



# Town of Cottesloe

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

**Wednesday, 12 April 2023**

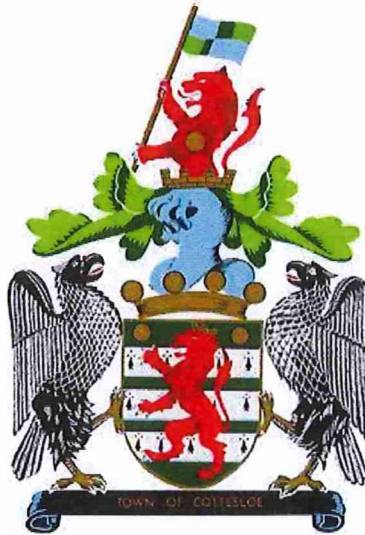
were confirmed as a true and accurate record by committee  
resolution.

Signed: *Cathy Munro*

Presiding Member

Date: 12/06/2023

# TOWN OF COTTESLOE



## AUDIT COMMITTEE

# MINUTES

AUDIT COMMITTEE  
HELD IN THE  
Mayor's Parlour, Cottesloe Civic Centre  
109 Broome Street, Cottesloe  
4.00pm Wednesday, 12 April 2023

A blue handwritten signature, appearing to be 'MATTHEW SCOTT', is written over a blue ink scribble.

**MATTHEW SCOTT**  
Chief Executive Officer

14 April 2023

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**1 DECLARATION OF MEETING OPENING/ANNOUNCEMENT OF VISITORS**

The Presiding Member announced the meeting opened at 4.02pm.

**1.1 ACKNOWLEDGEMENT OF COUNTRY**

I would like to begin by acknowledging the Whadjuk Nyoongar people, Traditional Custodians of the land on which we meet today, and pay my respects to their Elders past and present. I extend that respect to Aboriginal and Torres Strait Islander peoples here today.

**2 DISCLAIMER**

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

**3 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION**

Nil.

**4 ATTENDANCE**

**Members**

- Cr Craig Masarei (Presiding Member) Elected Member
- Cr Paul MacFarlane Elected Member
- Cr Brad Wylynko Elected Member
- Mr Ian McKenzie Community Representative

**Officers**

- Mr Matthew Scott Chief Executive Officer
- Mr Shane Collie Director Corporate Services and Governance
- Ms Martina Liu Finance Manager
- Ms Irene Wai Shan Au-Yeung Assistant Finance Manager
- Ms Kate Saunders Executive Services Officer

**Apologies**

- Mr Andrew Dimsey Community Representative

**5 DECLARATION OF INTERESTS**

There were no declarations of interest.



**6 CONFIRMATION OF MINUTES**

**AC002/2023**

**Moved Presiding Member Masarei Seconded Cr Wylenko**

**That the Minutes of the Audit Committee Meeting held on Wednesday 22 March 2023 be confirmed as a true and accurate record.**

**Carried 4/0**

It was noted that the meeting was held via Microsoft Teams.

**7 PRESENTATIONS**

Nil.

**8 REPORTS**

**8.1 REPORTS OF OFFICERS**

**8.1.1 ADOPTION OF THE 2021/2022 ANNUAL REPORT AND AUDITOR'S REPORT**

**Directorate:** Corporate and Community Services  
**Author(s):** Shane Collie, Director Corporate and Community Services  
**Authoriser(s):** Matthew Scott, Chief Executive Officer  
**File Reference:** D23/14371  
**Applicant(s):** Internal  
**Applicant(s) Proponents:**  
**Author Disclosure of Interest:** Nil

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**SUMMARY**

The Town’s 2021/22 Annual Financial Statements have now been audited by auditors Ernst & Young, and signed off by the Office of the Auditor General. The documents are now submitted to the Audit Committee with a recommendation to adopt the end of year Accounts and the Annual Report for the Town of Cottesloe.

**OFFICER RECOMMENDATION IN BRIEF**

It is recommended that the Audit Committee recommend to Council, the adoption of the 2021/22 Annual Report, including the Annual Financial Statements and Auditors’ Report; set the date for the Electors’ Annual General Meeting and provide 14 days notice of the meeting date on the Town’s notice boards, local newspaper and website.

**BACKGROUND**

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

The Town’s 2021/22 Annual Financial Statements have now been audited and the Auditor’s Report to the Mayor and Audit Committee has been received from the OAG. The closing report was presented to the Mayor, CEO, and Chair of the Audit Committee on 4 April 2023.

The documents that comprise the Annual Report are attached and contain the Annual Financial Statements for the year ended 30 June 2022. It also includes the required statutory declarations/reports.

**OFFICER COMMENT**

In summary there were matters raised as indicated in following table, all of which are accepted and will be addressed by the Administration. The matters raised are intended to be addressed in conjunction with the implementation of the Town’s new Enterprise Resource Planning (ERP) system. In particular the Purchasing of goods and services will be electronic and where any fields of data are incomplete or not entered correctly the Purchasing process will not be able to be continued. Council also recently updated its Purchasing Policy to ensure that regular transactions such as software license renewals,

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utility charges, insurance premiums and the like are not covered by the strict manual process currently in place.

Similarly the financial statements preparation will be streamlined and move away from a manual hard coding spreadsheet preparation base. The current system is more error prone with manual data entry and again the new ERP system should address this. Sufficient training will need to be provided.

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
<b>CURRENT YEAR FINDINGS</b>			
1. Purchase order quotation summary completion		✓	
<b>UNRESOLVED FINDINGS IDENTIFIED IN PRIOR YEAR</b>			
2. Financial statement preparation		✓	
3. Significantly aged bonds payable		✓	
4. Bonds payable classification			✓

Similarly with Bonds payable and classification the Administration accepts the findings and will be working to address these in the future in conjunction with the new ERP system.

Other relevant matters related to the Annual Financial Statements are as follows:

- Net Operating Result was \$477,538 @ 30 June 2022. (Budget \$185,859).
- Total Equity was \$141,538,623 @ 30 June 2022. This up from \$104,035,516 and primarily relates to the revaluation of Infrastructure assets which were determined by an independent valuation process and confirmed by the Auditor and Office of Auditor General to be in the main too low.
- Reserves were \$8,267,063 @ 30 June 2022.
- The one non self supporting Loan for the Grove Library had a Principal outstanding of \$2,616,935 @ 30 June 2022.
- In the Period under review the Town was in the process of developing its Long Term Financial Plan, Business Continuity Plan, Asset Management Plan, Yearly Compliance Calendar, Risk Management Framework and Asset Management Plan. All of these documents have now been completed giving Council a strong platform of informing documents leading into the Review of its Strategic Community Plan, Corporate Business Plan and 2023/24 Budget. The Town also reviewed the effectiveness of its Financial Systems and undertook an Audit Regulation 17 Review in the period under review, making the year perhaps the most scrutinised in recent history.

The Town and the Local Government industry continues to lobby the State Government and its Agencies to streamline the process of the timing of the finalisation of Financial Audit

Reports. The year under review was also impacted by staff turnover and the revaluation of Infrastructure Assets delaying the receipt of the final Audit Report until 4 April 2023.

The below attached documents are in the process of being combined to form the Town's 2021/22 Annual Report and hard copies should be available for this Audit Committee meeting and following Council meeting.

### **ATTACHMENTS**

- 8.1.1(a) Closing Report – Ernst and Young Auditors [under separate cover]**
- 8.1.1(b) Findings Identified - Ernst and Young Auditors [under separate cover]**
- 8.1.1(c) Representation Letter – Town of Cottesloe [under separate cover]**
- 8.1.1(d) Transmittal Letter – Office of Auditor General [under separate cover]**
- 8.1.1(e) Audit Opinion – Office of Auditor General [under separate cover]**
- 8.1.1(f) Annual Financial Statements 2021/22 [under separate cover]**

### **CONSULTATION**

Office of the Auditor General

Ernst & Young

Tallis Consultants (Infrastructure Asset Revaluation)

### **STATUTORY IMPLICATIONS**

#### ***Local Government Act 1995***

#### ***5.27 and 5.29. Electors' general meetings (and convening thereof)***

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

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

#### ***5.53. Annual reports***

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

- *a report from the mayor;*
- *a report from the CEO;*
- *an overview of the plan for the future of the district, including major initiatives that are proposed to commence or to continue in the next financial year;*
- *the financial report;*
- *payments made to prescribed employees;*
- *the auditor's report;*
- *Disability Services Act 1993 reports;*

- *register of complaints details (vis. number and how the complaints were dealt with);*
- *other details required by regulations or be prescribed.*

#### **5.54. Acceptance of annual reports**

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

#### **5.55. Notice of annual reports**

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

#### **6.4. Financial report**

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

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

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

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

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

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

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

**POLICY IMPLICATIONS**

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

**STRATEGIC IMPLICATIONS**

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

Priority Area 6: Providing open and accountable local governance

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

Consideration of the 2021/22 Financial Report and the Audit Report are in keeping with this strategic objective.

**RESOURCE IMPLICATIONS**

There are significant staffing requirements involved in the preparation of the Annual Financial Report and associated Annual Report which are contained in the yearly Budget of the Town.

**ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS**

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

**VOTING REQUIREMENT**

Absolute Majority

**OFFICER RECOMMENDATION**

That the Audit Committee recommends that Council, by Absolute Majority:

- 1. NOTES the Auditor’s Report from the Office of the Auditor General (attached) and that no action is required by the Town’s Audit Committee relevant to its responsibilities under the Local Government (Audit) Regulations 1996;
- 2. ACCEPTS the Town of Cottesloe’s Annual Report for the 2021/22 year incorporating the Annual Financial Statement for 2021/22 (as attached);
- 3. SETS the date of the Electors’ Annual General Meeting for 6pm Wednesday 17 May 2023 in the War Memorial Hall, and that the purpose of the meeting be - “to discuss the contents of the 2021/22 Annual Report (incorporating the 2021/22 Annual Financial Statements and Auditor’s Report) and any other general business”; and
- 4. NOTES that local public notice will be commenced on Thursday 27 April, to ensure the minimum 14 days notice of the Electors’ Annual General Meeting is provided.

**AC003/2023**

**MOTION**

**Moved Cr Masarei**

**Seconded Cr MacFarlane**

That the Audit Committee recommends that Council, by Absolute Majority:

- 1. **NOTES the Auditor’s Report from the Office of the Auditor General (attached) and that no action is required by the Town’s Audit Committee relevant to its responsibilities under the Local Government (Audit) Regulations 1996;**
- 2. **ACCEPTS the Town of Cottesloe’s the Annual Financial Statement for 2021/22 (as attached);**
- 3. **SETS the date of the Electors’ Annual General Meeting for 6pm Wednesday 17 May 2023 in the War Memorial Hall, and that the purpose of the meeting be - “to discuss the contents of the 2021/22 Annual Report (incorporating the 2021/22 Annual Financial Statements and Auditor’s Report) and any other general business”; and**
- 4. **NOTES that local public notice will be commenced on Thursday 27 April, to ensure the minimum 14 days notice of the Electors’ Annual General Meeting is provided.**
- 5. **The Administration will provide a report to the June Audit Committee on the Auditor’s findings regarding purchase orders as identified in the Audit Report and management’s response.**
- 6. **Administration draft a letter to the Auditors requesting an explanation into the delays with the preparation of the 2021/22 Audit Report, together with what actions can be implemented to improve the audit process for 2022/23 and beyond.**

**Carried 4/0**

**RATIONALE**

The Annual Report for 2021/22 was unavailable at the time of this meeting, resulting in the Audit Committee only being able to consider the Annual Financial Statements and associated Audit Report and Opinion.

