	2,860,046
	<u>137,059,555</u>	<u>143,327,369</u>

17 CONTINGENT LIABILITIES

The Town did not have any contingent liabilities as at 30th June 2018.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

18 CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

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

(b) Operating Lease Commitments

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

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

Finance leases are capitalised recording an asset and a liability at the lower of 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.

Leases (Continued)

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

19 JOINT ARRANGEMENTS

The Town, together with the Shire of Peppermint Grove and the Town of Mosman Park have a joint 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 42.4% and its share of assets and liabilities are contained in balances elsewhere as follows:

	2018	2017
	\$	\$
Plant and equipment (see note 8a)		
- Management Valuation 2016 - Level 2	7,645	7,645
Less: accumulated depreciation	(2,549)	0
	<u>5,096</u>	<u>7,645</u>
Furniture and equipment (see note 8a)		
- Management Valuation 2016 - Level 3	127,125	127,125
Less: accumulated depreciation	(6,355)	0
	<u>120,770</u>	<u>127,125</u>
TOTAL ASSETS	<u>132,221</u>	<u>134,770</u>
CURRENT LIABILITIES		
Creditors	26,858	4,327
Provision for Leave	52,744	56,430
	<u>79,602</u>	<u>60,757</u>
NON CURRENT LIABILITIES		
Provision for Leave	13,016	4,016
	<u>13,016</u>	<u>4,016</u>
TOTAL LIABILITIES	<u>92,618</u>	<u>64,773</u>

The share of the library's building is included in Note 8a Property, Plant and equipment-Buildings-specialised at a fair value of \$6.4m. The library's building is financed by loan 107 (see note 13a-Information on Borrowings).

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Town's interest in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

20 RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	2018	2018	2017
	Actual	Budget	Actual
The following fees, expenses and allowances were paid to council members and/or the President.	\$	\$	\$
Meeting Fees	148,504	148,000	148,000
President's allowance	27,688	27,500	27,500
Deputy President's allowance	6,884	6,875	6,875
Travelling expenses	0	3,200	0
Telecommunications allowance	15,960	18,000	12,800
Other Member Costs	8,129	8,900	8,431
	207,165	212,475	203,606

Key Management Personnel (KMP) Compensation Disclosure including Elected Members

	2018	2017
	\$	\$
The total of remuneration paid to KMP of the Town during the year are as follows:		
Short-term employee benefits	902,950	868,064
Post-employment benefits	115,768	83,509
Other long-term benefits	18,943	16,006
Termination benefits	150,004	0
	1,187,665	967,579

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

Transactions with related parties and Key Management Personnel

There are no transactions and balances with related parties and key management personnel with the Town.

Related Parties

The Town's main related parties are as follows:

i. Key management personnel

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

ii. Entities subject to significant influence by the Town

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

iii. Other related parties

Other related parties include close family members of key management personnel and entities that are controlled by these key management personnel, individually or collectively with their close family members.

iv. Joint venture entities accounted for under the equity method

The Town has 17.94% share of the net assets of the Western Metropolitan Regional Council (WMRC) for the waste transfer station. For detailed of interests held in the associate refer to note 7.

v. Joint arrangements accounted for under the joint arrangements

The Town has 42.4% share of assets and liabilities of the combined library. For details of interests held in the joint arrangements refer to note 19.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

21 MAJOR LAND TRANSACTIONS

The Town did not participate in any major land transactions during the 2017/2018 financial year.

22 TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Town did not participate in any trading undertakings or major trading undertakings during the 2017/2018 financial year.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

23 CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/16	Received ⁽²⁾ 2016/17	Expended ⁽³⁾ 2016/17	Closing Balance ⁽¹⁾ 30/06/17	Received ⁽²⁾ 2017/18	Expended ⁽³⁾ 2017/18	Closing Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
Governance							
Department of Local Government/Metro Youth Traineeship	0	20,000	(7,080)	12,920	0	(12,920)	0
Education and welfare							
Department of Education/Grant towards road realignment along Railway Street Cottesloe	0	500,000	0	500,000	0	(500,000)	0
Recreation and culture							
Department of Planning/Project " Restoring the iconic Cottesloe coast" (Stage 1)	0	18,450	(14,946)	3,504	2,050	(5,554)	0
Department of Planning/Project " Restoring the iconic Cottesloe coast" (Stage 2 for site C2)	0	0	0	0	7,732	(3,702)	4,030
Total	0	538,450	(22,026)	516,424	9,782	(522,176)	4,030