The Audit Committee sort to better understand the Auditor's recommendation in relation to purchase orders.

The Audit Committee wanted to better understand the delay in the finalisation of this year's audit to actively improve the timeliness of finalising the Annual Financial Statements for the community in the future.

**8.1.2 CONFIRMATION OF MINUTES - 22 NOVEMBER 2022**

**Attachments:** 8.1.2(a) Minutes - Audit Committee - 22 November 2022 [under separate cover]

This item was withdrawn, as the 22 November 2022 minutes have been adopted by Council at the 28 February Ordinary Council Meeting.

**8.2 ITEMS FOR DISCUSSION****8.2.1 COMPLIANCE CALENDAR**

**Attachments:** 8.2.1(a) Compliance Calendar - April 2023 [under separate cover]

The Compliance Calendar – April 2023 is provided for the information of the Audit Committee. Actions are underway on matters outstanding.

**8.2.2 AUDIT COMMITTEE RESOLUTION DATABASE**

**Attachments:** 8.2.2(a) Resolution Database - April 2023 [under separate cover]

The Audit Committee Resolution Database – April 2023 provides an update on Council resolutions put forward by the Audit Committee.

**9 GENERAL BUSINESS****9.1 COMMITTEE MEMBERS**

The Audit Committee noted that the Council oversee the budget process and that the Risk Register is a future item for the Audit Committee to review.

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

Monday 12 June 2023

**12 MEETING CLOSURE**

The Presiding Member announced the meeting closed at 5.23pm.

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# **TOWN OF COTTESLOE**



# **ATTACHMENTS**

**AUDIT COMMITTEE – 12 APRIL 2023**

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# TOWN OF COTTESLOE



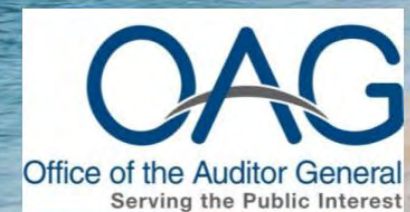
## AUDIT COMMITTEE

# ATTACHMENT

### ITEM 8.1.1A: CLOSING REPORT – ERNST AND YOUNG AUDITORS

# Town of Cottesloe

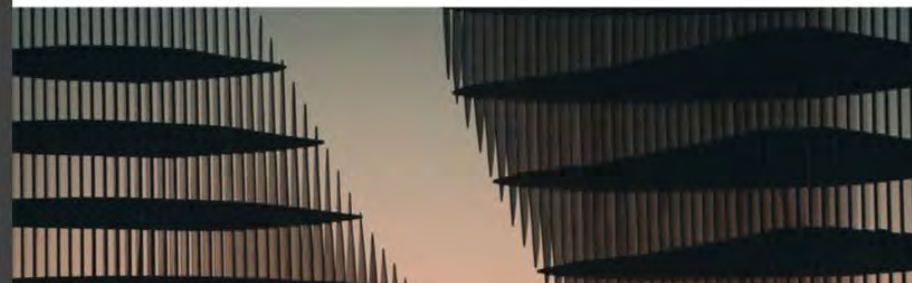
Closing Report to the Audit Committee  
for the year ended 30 June 2022





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## Welcome

### Dear Audit Committee Members

We have substantially completed our audit of the financial statements of the Town of Cottesloe ("Town") for the year ended 30 June 2022.

Our audit was conducted in accordance with the Australian Auditing Standards and practices and in accordance with the requirements of the *Local Government Act 1995* ("the Act") and the *Local Government (Audit) Regulations 1996* ("the Regulations") to enable the:

- Formation of opinion to the Auditor General

- Reporting of audit findings, significant control weaknesses and other relevant matters by the Auditor General, and

- Auditor General to report on any matter which may affect the Auditor General's responsibilities under Section 24 and 28 of the *Auditor General Act 2006*.

This report is intended solely for the use of the Town, Audit Committee and senior management, and should not be used for any other purpose nor given to any other party without our prior written consent.

We would like to thank your staff for the assistance provided to us during the engagement.



Go to Executive  
Summary





## Executive Summary

<p><b>STATUS OF AUDIT</b></p> <p><b>3</b></p> <p>outstanding items for an unqualified audit opinion</p> <p>Apart from the Town finalising and adopting the financial statements of the Town, management representation letter and completion of our subsequent event procedures, there is no other outstanding item.</p>	<p><b>AREAS OF AUDIT FOCUS</b></p> <p><b>7</b></p> <p>key areas of focus where there are potential risks and exposure</p> <p>The areas of audit focus and level of complexity or management judgement applied are:</p> <ul style="list-style-type: none"> <li><b>HIGH</b> Revenue Recognition for Rates and Parking Infringements</li> <li><b>HIGH</b> Valuation of Property, Plant and Equipment, Including Infrastructure Assets</li> <li><b>MEDIUM</b> Grant Contributions</li> <li><b>MEDIUM</b> Compliance with Operational Procurement Control Requirements</li> <li><b>MEDIUM</b> Analysis of Cash Backed Reserves</li> <li><b>MEDIUM</b> Expected Credit Loss Provision</li> <li><b>LOW</b> Analysis of Related Party Transactions</li> </ul> <p>► See Areas of Audit Focus section for more details</p>	<p><b>SCOPE &amp; MATERIALITY</b></p> <p>As set out in the audit planning document presented to the Chief Executive Officer and Audit Committee Chairperson, the purpose of our audit is to provide reasonable assurance that the financial statements of the Town for the year ended 30 June 2022 are free from material error.</p> <p>We apply a percentage of operating expenses as our quantitative materiality level of the Town. We have regularly reviewed the level of materiality and have altered the scope of work performed accordingly. Further, we have used the final materiality amount in assessing any potential misstatement to the financial statements as a whole.</p>
<p><b>AUDIT DIFFERENCES</b></p> <p><b>\$Nil</b></p> <p>aggregated audit differences considered immaterial to the financial statements</p> <p>There is no unadjusted audit difference in the current year.</p>		<p><b>CONTROL OBSERVATIONS</b></p> <p>We obtained an understanding of internal controls and placed reliance on the control environment at the Town for the purposes of our audit.</p> <p>We noted three moderate and one minor finding throughout the audit. Refer to the Assessment of Control Environment section.</p>
		<p><b>INDEPENDENCE</b></p> <p>There are no matters that, in our professional judgement, bear on our independence which need to be disclosed to the Audit Committee.</p>





## Revenue Recognition for Rates and Parking Infringements

Relevant accounting standards: [AASB 1058 Income of Not-for-Profit Entities \("AASB 1058"\)](#)



HIGH

Qualitative Assessment

### Our Understanding

For the year ended 30 June 2022, the Town recognised operating revenues of \$15.398 million (2021: \$14.036 million). The composition of revenue was weighted as follows:

In AU\$ million	30 June 2022	30 June 2021
Rates	11.344	10.875
Operating grants, subsidies and contributions	0.615	0.346
Fees and charges	3.108	2.423
Other	0.332	0.392
<b>Total revenue</b>	<b>15.399</b>	<b>14.036</b>

Under AASB 1058, contributions to a local government may be received in the form of involuntary transfers such as rates and parking infringements. Such contributions are recognised as income when the local government obtains control over them, irrespective of whether any restrictions or conditions are imposed on the use of the contributions. Management represented that rates received in advance for the 2022 financial year are refundable and therefore should be deferred at 30 June 2022 and earned in 2023.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the town and the revenue may be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duties.

Control over involuntary, non-reciprocal contributions is established when the underlying transaction or event giving rise to control of the future economic benefits occurs (for example, control over parking infringements is established when the fine is issued).

### EY Perspective

Our audit procedures included:

- ▶ We enquired of management and performed a walkthrough of each material revenue stream to identify and test key controls.
- ▶ We performed substantive analytical procedures on annual rates to identify any unusual trends or outliers for further investigation.
- ▶ On a sample basis, we tested the valuation of parking infringements in consideration of source documents, such as infringement details imported to ADR system and penalties codified under the Prescribed Offences schedule of the *Town of Cottesloe Parking and Parking Facilities Local Law 2009*.
- ▶ On a sample basis, we traced rates revenue recognised to the respective rates notices, which are aligned to the land valuation reports published by Landgate.
- ▶ We performed tests of cut-off around balance date to assess whether revenue transactions were recorded in the correct accounting period.

Based on the results of our procedures, we did not identify any material misstatements in relation to revenue recognition.





## Valuation of Property, Plant and Equipment, Including Infrastructure Assets



**Key judgements:** Valuation methodology

**Relevant accounting standards:** AASB 116 *Property, Plant and Equipment* ("AASB 116"), AASB 13 *Fair Value Measurement* ("AASB 13")

### Our Understanding

At 30 June 2022, the Town's financial report includes property, plant and equipment of \$61.870 million (2021: \$62.606 million) and infrastructure assets of \$71.598 million (2021: \$38.967 million).

Management measures plant and equipment at historical cost, less accumulated depreciation and impairment losses recognised after the date of purchase.

Infrastructure assets and land and buildings are measured at fair value, less accumulated depreciation and impairment losses recognised after the date of revaluation, which is undertaken every five years.

The fair values of infrastructure assets and land and buildings are determined with reference to valuations performed by accredited external valuers. A revaluation surplus or deficit is recorded through other comprehensive income and credited to the asset revaluation reserve in equity.

Since the last revaluation conducted in 2018, there have been significant changes to the construction industry output price indices, which indicate increases in the cost of construction of infrastructure assets. The impacts of COVID-19 and the significant inflation rates experienced as a result of the global economic environment will also likely have given rise to changes in fair value.

Considering the potential impact of these changes, the Town opted to obtain a desktop valuation of its infrastructure assets at 30 June 2022 prepared by *Talis Consultants* ("Talis") in accordance with AASB 116 and AASB 13, which resulted in an increase in fair value of \$32.444 million. As the valuation of land and buildings was last performed in 2021, management concluded that no revaluation of these assets was necessary at 30 June 2022.

### EY Perspective

Our audit procedures included:

- ▶ We reconciled the fair values and useful lives of properties and infrastructure assets included in the fixed asset register to either:
  - ▶ External valuation deliverables sourced from Talis for those categories of assets subject to revaluation in the current period.
  - ▶ Previous valuation deliverables for those categories of assets not subject to revaluation in the current period.
- ▶ We considered the existence of internal and external indicators of impairment, which may trigger an impairment assessment.
- ▶ We recalculated the depreciation expense for a sample of depreciable assets against the useful lives determined by the specialist and the accounting policies of the Town.
- ▶ We tested a sample of additions and disposals to property, plant and equipment and infrastructure assets to supporting documentation, such as vendor invoices.
- ▶ We evaluated the independence, objectivity and competence of Talis in their capacity as an external valuation specialist.
- ▶ We engaged our EY Real Estate Advisory Services ("EY REAS") team to assist in the review of the valuation methodology and approach adopted by the valuation expert.



**Our Understanding**

The valuation results were summarised as follows:

\$ million	Talis' valuation	Assets not included in Talis' report *	Total	Accounting value	Changes in value
Replacement cost	96.539	5.075	101.614	72.335	
Accumulated depreciation	(28.822)	(1.194)	(30.016)	(33.18)	
<b>Net value</b>	<b>67.717</b>	<b>3.881</b>	<b>71.598</b>	<b>39.154</b>	<b>32.444</b>

\* As part of the audit, it was noted that certain assets such as irrigation systems, foreshore development costs, foreshore fencing, streetscapes, shark barriers and pylons were not included in Talis' valuation. Management considers that the written-down values of these assets continue to approximate their fair values.

The increases in the replacement cost were most significant in relation to roads (\$17.591 million or 59%), car parks (\$3.263 million or 110%), drainage (\$4.503 million or 54%) and parks \$3.145 million or 85%). Footpaths, however, observed a decrease of \$1.350 million (14%) due to lower unit costs adopted.

Despite the significant increases in the replacement cost based on Talis' valuations, the accumulated depreciation decreased as a result of a significant increase in the useful life adopted by the Town. For example, the useful life for roads increased from "up to 50 years" to up to 100 years". Management confirmed that the increase in the useful life was based on the condition of the assets as a result of a condition survey conducted in 2019/2020 with reference to the industry standard as provided by Talis as part of the current year valuation.

All of the movement in the fair value was recognised in the revaluation reserve at 30 June 2022.

**EY Perspective**

In relation to the increase in the useful life, we have requested management to prepare a position paper to support the increase, which was subsequently approved by the Council.

As a result of our audit procedures, subject to the Audit Committee's satisfaction in relation to the increase in the useful life of various assets adopted in the valuation report, we concur with the valuation expert's independent valuation. We recommend that management perform a valuation of the infrastructure assets excluded from the current year valuation in 2023, taking into account any further guidance from DLGSCI. We note that these assets remain within their five-year valuation cycle as allowed under the legislation.



## Grant Contributions



**MEDIUM**

Qualitative Assessment

**Key Judgements:** Percentage of completion  
**Relevant accounting standards:** AASB 1058 *Income of Not-for-Profit Entities* ("AASB 1058")

### Our Understanding

AASB 1058 requires that where an entity receives a grant for the purpose of acquiring or constructing a non-financial asset to particular specifications or conditions (for example, a grant to construct a school to government specifications), income is recognised as or when it satisfies its obligations to construct that asset.

Pursuant to the terms of a grant contract, the funder may request a refund for (a) unspent grants or (b) in the situation where monies were expended for reasons other than the stated objective of the grant.

For the year ended 30 June 2022, the Town recognised contributions of:

\$ million	30 June 2022	30 June 2021
Grants, subsidies and contributions	1.35	0.73

### EY Perspective

Our audit procedures included:

- ▶ We enquired of management and performed a walkthrough of each material revenue stream to identify and test key controls.
- ▶ We considered management's revenue recognition assessment and tested the receipt of material grants to supporting documentation, such as bank statements and contracts to better understand performance obligations.
- ▶ We reviewed the terms and conditions of material contracts to determine if any required a refund.

As part of our audit procedures, we noted a new grant received in the current year for the construction of a non-financial asset was incorrectly recognised as income prior to completion of the project. We note that the projected misstatement is immaterial to the financial statements and has not been taken up by management.

We have addressed the risk of other grants recognised on receipt through our planned revenue and cut-off testing and through execution of our planned audit procedures and have not identified any other material misstatements.

The disclosure requirements under AASB 1058 are presented adequately in the Town's financial statements.





## Compliance with Operational Procurement Control Requirements



**MEDIUM**

**Guidance:** *Local Government (Financial Management) Regulations 1996 and Local Government (Functions and General) Regulation 1996*

### Our Understanding

Purchases of goods and services are subject to the operational procurement controls codified under regulation 11A of the *Local Government (Functions and General) Regulation 1996* as follows:

- The Town must implement a purchasing policy in relation to contracts for the supply of goods or services where the consideration under the contract is \$250,000.
- A purchasing policy must make provision in respect of (a) the forms of quotations acceptable and (b) the retention of all written information in respect of quotations received and purchases made.

Payments for goods and services are subject to the operational procurement controls codified under regulation 11 and 12 of the *Local Government (Financial Management) Regulations 1996* as follows:

- A local government must implement a procedure for the authorisation and payment of outstanding accounts.
- A local government must develop procedures for the approval of accounts to ensure that before settlement, a determination is made that the related debt was incurred by a person with the appropriate delegated authority.

### EY Perspective

Our audit procedures included:

- ▶ We performed a walkthrough of the procurement to payables process to identify key controls for testing. The scope of our walkthrough captured tendering and quotation, authorisation of purchases and payments, and vendor master file maintenance.
- ▶ We evaluated the adequacy of key controls implemented by the Town in addressing the operational procurement control requirements codified under the regulatory framework.

We did not identify any findings related to material non-compliance with Part 6 of the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*.

We identified one moderate finding arising from our sample test of controls, whereby preparation of the purchase order form deviated from the purchasing policy, which we have included in our management letter.



## Analysis of Cash Backed Reserves



**MEDIUM**

Guidance: *Local Government (Financial Management) Regulations 1996*

### Our Understanding

At 30 June 2022, the Town carried cash backed reserves accounts in equity of \$8.267 million (2021: \$8.591 million).

Regulation 38.1 of the *Local Government (Financial Management) Regulations 1996* defines the reserves disclosures to be included in the financial statement as follows:

- The purpose for which the monies were set aside
- The amounts set aside and expended for the reporting period
- The opening and closing balances of the reserves at balance date
- When the Town anticipates that the monies held in reserve will be expended
- If monies held with a financial institution were insufficient to match the corresponding restricted cash asset carried on the balance sheet:
  - ▶ The extent of the deficiency
  - ▶ The reason for the deficiency
  - ▶ When the Town anticipates that the deficiency will be remedied.
- If the purpose of the reserves were changed or the monies set aside were used for another purpose:
  - ▶ The purpose for which the monies were used
  - ▶ The amount changed or used
  - ▶ The objects of, and the reasons for, the change or use.

### EY Perspective

The movement in cash backed reserves for the year ended 30 June 2022 was as follows:

\$ million	Opening balance	Transfers to	Transfers from	Closing Balance
Cash backed reserves	8.591	0.498	(0.822)	8.267

Our audit procedures included:

- ▶ We tested whether transfers to cash backed reserves were appropriately authorised by the Town.
- ▶ On a sample basis, we evaluated the appropriateness of amounts expended against reserve accounts in consideration of the stated objectives authorised by the Town.
- ▶ On a sample basis, we tested amounts expended against reserve accounts through the inspection of vendor invoices and bank statements.
- ▶ We tested whether cash backed reserves were supported by cash held with financial institutions and noted no exceptions.
- ▶ We evaluated the completeness of disclosures related to reserve accounts in consideration of regulation 38.1 of the *Local Government (Financial Management) Regulations 1996*.

We consider the disclosure requirements to be presented adequately in the Town's financial statements.



## Expected Credit Loss Provision



**MEDIUM**

Qualitative Assessment

Relevant accounting standards: *AASB 9 Financial Instruments* ("AASB 9")

### Our Understanding

Under AASB 9, impairment losses on financial assets are calculated as follows:

- ▶ **Stage 1** - If the credit risk did not significantly increase, the impairment allowance is equal to the 12-month expected credit loss.
- ▶ **Stage 2 and 3** - If the credit risk **increased** significantly or the loan is credit impaired, the impairment allowance is equal to the lifetime expected loss.

However, AASB 9 provides for a practical expedient in measuring the impairment losses on trade receivables which do not contain a significant financing component, whereby the loss allowance is measured at initial recognition and throughout the life of the trade receivable at an amount equal to the lifetime credit loss.

The loss allowance should reflect a probability weighted outcome which reflects the time value of money and the best available forward-looking information.

A provision matrix may be used to estimate the lifetime expected loss for such financial assets.

### EY Perspective

Management applied an expected credit loss model, which includes the historical profile of bad debt write-offs against outstanding receivables at each period end and forward-looking information, which resulted in an estimated expected credit loss for parking infringements of \$0.18 million as at 30 June 2022.

The default rates derived from the model against the outstanding receivables are detailed below:

\$'000	Current	30-90 days	91-365 days	366-1,825 days	> 1825 days
Infringements receivable	30.6	40.4	127.8	132.1	100.0
Default rate (%)	10	10	10	50	88.2
<b>Provision for ECLs</b>	<b>3.1</b>	<b>4.0</b>	<b>12.8</b>	<b>66.1</b>	<b>88.2</b>

As a result of our audit procedures, we concur with management's assessment, and did not identify material misstatement in relation to the expected credit loss calculation.





## Town of Cottesloe

For the year ended 30 June 2022

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## Analysis of Related Party Transactions



Relevant accounting standards: [AASB 124 Related Party Disclosures](#) ("AASB 124")

LOW

Qualitative Assessment

## Our Understanding

At 30 June 2022, the Town identified related party relationships with key management personnel and joint arrangements, including the Western Metropolitan Regional Council and Grove Library.

Under AASB 124, if an entity has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements.

At a minimum, disclosures shall include:

- ▶ The amount of the transactions
- ▶ The amount of outstanding balances, including commitments
- ▶ Their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement
- ▶ Details of any guarantees given or received
- ▶ Provisions for doubtful debts related to the amount of outstanding balances, and
- ▶ The expense recognised during the period in respect of bad or doubtful debts due from related parties.

## EY Perspective

Our audit procedures included:

- ▶ We enquired of management as to the process to identify, appropriately account for and disclose related party relationships and transactions.
- ▶ We enquired of management as to the nature of relationships between the Town, Grove Library and the Western Metropolitan Regional Council to understand their underlying business purpose and whether any transactions with related parties were outside of the ordinary course of business.
- ▶ We tested the consistency of amounts presented in the audited financial statements of Grove Library and the Western Metropolitan Regional Council to the amounts disclosed in Note 18 and 19 to the financial statements.
- ▶ We tested the accuracy of key management personnel remuneration and allowances to source documentation, such as employment contracts and vendor invoices.
- ▶ We inspected bank confirmations, solicitor representation letters, the agenda and minutes to Town meetings and material contracts to evaluate the completeness of related party relationships identified by and disclosed by management.

We concur with management's treatment of related party transactions.



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## Audit Differences

### Summary of Unadjusted Differences

All audit differences identified during the audit have been adjusted. There is no unadjusted audit difference.





## Assessment of Control Environment

### Internal Controls

As part of our audit of the financial statements, we obtained an understanding of the internal control environment in order to sufficiently plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

Throughout our audit we communicate to management observations regarding control matters and other issues arising from our interim and year end substantive procedures. The following table provides an overview of the number of observations and risk rating we have identified, which includes IT controls.

Risk Ratings	<b>H</b>	<b>M</b>	<b>L</b>	Total
Open at 30 June 2021	-	6	3	9
New points raised in FY22	-	1	-	1
Closed during FY22	-	(4)	(2)	(6)
<b>Total open points as at 30 June 2022</b>	-	<b>3</b>	<b>1</b>	<b>4</b>

Key:

**H** High Risk - Significant findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating may be reported as a matter of non-compliance in the audit report in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.

**M** Medium Risk - Moderate findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

**L** Low Risk - Minor findings that are not of primary concern but still warrant action being taken.

Items raised considered of moderate and low risk ranking are items which provide management with improvement opportunities within their processes, however were not considered to represent such a risk to the business that immediate management attention was considered necessary. Addressing these points assists management in further improving the processes and controls already in place and strengthens the control environment.

At the completion of the audit we will issue a formal management letter containing all of the identified points.



Executive Summary   Areas of Audit Focus   Audit Differences   Control Environment   **Appendices**

## Appendices



### Other Required Audit Committee Communications

Auditing Standards require us to report to you certain matters not in the body of this report.



### Outstanding Matters

The items in here relates to outstanding matters at the date of the release of this report.



### Independence

Communication of independence to the Town of Cottesloe





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## Other Required Audit Committee Communications

Auditing Standards require us to report to you certain matters that are not otherwise detailed in this report.