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 2018

24 RATING INFORMATION

(a) Rates

RATE TYPE General rate	2018 Rate in \$	2018 Number of Properties	2018 Rateable Value	2018 Rate Revenue	2018 Interim Rates	2018 Back Rates	2018 Total Revenue	2017 Total Revenue	2018 Budget Rate Revenue	2018 Budget Interim Rate	2018 Budget Back Rate	2018 Budget Total Revenue
Gross rental valuations												
GRV - Residential Improved (RI)	0.06139	3,215	131,591,115	8,078,379	56,860	6,083	8,141,322	7,633,681	7,994,640	0	0	7,994,640
GRV - Residential Vacant (RV)	0.06139	94	3,939,000	241,815	(378)	(1,655)	239,782	223,214	268,037	0	0	268,037
GRV - Commercial Improved (CI)	0.06139	65	8,282,404	508,457	0	0	508,457	482,372	454,439	0	0	454,439
GRV - Commercial Vacant (CV)	0.06139	1	86,500	5,310	0	0	5,310	3,565	0	0	0	0
GRV - Industrial (I)	0.06139	1	31,050	1,906	0	0	1,906	1,901	1,906	0	0	1,906
GRV - Commercial Town (CT)	0.07169	130	10,906,106	781,859	1,673	0	783,532	745,110	732,068	0	0	732,068
Sub-Total		3,506	154,836,175	9,617,726	58,155	4,428	9,680,309	9,089,843	9,451,090	0	0	9,451,090
Minimum payment												
Gross rental valuations												
GRV - Residential Improved (RI)	1,090	270	4,167,800	294,300	0	0	294,300	442,929	282,310	0	0	282,310
GRV - Residential Vacant (RV)	1,090	16	91,173	17,440	(1,631)	(88)	15,721	23,312	14,170	0	0	14,170
GRV - Commercial Improved (CI)	1,090	11	141,970	11,990	0	0	11,990	9,621	11,990	0	0	11,990
GRV - Commercial Town (CT)	1,090	8	105,278	8,720	0	0	8,720	6,414	8,720	0	0	8,720
Sub-Total		305	4,506,221	332,450	(1,631)	(88)	330,731	482,276	317,190	0	0	317,190
Discounts/concessions (refer note 24(d))												
		3,811	159,342,396	9,950,176	56,524	4,340	10,011,040	9,572,119	9,768,280	0	0	9,768,280
Total amount raised from general rate							(4,471)	(3,901)				(3,900)
							10,006,569	9,568,218				9,764,380

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

24 RATING INFORMATION (Continued)

(b) Specified Area Rate

No specified area rates were imposed by the Town during the year ended 2018.

(c) Service Charges

No service charges were imposed by the Town during the year ended 2018.

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2018		2017		Circumstances in which Discount is Granted
			Actual	Budget	Actual	Budget	
General Rate	80.00%	\$	4,471	3,900	3,901	3,900	As a part of a lease agreement.
			4,471	3,901	3,901	3,900	

Waivers or Concessions

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

Type	Discount %	Discount \$	2018		2017		Budget
			Actual	Budget	Actual	Budget	
Waiver	100.00%	\$	12,500	2,200	1,500	1,500	2,200
			12,500	2,200	1,500	1,500	2,200

Rate or Fee and Charge to which the Waiver or Concession is Granted and to whom it was available

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

Certain community groups and committees requiring Organisation as listed in the Town of Cottesloe Policy "Civic Centre Hall Bookings" Council considers support of these groups necessary for the overall benefit of the community.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

24 RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate	2018		2017	
					\$	%	\$	\$
Option One								
Single full payment	30-Aug-17			11.00%				
Option Two								
First instalment	30-Aug-17	6	5.50%	11.00%				
Second instalment	1-Nov-17	6	5.50%	11.00%				
Third instalment	10-Jan-18	6	5.50%	11.00%				
Fourth instalment	14-Mar-18	6	5.50%	11.00%				
Interest on unpaid rates						48,501		33,500
Interest on instalment plan						38,311		21,500
Charges on instalment plan						21,912		21,500
						108,724		76,500
								96,567