Matter	How matter was addressed
Material uncertainty related to going concern	No conditions or events were identified, either individually or in aggregate, that may cast significant doubt about the Town's ability to continue as a going concern for 12 months from the date of our report.
Compliance with laws and regulations	We have not identified any material instances of non-compliance with laws and regulations.
Fraud and illegal acts	<p>We have made enquiries of management regarding:</p> <ul style="list-style-type: none"> <li>▶ Knowledge of any fraud or suspected fraud affecting the entity involving Management, employees who have significant roles in internal control; or others where fraud could have a material effect on the financial report.</li> <li>▶ Knowledge of any allegations of fraud, or suspected fraud, affecting the Town's financial information.</li> </ul> <p>Based on our enquiries and audit procedures, we did not become aware of any fraud or illegal acts during our audit.</p>





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## Outstanding Matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item	Actions to resolve	Responsibility
Final review of the financial statements	Receipt of financial statements authorised by the Chief Executive Officer	 
Management representation letter	Receipt of signed Management representation letter	
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report	 

Key:

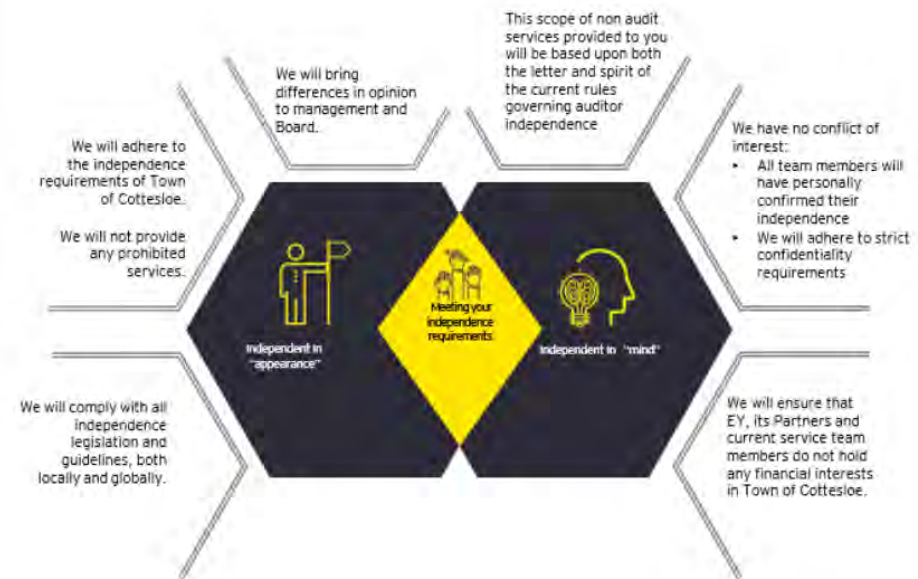
-  EY responsibility
-  Management responsibility



# Independence

We are committed to being and being seen to be independent. There are no matters that, in our professional judgement, bear on our independence which need to be disclosed to the Audit Committee.

We understand the importance of independence to you. We have been rigorous in maintaining our independence and managing conflicts.







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ED None

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# TOWN OF COTTESLOE



## AUDIT COMMITTEE

# ATTACHMENT

### ITEM 8.1.1B: FINDINGS IDENTIFIED - ERNST AND YOUNG AUDITORS

## ATTACHMENT

## TOWN OF COTTESLOE

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
<b>Current year findings</b>			
1. Purchase order quotation summary completion		✓	
<b>Unresolved findings identified in prior year</b>			
2. Financial statement preparation		✓	
3. Significantly aged bonds payable		✓	
4. Bonds payable classification			✓

**Key to ratings**

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

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.



## ATTACHMENT

## TOWN OF COTTESLOE

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## Current year findings

## 1. Purchase order quotation summary completion

**Finding**

As part of our test of controls across the procurement to payables cycle, we have inspected a sample of purchase orders. Our testing noted that there were instances where the quotation summaries were not properly completed, and the corresponding completed purchase orders were not properly authorised. After further inquiries, we noted that these instances related to suppliers that the Town have previously engaged and have contracts with, specifically relating to upgrades and license renewals. Although in compliance with the Town's purchasing policy, we note that the completion of the quotation summaries is considered a key control.

**Rating:** Moderate**Implication**

Lack of documentation of control procedures being performed does not allow management, to monitor the proper execution of the procurement process.

If purchases are made without obtaining sufficient quotes, there is a risk of favouritism of suppliers and or the Town not obtaining value for money.

**Recommendation**

Management should document why the purchase of a good or service is not supported by a quotation acceptance, if applicable, in consideration of the exemptions available under the purchasing policy. An appropriate member of management should only authorise the purchase order prior to the initiation of purchase transaction to the extent they are satisfied that a quotation acceptance is not required to be completed.

**Management comment**

*Management accepts this recommendation. Staff training can be increased to ensure compliance in this area along with a more robust ERP solution that guides staff through the procurement process. Our new ERP solution has a proposed go live date of July 2024.*

**Responsible person:**

New Finance Manager

**Completion date:**

The Town will incorporate this as part of the requirements for the new ERP system to be implemented in FY24.

## ATTACHMENT

## TOWN OF COTTESLOE

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## Unresolved findings identified in the prior year

## 2. Financial statement preparation

**Finding**

In completing the tie out of the financial statements to the underlying schedules and data, we noted that while the figures in the excel version of the financial statements were linked to an input data sheet, the input data sheet contained hard coded, manually entered numbers that were not linked to the trial balance or underlying schedules.

**Rating:** Moderate (2021: Moderate)

**Implication**

By manually entering all of the input data for the financial statements, this creates inefficiencies in both preparing the financial statements and once prepared, attempting to agree the figures in the financial statements to the trial balance and underlying schedules.

**Recommendation**

We recommend that management implement a more automated process for the preparation of the financial statements. All figures in the excel version of the financial statements and supporting notes should be linked directly from the trial balance or underlying schedules, rather than an input data sheet with manually entered numbers

**Management comment**

*The current statements have been linked to a separate trial balance worksheet (with minimal hard coding) and the Town intends to continue and improve this process in future periods.*

**Responsible person:** New Finance Manager  
**Completion date:** December 2023

## ATTACHMENT

## TOWN OF COTTESLOE

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

**3. Significantly aged bonds payable****Finding**

From our review of the Bonds Payable reconciliation, we noted that there were a number of bonds that were aged greater than three years. From discussions held with management, these items represent bonds lodged in relation to construction/demolition projects that were completed two or more years ago and remained unclaimed. We also note that no action has been taken to date by management to attempt to return the unclaimed bonds, that will never be claimed such as those due to companies that have since been wound down, to unclaimed monies.

The Unclaimed Money Act 1990 (the Act) deems unclaimed moneys as moneys over \$100 that have been held for six years without being returned to owners. Under the Act this money is to be transferred to the Department of Treasury.

**Rating:** Moderate (2021: Moderate)

**Implication**

If there are no policies and processes around periodically assessing and clearing unclaimed bonds, there is a risk that a material portion of the bonds payable balance relates to bonds that will never be claimed or cleared from the books through submission to unclaimed money funds. Further the Town may not be in compliance with legislative requirements.

**Recommendation**

We recommend that management implement an annual process whereby all bonds aged three years or older are assessed as if they should be paid to unclaimed money funds. As part of this process, management should attempt to notify the bond recipients of the outstanding balances to attempt to clear the significantly aged payable balances. Further, the Town should investigate its obligations under the Unclaimed Moneys Act 1990 to determine moneys that should be transferred to the Department of Treasury

**Management comment**

*The Town currently does follow its obligations under the Unclaimed Moneys Act 1990 to determine monies that should be transferred to the Department of Treasury. In January each year we are required to submit a listing to the Department of Treasury and then periodically the Town is sent a request to pay over any remaining monies that are still outstanding.*

*We intend to implement a process to notify bond recipients of outstanding balances.*

**Responsible person:** New Finance Manager  
**Completion date:** December 2023

## ATTACHMENT

## TOWN OF COTTESLOE

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

**4. Bonds payable classification****Finding**

Bond repayment due dates are not included in the Infrastructure, Right of Way and Miscellaneous Bonds Payable registers maintained by the Town.

**Rating:** Minor (2021: Minor)

**Implication**

Since the bond repayment due dates are not included in the Infrastructure, Right of Way and Miscellaneous Bonds Payable registers, it is not easily determinable as to which bonds are due for repayment within the next 12 months and which bonds are due for repayment later than 12 months. This increases the likelihood of bonds payable being incorrectly classified as current when the bonds are due for repayment later than 12 months or non-current when the bonds are due for repayment within the next 12 months.

**Recommendation**

We recommend that management include bond repayment due dates for all bonds listed in the Infrastructure, Right of Way and Miscellaneous Bonds Payable registers maintained by the Town.

**Management comment**

*The Bonds Classification matter is one that is Authority software based and the split between current and non-current will be undertaken manually for FY22 with this matter proposed to be incorporated as part of the requirements for the new ERP system to be implemented in FY24.*

**Responsible person:** Shane Collie (Director Corporate and Community Services)  
**Completion date:** The Town will incorporate this as part of the requirements for the new ERP system to be implemented in FY24.

# TOWN OF COTTESLOE



## AUDIT COMMITTEE

# ATTACHMENT

### ITEM 8.1.1C: REPRESENTATION LETTER – TOWN OF COTTESLOE





## Town of Cottesloe

5 April 2023

Ms Caroline Spencer  
Auditor General  
Office of the Auditor General  
7<sup>th</sup> Floor, Albert Facey House  
469 Wellington Street  
PERTH WA 6000

Dear Ms Spencer

### **REPRESENTATION LETTER IN RESPECT OF THE TOWN OF COTTESLOE'S ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022**

This representation letter is provided in connection with your audit of the Town of Cottesloe's annual financial report for the year ended 30 June 2022 for the purpose of expressing an opinion as to whether the annual financial report is fairly presented in accordance with the *Local Government Act 1995* (the Act), the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

We submit the following representations for the year ended 30 June 2022 after making appropriate enquiries and according to the best of our knowledge and belief. This representation covers all material items in each of the categories listed below.

#### **1. GENERAL**

- (a) We have fulfilled our responsibilities for the preparation and fair presentation of the annual financial report in accordance with the *Local Government Act 1995* (the Act), the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.
- (b) We have advised your auditors of all material contentious methods used in the presentation of the financial report.
- (c) There have been no changes in accounting policies or application of those policies that would have a material effect on the financial report, except as disclosed in Notes to the financial report.
- (d) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We confirm the disclosures related to accounting estimates are complete and appropriate.
- (e) We have established and maintained an adequate internal control structure and adequate financial records as we have determined are necessary to facilitate the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

- (f) We have provided your auditors with
- (i) Access to all information of which we are aware that is relevant to the preparation of the financial report, such as records, documentation and other matters.
  - (ii) Additional information that your auditors have requested for the purpose of the audit.
  - (iii) Unrestricted access to staff and councillors of the Town from whom your auditors determined it necessary to obtain audit evidence.
- (g) All transactions have been recorded in the accounting and other records and are reflected in the financial report.
- (h) All internal audit reports and reports resulting from other management reviews, including legal issues and legal opinions which have the capacity to be relevant to the fair presentation of the financial report including, where relevant, minutes of meetings, have been brought to your auditors' attention and made available to them.
- (i) We have advised your auditors of all known instances of non-compliance or suspected non-compliance with laws and regulations, and all known data or security breaches whose effects should be considered when preparing the financial report.
- (j) We have provided to your auditors the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
- (k) No frauds or suspected frauds affecting the Town involving:
- (i) Management;
  - (ii) Employees who have significant roles in internal control; or
  - (iii) Others where the fraud could have a material effect on the financial report
- have occurred to the knowledge of management of the Town.
- (l) To our knowledge no allegations of fraud or suspected fraud affecting the Town's financial report has been communicated to us by employees, former employees, analysts, regulators or others.
- (m) We have disclosed to your auditors all known actual or possible litigation and claims whose effects should be considered when preparing the financial report, and they have been accounted for and disclosed in accordance with Australian Accounting Standards.

## 2. FAIR VALUE MEASUREMENTS AND DISCLOSURES

We confirm that where assets and liabilities are recorded at fair value, the value attributed to these assets and liabilities is the fair value.

We confirm that the carrying amount of each physical non-current asset does not materially differ from its fair value at the end of the reporting period. Significant fair value assumptions, including those with high estimation uncertainty, are reasonable.

We confirm the measurement methods, including related assumptions, used by management in determining fair values are appropriate and have been consistently applied.

We confirm that the fair value disclosures in the financial report are complete and appropriate.

**3. GOING CONCERN**

We confirm that the going concern basis of accounting is appropriate for the annual financial report.

**4. CONTINGENT LIABILITIES**

There are no material contingent liabilities at year end that have not been completely and adequately disclosed in the Notes to the financial report.

**5. COMMITMENTS FOR CAPITAL AND OTHER EXPENDITURE**

Other than those commitments reported in the Notes to the financial report, there were no significant commitments for capital or other expenditure contracts carrying over at year end.

**6. FINANCIAL LIABILITY FOR CONTAMINATED SITES**

We are aware of our obligations under the *Contaminated Sites Act 2003* and have reported to the Department of Water and Environmental Regulation, all land owned, vested or leased by the Town that is known to be, or is suspected of being, contaminated. All actual liabilities or contingent liabilities, if any, have been recognised and/or disclosed in the financial report as appropriate.

**7. RELATED ENTITIES**

We acknowledge our responsibility under section 17(1) of the *Auditor General Act 2006* (as applied by section 7.12AL of the *Local Government Act 1995*) to give written notice to the Auditor General if any of the Town's functions are being performed in partnership or jointly with another person or body, through the instrumentality of another person or body, and/or by means of a trust. We confirm that we have provided the Auditor General with details of all related entities in existence at 30 June 2022.

**8. RELATED PARTIES**

We have disclosed to your auditors the identity of the Town's related parties, as defined in Australian Accounting Standards, of which we are aware, and all the related party relationships and transactions of which we are aware. These include the Town's key management personnel (KMP) and their related parties, including their close family members and their controlled and jointly controlled entities.

We have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of Australian Accounting Standards.

**9. KEY MANAGEMENT PERSONNEL COMPENSATION**

We confirm the Town's key management personnel (KMP) have not received any other money, consideration or benefit (except amounts being reimbursements for out of pocket expenses) which has not been included in the compensation disclosed in the Notes to the financial report.



**10. SUBSEQUENT EVENTS**

No matters or occurrences have come to our attention between the date of the financial report and the date of this letter which would materially affect the financial report or disclosures therein, or which are likely to materially affect the future results or operations of the Town.

**11. INTERNAL CONTROL**

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

**12. INSURANCE**

We have established procedures to assess the adequacy of insurance cover on all assets and insurable risks. We believe, where appropriate, assets and insurable risks are adequately covered by insurance.

**13. RISK MANAGEMENT**

We confirm that we have established and maintained a risk management framework that is appropriate to the Town.

**14. ACCOUNTING MISSTATEMENTS**

There is no unadjusted audit difference in the financial statements.

**15. ELECTRONIC PRESENTATION OF THE AUDITED ANNUAL FINANCIAL REPORT AND AUDITOR'S REPORT**

- (a) We acknowledge that we are responsible for the electronic presentation of the annual financial report.
- (b) We will ensure that the electronic version of the audited annual financial report and the auditor's report presented on the Town's website is the same as the final signed versions of the audited annual financial report and the auditor's report.
- (c) We have clearly differentiated between audited and unaudited information in the construction of Town's website and understand the risk of potential misrepresentation in the absence of appropriate controls.
- (d) We have assessed the security controls over the audited annual financial report and the auditor's report and are satisfied that procedures in place are adequate to ensure the integrity of the information provided.
- (e) We will ensure that where the auditor's report on the annual financial report is provided on the website, the annual financial report is also provided in full.

**16. Use of the Work of a Specialist**

We agree with the findings of the specialist engaged to perform a desktop valuation of Infrastructure Assets as at 30 June 2022.

We have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial report and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

**17. OTHER (UNAUDITED) INFORMATION IN THE ANNUAL REPORT**

We will provide the final version of the annual report to you when available, to enable you to complete your required procedures.



\_\_\_\_\_  
*Director Corporate and Community Services*

5/4/2023  
Date



\_\_\_\_\_  
*Chief Executive Officer*

5/4/2023  
Date

# TOWN OF COTTESLOE



## AUDIT COMMITTEE

# ATTACHMENT

**ITEM 8.1.1D:  
TRANSMITTAL LETTER – OFFICE OF AUDITOR  
GENERAL**



Our Ref: 7976

Ms Lorraine Young  
Mayor  
Town of Cottesloe  
PO Box 606  
COTTESLOE WA 6911

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

Mail to: Perth BC  
PO Box 8489  
PERTH WA 6849

Tel: 08 6557 7500  
Email: [info@audit.wa.gov.au](mailto:info@audit.wa.gov.au)

Email: [mayor.young@cottesloe.wa.gov.au](mailto:mayor.young@cottesloe.wa.gov.au)

Dear Ms Young

#### **ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022**

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

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

#### **Management Control Issues**

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

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

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

#### **Unresolved matters from prior audits**

We also draw your attention to the Matters Outstanding from Prior Audits issues set out in the attachment. We would appreciate your attention to these matters before next year's audit.

The date that entities provided their annual financial report to the Office has been recorded for purposes of reporting to Parliament. The date recorded for the receipt of your financial statements was 30 September 2022.

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

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

Feel free to contact me on 6557 7714 if you would like to discuss these matters further.

Yours sincerely

A handwritten signature in black ink that reads "NRaniga". The letters are cursive and somewhat stylized.

Nayna Raniga  
Acting Senior Director  
Financial Audit  
6 April 2023

Attach



# TOWN OF COTTESLOE



## AUDIT COMMITTEE

# ATTACHMENT

### ITEM 8.1.1E: AUDIT OPINION – OFFICE OF AUDITOR GENERAL



## Auditor General

### INDEPENDENT AUDITOR'S REPORT 2022 Town of Cottesloe

To the Councillors of the Town of Cottesloe

#### Opinion

I have audited the financial report of the Town of Cottesloe (Town) which comprises:

- the Statement of Financial Position at 30 June 2022, and the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Town for the year ended 30 June 2022 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 below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

### **Responsibilities of the Chief Executive Officer and Council for the financial report**

The Chief Executive Officer of the Town is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report 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
- 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 responsibilities for the audit of the financial report**

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on 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. 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.

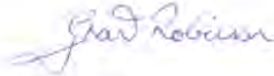
A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

### **My independence and quality control relating to the report on the financial report**

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Matters relating to the electronic publication of the audited financial report**

This auditor's report relates to the financial report of the Town of Cottesloe for the year ended 30 June 2022 included in the annual report 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. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Town to confirm the information contained in the website version.



Grant Robison  
Assistant Auditor General Financial Audit  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
6 April 2023

# TOWN OF COTTESLOE



## AUDIT COMMITTEE

# ATTACHMENT

### ITEM 8.1.1F: ANNUAL FINANCIAL STATEMENTS 2021/22



# TOWN OF COTTESLOE



2021 - 2022

## ANNUAL FINANCIAL STATEMENTS

**TOWN OF COTTESLOE**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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The Town of Cottesloe conducts the operations of a local government with the following community vision:

*An iconic coastal community with a relaxed lifestyle*

Principal place of business:  
109 Broome Street  
Cottesloe WA 6011

TOWN OF COTTESLOE  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Town of Cottesloe for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Town of Cottesloe at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 5th day of April 2023



---

Chief Executive Officer

William Matthew Scott

---

Name of Chief Executive Officer

**TOWN OF COTTESLOE**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>Revenue</b>				
Rates	23(a),2(a)	11,344,384	11,277,445	10,875,226
Operating grants, subsidies and contributions	2(a)	615,404	303,458	346,975
Fees and charges	22(c),2(a)	3,107,449	2,204,350	2,422,833
Interest earnings	2(a)	119,682	137,995	136,573
Other revenue	2(a)	212,445	125,980	254,617
		15,399,364	14,049,228	14,036,224
<b>Expenses</b>				
Employee costs		(5,612,687)	(5,572,747)	(5,278,211)
Materials and contracts		(5,675,000)	(6,399,748)	(5,110,884)
Utility charges		(330,981)	(357,220)	(346,937)
Depreciation	10(a)	(2,892,830)	(2,442,097)	(2,743,636)
Finance costs	2(b)	(226,250)	(232,046)	(250,180)
Insurance		(190,707)	(195,772)	(172,309)
Other expenditure	2(b)	(457,170)	(418,060)	(465,072)
		(15,385,625)	(15,617,690)	(14,367,229)
		13,739	(1,568,462)	(331,005)
Capital grants, subsidies and contributions	2(a)	736,996	1,754,321	380,291
Profit on asset disposals	10(c)	28,412	0	6,418
Loss on asset disposals	10(c)	(255,690)	0	0
Fair value adjustments to financial assets at fair value through profit or loss		5,995	0	3,879
Share of net profit of associates accounted for using the equity method	19	(51,857)	0	(70,162)
Loss on revaluation of Streetscape	9(a)	0	0	0
		463,856	1,754,321	320,426
<b>Net result for the period</b>	22(b)	<b>477,595</b>	<b>185,859</b>	<b>(10,579)</b>
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	15	32,443,705	0	(20,481,658)
<b>Total other comprehensive income for the period</b>	15	<b>32,443,705</b>	<b>0</b>	<b>(20,481,658)</b>
<b>Total comprehensive income for the period</b>		<b>32,921,300</b>	<b>185,859</b>	<b>(20,492,237)</b>

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



TOWN OF COTTESLOE  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2022

	NOTE	2022 \$	2021 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	13,959,471	11,485,299
Trade and other receivables	5	528,885	620,318
Other financial assets	4(a)	64,906	62,141
Inventories	6	9,180	9,560
Other assets	7	72,348	37,373
<b>TOTAL CURRENT ASSETS</b>		<b>14,634,790</b>	<b>12,214,691</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	5	222,012	301,177
Other financial assets	4(b)	328,297	387,207
Investment in associate	19(a)	531,778	583,635
Property, plant and equipment	8	61,870,055	62,606,095
Infrastructure	9	71,598,109	38,966,860
Right-of-use assets	11(a)	1,177,429	1,249,999
<b>TOTAL NON-CURRENT ASSETS</b>		<b>135,727,680</b>	<b>104,094,973</b>
<b>TOTAL ASSETS</b>		<b>150,362,470</b>	<b>116,309,664</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	3,368,226	1,988,606
Lease liabilities	11(b)	56,751	58,211
Borrowings	13	350,347	329,882
Employee related provisions	14	1,203,286	1,062,510
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,978,610</b>	<b>3,439,209</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	11(b)	1,188,423	1,246,805
Borrowings	13	2,460,557	2,810,904
Employee related provisions	14	196,257	195,423
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,845,237</b>	<b>4,253,132</b>
<b>TOTAL LIABILITIES</b>		<b>8,823,847</b>	<b>7,692,341</b>
<b>NET ASSETS</b>		<b>141,538,623</b>	<b>108,617,323</b>
<b>EQUITY</b>			
Retained surplus		29,236,044	28,434,028
Reserve accounts	26	8,267,063	8,591,484
Revaluation surplus	15	104,035,516	71,591,811
<b>TOTAL EQUITY</b>		<b>141,538,623</b>	<b>108,617,323</b>