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

25 NET CURRENT ASSETS

Composition of net current assets for the purposes of the Rate Setting Statement

	2018 (30 June 2018 Carried Forward) \$	2018 (1 July 2017 Brought Forward) \$	2017 (30 June 2017 Carried Forward) \$
Surplus 1 July 17 brought forward	2,452,281	2,351,146	2,351,146
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	2,564,937	1,425,506	1,425,506
Restricted	11,090,391	11,290,105	11,290,105
Receivables			
Rates outstanding	129,448	238,896	238,896
Sundry debtors	717,130	1,037,290	1,037,290
GST receivable	0	(21)	(21)
Loans receivable - clubs/institutions	54,631	52,365	52,365
Provision for Doubtful Debts	(228,616)	(193,165)	(193,165)
Accrued Income	1,636	36,350	36,350
Other Tax Debtors	340	645	645
Inventories			
History Books	36,809	37,437	37,437
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(630,930)	(545,890)	(545,890)
Accrued interest on long term borrowings	(73,465)	(80,200)	(80,200)
Accrued salaries and wages	(43,655)	(44,072)	(44,072)
ATO liabilities	(25,373)	(78,054)	(78,054)
Current portion of long term borrowings	(475,390)	(449,332)	(449,332)
Provisions			
Provision for annual leave	(491,873)	(563,392)	(563,392)
Provision for long service leave	(327,447)	(379,352)	(379,352)
Unadjusted net current assets	12,298,573	11,785,116	11,785,116
Adjustments			
Less: Reserves - restricted cash	(11,086,361)	(10,773,681)	(10,773,681)
Less: Loans receivable - clubs/institutions	(54,631)	(52,365)	(52,365)
Add: Current portion of long term borrowings	475,390	449,332	449,332
Add: Component of Leave Liability not required to be funded	819,310	942,744	942,744
Adjusted net current assets - surplus	2,452,281	2,351,146	2,351,146

Difference

There was no difference between the surplus 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus carried forward position as disclosed in the 2017 audited financial report.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

26 FINANCIAL RISK MANAGEMENT

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

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

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

The Town held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	13,655,328	12,715,611	13,655,328	12,715,611
Investment in Associate	837,050	1,049,255	837,050	1,049,255
Receivables	1,300,988	1,845,759	1,300,988	1,845,759
	15,793,366	15,610,625	15,793,366	15,610,625
Financial liabilities				
Payables	773,433	748,217	773,433	748,217
Borrowings	4,219,402	4,668,733	4,996,485	5,531,979
	4,992,835	5,416,950	5,769,918	6,280,196

Fair value is determined as follows:

Cash and cash equivalents, receivables, Investment in associate, 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 2018

26 FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Town's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. 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 subject to interest rate risk - the risk that movements in interest rates could affect returns.

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

The Town manages these risks by diversifying its portfolio and only investing in investments authorised by Local Government (Financial Management) Regulation 19C.

	2018	2017
Impact of a 1% ⁽¹⁾ movement in interest rates on cash	\$	\$
- Equity	136,037	127,156
- Statement of Comprehensive Income	136,037	127,156

Notes:

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

26 FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2018	2017
	%	%
Percentage of rates and annual charges		
Includes:		
- Current	0%	0%
- Overdue	100%	100%
 Percentage of other receivables		
Includes:		
- Current	34%	55%
- Overdue	66%	45%

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

26 FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2018					
Payables	773,433	0	0	773,433	773,433
Borrowings	730,340	2,090,188	3,032,519	5,853,047	4,219,402
	<u>1,503,773</u>	<u>2,090,188</u>	<u>3,032,519</u>	<u>6,626,480</u>	<u>4,992,835</u>

2017

Payables	748,217	0	0	748,217	748,217
Borrowings	730,338	2,263,629	3,436,950	6,430,917	4,668,733
	<u>1,478,555</u>	<u>2,263,629</u>	<u>3,436,950</u>	<u>7,179,134</u>	<u>5,416,950</u>

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

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

Year ended 30 June 2018	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
Borrowings								
Fixed rate								
Long term borrowings	199,802	0	0	0	0	4,019,600	4,219,402	5.20%
Weighted average Effective interest rate	5.25%	0.00%	0.00%	0.00%	0.00%	5.20%		
Year ended 30 June 2017								
Borrowings								
Fixed rate								
Long term borrowings	0	389,512	0	0	0	4,279,221	4,668,733	5.25%
Weighted average Effective interest rate	0.00%	5.25%	0.00%	0.00%	0.00%	5.25%		

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

27 TRUST FUNDS

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

	1 July 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
Infrastructure Deposits	704,072	559,691	(728,234)	535,529
Right of Way Deposits	60,142	7,944	(5,600)	62,486
Miscellaneous Deposits	151,168	102,405	(105,393)	148,180
	<u>915,382</u>			<u>746,195</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

28 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS

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

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

Title	Issued / Compiled	Applicable (1)	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Town, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend on the nature of future transactions the Town has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Town, the impact is not expected to be significant.