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



**TOWN OF COTTESLOE**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2020</b>		27,948,844	9,087,247	92,073,469	129,109,561
Comprehensive income for the period					
Net result for the period		(10,579)	0	0	(10,579)
Other comprehensive income for the period	15	0	0	(20,481,658)	(20,481,658)
Total comprehensive income for the period		(10,579)	0	(20,481,658)	(20,492,237)
Transfers from reserves	26	3,387,752	(3,387,752)	0	(
Transfers to reserves	26	(2,891,989)	2,891,989	0	(
<b>Balance as at 30 June 2021</b>		28,434,028	8,591,484	71,591,811	108,617,323
Comprehensive income for the period					
Net result for the period		477,595	0	0	477,595
Other comprehensive income for the period	15	0	0	32,443,705	32,443,705
Total comprehensive income for the period		477,595	0	32,443,705	32,921,300
Transfers from reserves	26	821,836	(821,836)	0	(
Transfers to reserves	26	(497,415)	497,415	0	(
<b>Balance as at 30 June 2022</b>		29,236,044	8,267,063	104,035,516	141,538,623

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

TOWN OF COTTESLOE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		11,465,976	11,277,445	10,849,664
Operating grants, subsidies and contributions		642,703	303,458	384,126
Fees and charges		3,114,732	2,204,350	2,391,214
Interest received		119,682	137,995	143,632
Goods and services tax received		0	800,000	799,305
Other revenue		212,445	125,980	251,624
		15,555,538	14,849,228	14,819,565
<b>Payments</b>				
Employee costs		(5,413,243)	(5,572,747)	(5,103,645)
Materials and contracts		(4,414,642)	(6,325,907)	(5,326,041)
Utility charges		(330,981)	(357,220)	(364,987)
Finance costs		(226,250)	(232,046)	(255,072)
Insurance paid		(190,707)	(195,772)	(172,309)
Goods and services tax paid		40,877	(800,000)	(764,398)
Other expenditure		(456,792)	(418,060)	(479,112)
		(10,991,738)	(13,901,752)	(12,465,564)
<b>Net cash provided by (used in) operating activities</b>	16(b)	4,563,800	947,476	2,354,001
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	8(a)	(595,668)	(1,705,162)	(619,699)
Payments for construction of infrastructure	9(a)	(2,031,578)	(2,887,557)	(2,778,439)
Non-operating grants, subsidies and contributions		736,996	1,754,321	380,291
Proceeds from financial assets at amortised cost - self supporting loans		62,140	66,618	59,513
Proceeds from sale of property, plant & equipment	10(c)	128,206	140,000	28,918
<b>Net cash provided by (used in) investing activities</b>		(1,699,904)	(2,631,780)	(2,929,416)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	25(a)	(329,882)	(329,882)	(310,650)
Payments for principal portion of lease liabilities	25(c)	(59,842)	(58,211)	(56,502)
<b>Net cash provided by (used in) financing activities</b>		(389,724)	(388,093)	(367,152)
<b>Net increase (decrease) in cash held</b>		2,474,172	(2,072,397)	(942,567)
Cash at beginning of year		11,485,299	11,300,626	12,427,866
<b>Cash and cash equivalents at the end of the year</b>	16(a)	13,959,471	9,228,229	11,485,299

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



TOWN OF COTTESLOE  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>NET CURRENT ASSETS - At start of financial year - surplus/(deficit)</b>	24(b)	1,483,578	556,930	1,853,753
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities (excluding general rate)</b>				
Rates (excluding general rate)	23(a)	0	0	0
Operating grants, subsidies and contributions		615,404	303,458	346,975
Fees and charges		3,107,449	2,204,350	2,422,833
Service charges		0	0	0
Interest earnings		119,682	137,995	136,573
Other revenue		212,445	125,980	254,617
Profit on asset disposals	10(c)	28,412	0	6,418
Fair value adjustments to financial assets at fair value through profit or loss		5,995	0	3,879
Fair value adjustments to investment property		0	0	0
Share of net profit of associates and joint ventures accounted for using the equity method		(51,857)	0	(70,162)
		4,037,530	2,771,783	3,101,133
<b>Expenditure from operating activities</b>				
Employee costs		(5,612,687)	(5,572,747)	(5,278,211)
Materials and contracts		(5,675,000)	(6,399,748)	(5,110,884)
Utility charges		(330,981)	(357,220)	(346,937)
Depreciation		(2,892,830)	(2,442,097)	(2,743,636)
Finance costs		(226,250)	(232,046)	(250,180)
Insurance		(190,707)	(195,772)	(172,309)
Other expenditure		(457,172)	(418,060)	(465,072)
Loss on asset disposals	10(c)	(255,690)	0	0
Loss on revaluation of non-current assets		0	0	0
Reversal of prior year loss on revaluation of assets		0	0	0
		(15,641,317)	(15,617,690)	(14,367,229)
Non-cash amounts excluded from operating activities	24(a)	3,237,320	2,427,068	2,821,500
<b>Amount attributable to operating activities</b>		(8,366,467)	(10,418,839)	(8,444,596)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		736,996	1,754,321	380,291
Proceeds from disposal of assets	10(c)	128,206	140,000	28,918
Proceeds from financial assets at amortised cost - self supporting loans		62,140	73,841	59,513
Distributions from investments in associates		0	0	0
Payments for financial assets at amortised cost - self supporting loans		0	0	0
Payments for investments in associates		0	0	0
Purchase of property, plant and equipment	8(a)	(595,668)	(1,705,162)	(619,699)
Purchase and construction of infrastructure	9(a)	(2,031,582)	(2,887,557)	(2,778,439)
Purchase of investment property	11	0	0	0
Payments for intangible assets	11	0	0	0
		(1,699,908)	(2,624,557)	(2,929,416)
Non-cash amounts excluded from investing activities	24(a)	0	0	0
<b>Amount attributable to investing activities</b>		(1,699,908)	(2,624,557)	(2,929,416)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	25(a)	(329,882)	(329,882)	(310,650)
Proceeds from borrowings	25(a)	0	0	0
Payments for principal portion of lease liabilities	25(c)	(59,842)	(58,211)	(56,502)
Transfers to reserves (restricted assets)	26	(497,415)	(240,221)	(2,891,989)
Transfers from reserves (restricted assets)	26	821,836	1,837,334	3,387,752
<b>Amount attributable to financing activities</b>		(65,303)	1,209,020	128,611
<b>Surplus/(deficit) before imposition of general rates</b>		(8,648,100)	(11,277,445)	(9,391,648)
<b>Total amount raised from general rates</b>	23(a)	11,344,384	11,277,445	10,875,226
<b>Surplus/(deficit) after imposition of general rates</b>	24(b)	2,696,284	0	1,483,578

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

**TOWN OF COTTESLOE  
FOR THE YEAR ENDED 30 JUNE 2022  
INDEX OF NOTES TO THE FINANCIAL REPORT**

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**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**1. BASIS OF PREPARATION**

The financial report comprises general purpose financial statements which have been prepared in accordance with the Local Government Act 1995 and accompanying regulations. The Local Government Act 1995 requirements Section 6.4(2) of the Local Government Act 1995 read with the Local Government (Financial Management) Regulations 1996 prescribe that the financial report be prepared in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Town to measure any vested improvements at zero cost.

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 financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the assets and liabilities.

**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.

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

**Judgements and 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 balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.
- estimation uncertainties made in relation to lease accounting



**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**2. REVENUE AND EXPENSES**

(a) Revenue

**Contracts with customers**

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Rates - general rates	General rates	Over time	Payment dates adopted by council during the year	None	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	When assets are controlled
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming	Single point in time	Full payment prior to issue	None	On approval of the application
Fees and charges - pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annual fee	None	Apportioned equally across the four yearly inspection cycle
Fees and charges - other inspections	Regulatory food, health and safety	Single point in time	Full payment prior to inspection	None	When the inspection is completed
Fees and charges - waste management collections	Kerbside collection service	Over time	Payment on annual basis in advance for domestic and eight weekly in arrears for commercial	None	For domestic, when rates notice is issued, for commercial, output method based on regular eight weekly period proportionate to collection service
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal site	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled with conditions	On entry of conclusion of hire
Fees and charges for other goods and services	Library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Output method based on provision of service or completion of works
Fees and charges - sale of stock	Sale of stock i.e. history books etc.	Single point in time	Payment in full in advance	Refunds for faulty goods	Output method based on goods
Fees and charges - fines	Fines issued for breaches of local laws	Single point in time	Payment in full with defined time	None	When fine notice is issued
Fees and charges - commissions	Other commissions i.e. for agency collections	Single point in time	Payment in full on sale	None	Output method based on regular basis
Other revenue - reimbursements	Other reimbursements i.e. insurance claims etc.	Single point in time	Payment in arrears for claimable event	None	When claim is agreed

Consideration from contracts with customers is included in the transaction price.



TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES (Continued)

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature or types of goods or services is provided in the table below:

For the year ended 30 June 2022

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	11,344,384	0	11,344,384
Operating grants, subsidies and contributions	255,729	0	0	359,675	615,404
Fees and charges	139,928	0	2,050,579	916,942	3,107,449
Interest earnings	59,153	0	51,273	9,256	119,682
Other revenue	1,770	0	0	210,675	212,445
Non-operating grants, subsidies and contributions	0	736,996	0	0	736,996
<b>Total</b>	<b>456,580</b>	<b>736,996</b>	<b>13,446,236</b>	<b>1,496,548</b>	<b>16,136,360</b>

For the year ended 30 June 2021

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	10,875,226	0	10,875,226
Operating grants, subsidies and contributions	66,098	0	0	280,877	346,975
Fees and charges	83,289	0	1,482,214	857,330	2,422,833
Interest earnings	66,027	0	63,469	7,077	136,573
Other revenue	2,108	0	0	252,509	254,617
Non-operating grants, subsidies and contributions	0	380,291	0	0	380,291
<b>Total</b>	<b>217,522</b>	<b>380,291</b>	<b>12,420,909</b>	<b>1,397,793</b>	<b>14,416,515</b>

Note	2022 Actual	2022 Budget	2021 Actual
<b>Interest earnings</b>			
Financial assets at amortised cost - self supporting loans	8,897	9,470	16,760
Interest on reserve funds	27,344	38,000	27,934
Rates instalment and penalty interest (refer Note 23(e))	51,273	46,695	63,469
Other interest earnings	32,168	43,830	28,410
	<b>119,682</b>	<b>137,995</b>	<b>136,573</b>
<b>(b) Expenses</b>			
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report	78,364	61,289	64,000
- Other services	2,050	7,000	7,525
	<b>80,414</b>	<b>68,289</b>	<b>71,525</b>
<b>Finance costs</b>			
Borrowings	25(a) 187,199	192,755	206,773
Other	0	173	2,580
Lease liabilities	25(c) 39,051	39,118	40,827
	<b>226,250</b>	<b>232,046</b>	<b>250,180</b>
<b>Other expenditure</b>			
Write down of inventories to net realisable value	6 380	250	230
Sundry expenses	456,790	417,810	464,842
	<b>457,170</b>	<b>418,060</b>	<b>465,072</b>

**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**3. CASH AND CASH EQUIVALENTS**

Note	2022	2021
	\$	\$
Cash at bank and on hand	7,810,943	2,977,542
Term deposits	6,148,528	8,507,757
<b>Total cash and cash equivalents</b>	<b>13,959,471</b>	<b>11,485,299</b>
Held as		
- Unrestricted cash and cash equivalents	5,692,408	2,893,815
- Restricted cash and cash equivalents	8,267,063	8,591,484
	<b>13,959,471</b>	<b>11,485,299</b>

**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 which are subject to an insignificant risk of changes in value.

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

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

**Restricted financial assets**

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

Details of restrictions on financial assets can be found at Note 16.



**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**4. OTHER FINANCIAL ASSETS**

	2022	2021
	\$	\$
<b>(a) Current assets</b>		
Financial assets at amortised cost	64,906	62,141
	64,906	62,141
<b>Other financial assets at amortised cost</b>		
Self supporting loans receivable	64,906	62,141
	64,906	62,141
Held as		
- Unrestricted other financial assets at amortised cost	64,906	62,141
	64,906	62,141
<b>(b) Non-current assets</b>		
Financial assets at amortised cost	211,591	276,497
Financial assets at fair value through profit and loss	116,706	110,710
	328,297	387,207
<b>Financial assets at amortised cost</b>		
Self supporting loans receivable	211,591	276,497
	211,591	276,497
<b>Financial assets at fair value through profit and loss</b>		
Units in Local Government House Trust	116,706	110,710
	116,706	110,710

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 25(a) as self supporting loans.

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 21 (i)) due to the observable market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

**Financial assets at fair value through profit and loss**

The Town classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Town has not elected to recognise fair value gains and losses through other comprehensive income.

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 20.

**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**5. TRADE AND OTHER RECEIVABLES**

	Note	2022 \$	2021 \$
<b>Current</b>			
Rates receivable		152,880	177,503
Trade and other receivables		156,651	169,289
GST receivable		0	40,877
Allowance for credit losses of trade and other receivables	20(b)	(21,828)	(14,545)
Sundry receivables - infringements		430,985	436,601
Allowance for credit losses of infringements		(189,803)	(189,407)
		528,885	620,318
<b>Non-current</b>			
Pensioner's rates and ESL deferred		121,972	192,488
Receivables for employee related provisions		100,040	108,689
		222,012	301,177

**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 grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

**Impairment and risk exposure**

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 20.

**Classification and subsequent measurement**

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

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

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



**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**6. INVENTORIES**

<b>Current</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>\$</b>	<b>\$</b>
Materials		32,029	33,355
Provision for Obsolescence		(22,849)	(23,795)
		<u>9,180</u>	<u>9,560</u>

The following movements in inventories occurred during the year:

<b>Balance at beginning of year</b>		9,560	9,790
Write down of inventories to net realisable value	2(b)	(380)	(230)
<b>Balance at end of year</b>		<u>9,180</u>	<u>9,560</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 30 JUNE 2022**

**7. OTHER ASSETS**

**Other assets - current**

Prepayments  
Accrued income

	2022	2021
	\$	\$
	64,035	29,259
	8,313	8,114
	72,348	37,373

**SIGNIFICANT ACCOUNTING POLICIES**

**Other current assets**

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

**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**8. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in Balances**

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

Note	Land	Buildings (specialised)	Total Land & Buildings	Furniture & equipment	Plant & equipment	Library Furniture & equipment	Library Plant & equipment	Works in Progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	54,452,000	27,420,861	81,872,861	512,740	900,950	120,770	0	0	83,407,321
Additions	0	159,075	159,075	357,468	90,287	3,552	9,317	0	619,699
Disposals	0	0	0	0	(22,500)	0	0	0	(22,500)
Revaluation increments / (decrements) transferred to revaluation surplus	(29,949,000)	9,588,112	(20,360,888)	0	0	(120,770)	0	0	(20,481,658)
Depreciation	0	(631,223)	(631,223)	(73,494)	(212,050)	0	0	0	(916,767)
<b>Balance at 30 June 2021</b>	<b>24,503,000</b>	<b>36,536,825</b>	<b>61,039,825</b>	<b>796,714</b>	<b>756,687</b>	<b>3,552</b>	<b>9,317</b>	<b>0</b>	<b>62,606,095</b>
<b>Comprises:</b>									
Gross balance amount at 30 June 2021	24,503,000	36,536,825	61,039,825	1,104,796	960,237	3,552	9,317	0	63,117,727
Accumulated depreciation at 30 June 2021	0	0	0	(308,082)	(203,550)	0	0	0	(511,632)
<b>Balance at 30 June 2021</b>	<b>24,503,000</b>	<b>36,536,825</b>	<b>61,039,825</b>	<b>796,714</b>	<b>756,687</b>	<b>3,552</b>	<b>9,317</b>	<b>0</b>	<b>62,606,095</b>
Additions	0	18,238	18,238	92,230	238,420	0	0	246,780	595,668
Disposals	0	(253,334)	(253,334)	0	(102,150)	0	0	0	(355,484)
Depreciation	0	(782,435)	(782,435)	(73,017)	(120,772)	0	0	0	(976,224)
<b>Balance at 30 June 2022</b>	<b>24,503,000</b>	<b>35,519,294</b>	<b>60,022,294</b>	<b>815,927</b>	<b>772,185</b>	<b>3,552</b>	<b>9,317</b>	<b>246,780</b>	<b>61,870,055</b>
<b>Comprises:</b>									
Gross balance amount at 30 June 2022	24,503,000	36,295,062	60,798,062	1,197,026	1,065,357	3,552	9,317	246,780	63,320,094
Accumulated depreciation at 30 June 2022	0	(775,768)	(775,768)	(381,099)	(293,172)	0	0	0	(1,450,039)
<b>Balance at 30 June 2022</b>	<b>24,503,000</b>	<b>35,519,294</b>	<b>60,022,294</b>	<b>815,927</b>	<b>772,185</b>	<b>3,552</b>	<b>9,317</b>	<b>246,780</b>	<b>61,870,055</b>



**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

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

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>(i) Fair Value</b>					
Land and buildings					
Land	3	Market approach using recent observable market data for similar items	Independent valuation	June 2021	Price per hectare
Buildings (specialised)	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent valuation	June 2021	Improvements to land using construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
<p>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.</p> <p>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.</p>					
<b>(ii) Cost</b>					
<b>Furniture and equipment</b>					
	3	Market approach using recent observable market data for similar items	Independent valuation	June 2020	Make, size, year of manufacture and condition
<b>Plant and equipment</b>					
	3	Market approach using recent observable market data for similar items	Independent valuation	June 2020	Make, size, year of manufacture and condition

TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Note	Roads	Car parks	Footpaths	Drainage	Parks	Miscellaneous	Rights of way	Streetscape	Irrigation	Works in Progress	Total Infrastructure
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020		14,068,834	1,070,545	5,236,061	4,958,199	2,803,289	7,551,558	967,674	1,106,530	170,027	0	37,942,717
Additions		747,082	36,263	42,496	34,670	99,882	1,347,775	71,725	375,436	23,100	0	2,778,439
Depreciation		(807,077)	(84,753)	(191,590)	(81,624)	(88,711)	(368,271)	(55,760)	(67,120)	(9,390)	0	(1,754,296)
Balance at 30 June 2021	10(a)	14,008,849	1,022,055	5,086,967	4,911,245	2,814,460	8,541,062	983,639	1,414,846	183,737	0	38,966,860
Comprises:												
Gross balance at 30 June 2021		29,231,738	2,974,687	9,743,966	7,540,732	3,325,723	13,455,562	1,973,848	1,821,418	235,613	0	70,303,287
Accumulated depreciation at 30 June 2021		(15,222,899)	(1,952,632)	(4,656,999)	(2,629,487)	(511,263)	(4,914,500)	(990,209)	(406,572)	(51,876)	0	(31,336,427)
Balance at 30 June 2021		14,008,849	1,022,055	5,086,967	4,911,245	2,814,460	8,541,062	983,639	1,414,846	183,737	0	38,966,860
Additions		377,026	0	17,509	729,054	397,807	36,918	0	283,788	0	189,480	2,031,562
Revaluation increments / (decrements) transferred to revaluation surplus		21,114,384	2,676,620	516,309	3,946,116	2,225,965	744,414	1,200,001	0	17,894	0	32,443,703
Revaluation (loss) / reversals transferred to profit or loss		0	0	0	0	0	0	0	0	0	0	0
Depreciation		(826,643)	(85,731)	(191,591)	(82,026)	(91,000)	(417,904)	(57,874)	(80,871)	(10,396)	0	(1,844,036)
Balance at 30 June 2022	10(a)	34,673,616	3,612,944	5,431,194	9,504,389	5,347,232	8,904,490	2,125,766	1,617,763	191,235	189,480	71,598,109
Comprises:												
Gross balance at 30 June 2022		47,200,131	6,236,888	8,410,569	12,773,111	6,869,461	14,177,293	3,460,390	2,061,708	235,613	189,480	101,614,664
Accumulated depreciation at 30 June 2022		(12,526,515)	(2,623,944)	(2,979,395)	(3,268,722)	(1,522,229)	(5,272,803)	(1,334,624)	(426,051)	(62,272)	0	(30,016,555)
Balance at 30 June 2022		34,673,616	3,612,944	5,431,194	9,504,389	5,347,232	8,904,490	2,125,766	1,635,657	173,341	189,480	71,598,109



**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**9. INFRASTRUCTURE (Continued)**

(b) Carrying Value Measurements

(f) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Roads		3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition, values and remaining useful life assessment inputs
Car parks		3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition, values and remaining useful life assessment inputs
Footpaths		3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition, values and remaining useful life assessment inputs
Drainage		3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition, values and remaining useful life assessment inputs
Parks		3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition, values and remaining useful life assessment inputs
Miscellaneous		3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition, values and remaining useful life assessment inputs
Rights of way		3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition, values and remaining useful life assessment inputs
Streetscape		3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition, values and remaining useful life assessment inputs
Irrigation		3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, values and remaining useful life assessment 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 30 JUNE 2022**

**10. FIXED ASSETS**

**(a) Depreciation**

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Buildings (specialised)	8(a)	782,435	559,065	631,223
Furniture & equipment	8(a)	73,017	68,716	73,494
Plant & equipment	8(a)	120,772	101,745	212,050
Roads	9(a)	826,643	801,784	807,077
Car parks	9(a)	85,731	82,752	84,753
Footpaths	9(a)	191,591	192,240	191,590
Drainage	9(a)	82,026	81,588	81,624
Parks	9(a)	91,000	92,757	88,711
Miscellaneous	9(a)	417,904	287,908	368,271
Rights of way	9(a)	57,874	54,944	55,760
Streetscape	9(a)	80,871	36,604	67,120
Irrigation	9(a)	10,396	9,185	9,390
Right-of-use assets - buildings	11(a)	64,533	64,533	59,531
Right-of-use assets - plant and equipment	11(a)	8,037	8,276	13,042
		2,892,830	2,442,097	2,743,636

**Depreciation rates**

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

Asset Class	Useful life
Buildings	33 to 159 years
Furniture and equipment	2 to 15 years
Plant and equipment	2 to 10 years
- Roads - Formation/Subgrade	Not depreciated
- Roads - Pavement	60 to 100 years
- Roads - Seal	20 to 35 years
- Roads - Kerbing	60 to 80 years
- Right of Ways - Formation/Subgrade	Not depreciated
- Right of Ways - Pavement	60 to 100 years
- Right of Ways - Seal	20 to 35 years
- Right of Ways - Kerbing	60 to 80 years
- Car Parks - Formation/Subgrade	Not depreciated
- Car Parks - Pavement	60 to 100 years
- Car Parks - Seal	20 to 35 years
- Car Parks - Kerbing	60 to 80 years
- Drainage	80 to 100 years
- Footpaths	20 to 60 years
- Lighting and Electrical	20 years
- Parks & Ovals	10 to 40 years
- Streetscapes	15 to 25 years
- Miscellaneous	25 to 60 years
- Irrigation	20 to 100 years
Right of use - plant and equipment	Based on the remaining lease

**(b) Fully Depreciated Assets in Use**

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

	2022 \$	2021 \$
Furniture & equipment	103,799	103,799
Miscellaneous	642,850	642,850
	746,649	746,649



**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**10. FIXED ASSETS (Continued)**

(c) Disposals of assets

	2022			2022			2021			2021		
	Actual Net Book Value	Actual Sale Proceeds	2022 Actual Profit	Budget Net Book Value	Budget Sale Proceeds	2022 Budget Profit	Actual Net Book Value	Actual Sale Proceeds	2021 Actual Profit	Actual Net Book Value	Actual Sale Proceeds	2021 Actual Profit
Buildings (specialised)	253,334	0	\$ 0	0	0	\$ 0	0	0	0	0	0	\$ 0
Plant & equipment	102,150	128,206	28,412	140,000	140,000	0	22,500	28,918	6,418	22,500	28,918	6,418
	355,484	128,206	28,412	140,000	140,000	0	22,500	28,918	6,418	22,500	28,918	6,418
			(253,334)									
			(2,356)									
			(255,690)									

The following assets were disposed of during the year.