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 2018

28 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (continued)

Title	Issued / Compiled	Applicable (1)	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services.

Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Town's operations.

Notes:

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

Adoption of New and Revised Accounting Standards

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

- (i) AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities
1 January 2017
- (ii) AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities
1 January 2017

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

28 OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Town's operating cycle. In the case of liabilities where the Town does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the Town's intentions to release for sale.

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

29 ACTIVITIES/PROGRAMS

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

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of council and administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.
GENERAL PURPOSE FUNDING	To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	To provide services to help a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH	To provide an operational framework of environmental and community health.	Inspection of food outlets and their control, noise control and waste disposal compliance.
EDUCATION AND WELFARE	To provide services to disadvantaged persons, the elderly, children and youth.	Maintenance of senior citizen centre and community care programs.
COMMUNITY AMENITIES	To provide services required by the community.	Rubbish collection services, operation of rubbish disposal sites, litter control, protection of the environment and administration of town planning schemes.
RECREATION AND CULTURE	To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.	Maintenance of public halls, civic centres, beaches and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library and other cultural facilities.
TRANSPORT	To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, street, footpaths, depots, cycle ways, parking facilities and traffic control. Maintenance of street trees, street lighting etc.
ECONOMIC SERVICES	To help promote the Town and its economic wellbeing.	Tourism and area promotion. Building Control.
OTHER PROPERTY AND SERVICES	To monitor and control the Town's overheads and operating accounts.	Engineering operating costs, plant repair and operation costs.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

30 FINANCIAL RATIOS

	2018	2017	2016
Current ratio	1.71	1.35	1.08
Asset consumption ratio	0.71	0.80	0.80
Asset renewal funding ratio	1.61	1.06	1.06
Asset sustainability ratio	0.54	0.69	0.54
Debt service cover ratio	2.86	4.49	4.20
Operating surplus ratio	(0.03)	0.06	0.01
Own source revenue coverage ratio	0.95	1.01	0.98

The above ratios are calculated as follows:

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

30 FINANCIAL RATIOS (Continued)

Notes:

Distorted Ratios

Four of the ratios disclosed above were distorted by the following items:-

- (a) Loss on revaluation of infrastructure;
- (b) Refund of one off grant for the road and car park project which the project did not proceed;
- (c) Early receipts of Financial Assistance Grants (see below); and
- (d) Share of associate in WMRC.

	2017/18	2016/17	2015/16
	\$	\$	\$
a Amount of Financial Assistance Grant received during the year relating to the subsequent year.	145,250	145,082	0
b Amount of Financial Assistance Grant received during the year relating to the subsequent year.	145,082	0	143,684
c Refund of one off grant for the road and car park project.	500,000	0	0
d Share of associate in WMRC.	212,205	27,745	13,174

If the events detailed above did not occur, the impacted ratios in the 2018, 2017 and 2016 columns above would be as follows:

	2018	2017	2016
Current ratio	1.71	1.28	1.08
Debt service cover ratio	4.17	4.26	4.41
Operating surplus ratio	0.05	0.05	0.02
Own source revenue coverage ratio	0.89	1.01	0.98



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Council of the Town of Cottesloe

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Town of Cottesloe which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Town for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Town:
 - a. The Asset Sustainability Ratio has been below the Department of Local Government, Sport and Cultural Industries standard for the past 3 years. The financial ratios are reported in Note 30 of the financial report.

- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
 - a. Accounting journal entries were posted by one employee, with no evidence of review by a second employee. Accounting journals can represent significant adjustments to previously approved accounting transactions, and should therefore be appropriately reviewed and approved.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial report of the Town for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on that financial report. The financial ratios for 2017 and 2016 in Note 30 of the audited financial report were included in the supplementary information and/or audited financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Town of Cottesloe for the year ended 30 June 2018 included on the Town's website. The Town's management is responsible for the integrity of the Town's website. This audit does not provide assurance on the integrity of the Town's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
5 December 2018





Town of Cottesloe