**Buildings - specialised  
Recreation and culture**

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
Anderson Pavilion	253,334	0	\$ 0	(253,334)
	253,334	0	0	(253,334)

**Plant and Equipment**

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
Community amenities	17,100	27,553	10,453	0
Maxda CX-5 Wagon	15,300	14,294	0	(1,006)

**Economic services**

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
Other property and services	15,750	19,905	4,155	0
Isuzu D-Max	15,300	17,859	2,559	0
Isuzu D-Max	15,750	16,950	1,200	0
Toyota Kluger	21,600	31,645	10,045	0
Roscco Trademate	1,350	0	0	(1,350)
	102,150	128,206	28,412	(2,356)



**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**10. FIXED ASSETS (Continued)**

**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 for assets held at cost**

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

**Initial recognition and measurement between mandatory revaluation dates for assets held at fair value**

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

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 zero cost or otherwise significantly less than fair value, 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 that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates 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 revaluation date in accordance with the mandatory measurement framework.

**Revaluation**

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Town.

At the end of each period the carrying amount for each asset class 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 land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

**Revaluation (continued)**

For property, plant and equipment and infrastructure, 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. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

**Depreciation**

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

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

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

**Depreciation on revaluation**

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

- (i) 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
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

**Amortisation**

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 10(a).



**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**11. LEASES**

**(a) Right-of-Use Assets**

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.	Note	Right-of-use assets - buildings	Right-of-use assets - plant and equipment	Right-of-use assets Total
		\$	\$	\$
Balance at 1 July 2020		1,297,724	24,848	1,322,572
Depreciation		(59,531)	(13,042)	(72,573)
<b>Balance at 30 June 2021</b>		<b>1,238,193</b>	<b>11,806</b>	<b>1,249,999</b>
Depreciation	10(a)	(64,533)	(8,037)	(72,570)
<b>Balance at 30 June 2022</b>		<b>1,173,660</b>	<b>3,769</b>	<b>1,177,429</b>

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

		2022 Actual	2021 Actual
		\$	\$
Depreciation on right-of-use assets	10(a)	(72,570)	(72,573)
Interest expense on lease liabilities	25(c)	(39,051)	(40,827)
Short-term lease payments recognised as expense		(59,842)	(56,502)
<b>Total amount recognised in the statement of comprehensive income</b>		<b>(171,463)</b>	<b>(169,902)</b>
Total cash outflow from leases		(98,893)	(97,329)

**(b) Lease Liabilities**

Current		56,751	58,211
Non-current		1,188,423	1,246,805
	25(c)	<b>1,245,174</b>	<b>1,305,016</b>

**Secured liabilities and assets pledged as security**

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

**SIGNIFICANT ACCOUNTING POLICIES**

**Leases**

At inception of a contract, the Town assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Town uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 25(c).

**Right-of-use assets - valuation measurement**

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 under revaluation for details on the significant accounting policies applying to vested improvements.

**Right-of-use assets - depreciation**

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Town anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.



**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**12. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors	
Prepaid rates	
Accrued salaries and wages	
ATO liabilities	
Bonds and deposits held	
Trade and other payables to related parties	
Accrued interest	
Income in advance	

	2022	2021
	\$	\$
	1,987,875	825,600
	126,741	100,288
	145,549	106,130
	18,415	0
	694,317	613,334
	0	44,632
	50,654	56,209
	344,675	242,413
	<u>3,368,226</u>	<u>1,988,606</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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.

**Trade and other payables**

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

The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**Prepaid rates**

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Town recognises revenue for the prepaid rates that have not been refunded.

**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**13. BORROWINGS**

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
<b>Secured</b>		\$	\$	\$	\$	\$	\$
Debentures		350,347	2,460,557	2,810,904	329,882	2,810,904	3,140,786
<b>Total secured borrowings</b>	25(a)	350,347	2,460,557	2,810,904	329,882	2,810,904	3,140,786

**Secured liabilities and assets pledged as security**

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Town of Cottesloe. Other loans relate to transferred receivables. Refer to Note 5.

The Town of Cottesloe has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 years.

**SIGNIFICANT ACCOUNTING POLICIES**

**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.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 21(i)) due to the unobservable inputs, including own credit risk.

**Risk**

Information regarding exposure to risk can be found at Note 20.

Details of individual borrowings required by regulations are provided at Note 25(a).



**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**14. EMPLOYEE RELATED PROVISIONS**

**Employee Related Provisions**

**Current provisions**

**Employee benefit provisions**

Annual Leave

Long Service Leave

**Non-current provisions**

Long Service Leave

	2022	2021
	\$	\$
Annual Leave	784,936	715,541
Long Service Leave	418,350	346,969
	<u>1,203,286</u>	<u>1,062,510</u>
Long Service Leave	196,257	195,423
	<u>196,257</u>	<u>195,423</u>
	<u>1,399,543</u>	<u>1,257,933</u>

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are 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:

**Amounts are expected to be settled on the following basis:**

Less than 12 months after the reporting date

More than 12 months from reporting date

Note	2022	2021
	\$	\$
Less than 12 months after the reporting date	1,203,286	1,062,510
More than 12 months from reporting date	196,257	195,423
	<u>1,399,543</u>	<u>1,257,933</u>

Expected reimbursements of employee related provisions from other WA local governments included within other receivables

5	100,040	108,689
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**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

The Town's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

**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**

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

TOWN OF COTTESLOE  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2022

15. REVALUATION SURPLUS

	2022	2022	2022	2022	2022	2021	2021	2021	2021	2021	2021
	Opening	Revaluation	Revaluation	Total	2022	Opening	Revaluation	Revaluation	Total	2021	2021
	Balance	Increment	(Decrement)	Movement on	Closing	Balance	Increment	(Decrement)	Movement on	Revaluation	Closing
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	24,362,297	0	0	0	24,362,297	54,311,297	-	(29,949,000)	(29,949,000)	-	24,362,297
Revaluation surplus - Buildings (specialised)	23,814,016	0	0	0	23,814,016	14,225,904	9,588,112	-	9,588,112	-	23,814,016
Revaluation surplus - Furniture & equipment	33,695	0	0	0	33,695	33,695	-	-	-	-	33,695
Revaluation surplus - Plant & equipment	129,886	0	0	0	129,886	129,886	-	-	-	-	129,886
Revaluation surplus - Library Furniture & equipment	3,226	0	0	0	3,226	123,996	-	(120,770)	(120,770)	-	3,226
Revaluation surplus - Buildings - specialised - WMRC	7,897	0	0	0	7,897	7,897	-	-	-	-	7,897
Revaluation surplus - Roads	10,613,747	21,114,386	0	21,114,386	31,728,133	10,613,747	-	-	-	-	10,613,747
Revaluation surplus - Car parks	687,094	2,676,620	0	2,676,620	3,363,714	687,094	-	-	-	-	687,094
Revaluation surplus - Footpaths	3,288,925	518,309	0	518,309	3,807,234	3,288,925	-	-	-	-	3,288,925
Revaluation surplus - Drainage	1,828,088	3,946,116	0	3,946,116	5,774,204	1,828,088	-	-	-	-	1,828,088
Revaluation surplus - Parks	1,780,282	2,225,965	0	2,225,965	4,006,247	1,780,282	-	-	-	-	1,780,282
Revaluation surplus - Miscellaneous	4,556,047	744,414	0	744,414	5,300,461	4,556,047	-	-	-	-	4,556,047
Revaluation surplus - Rights of way	454,061	1,200,001	0	1,200,001	1,654,062	454,061	-	-	-	-	454,061
Revaluation surplus - Infrastructure - roads - WMRC	32,550	0	0	0	32,550	32,550	-	-	-	-	32,550
	71,591,811	32,443,705	0	32,443,705	104,035,516	92,073,469	9,588,112	(30,069,770)	(20,481,658)	(20,481,658)	71,591,811

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.



**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

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

**(a) Reconciliation of Cash**

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

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	13,959,471	9,228,229	11,485,299
<b>Restrictions</b>				
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:				
- Cash and cash equivalents	3	8,267,063	7,159,081	8,591,484
		<u>8,267,063</u>	<u>7,159,081</u>	<u>8,591,484</u>
The restricted financial assets are a result of the following specific purposes to which the assets may be used:				
Restricted reserve accounts	26	8,267,063	7,159,081	8,591,484
<b>Total restricted financial assets</b>		<u>8,267,063</u>	<u>7,159,081</u>	<u>8,591,484</u>

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

Net result		477,595	185,859	(10,579)
Non-cash items:				
Adjustments to fair value of financial assets at fair value through profit and loss		(5,995)	0	(3,879)
Depreciation/amortisation		2,892,830	2,442,097	2,743,636
(Profit)/loss on sale of asset		227,278	0	(6,418)
Share of profits of associates		51,857	0	70,162
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		164,586	0	23,867
(Increase)/decrease in other assets		(34,975)	0	72,553
(Increase)/decrease in inventories		380	0	230
Increase/(decrease) in trade and other payables		1,385,630	73,841	(357,447)
Increase/(decrease) in employee related provisions		141,610	0	202,167
Non-operating grants, subsidies and contributions		(736,996)	(1,754,321)	(380,291)
Net cash provided by/(used in) operating activities		<u>4,563,800</u>	<u>947,476</u>	<u>2,354,001</u>

**(c) Undrawn Borrowing Facilities**

**Credit Standby Arrangements**

Bank overdraft limit		250,000		250,000
Bank overdraft at balance date		0		0
Credit card limit		10,000		10,000
Credit card balance at balance date		(2,516)		(706)
<b>Total amount of credit unused</b>		<u>257,484</u>		<u>259,294</u>

**Loan facilities**

Loan facilities - current		350,347		329,882
Loan facilities - non-current		2,460,557		2,810,904
<b>Total facilities in use at balance date</b>		<u>2,810,904</u>		<u>3,140,786</u>

**Unused loan facilities at balance date**

	0		0
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**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**17. RELATED PARTY TRANSACTIONS**

(a) Elected Member Remuneration	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>Cr Lorraine Young</b>				
<i>(Deputy Mayor until 16 October 2021)</i>				
Mayor's annual allowance		25,034	25,034	0
Deputy Mayor's annual allowance		617	0	6,875
Meeting attendance fees		23,238	21,848	15,500
Other expenses		0	1,500	0
Annual allowance for ICT expenses		1,600	1,600	1,600
		50,489	49,982	23,975
<b>Cr Phil Angers</b>				
<i>(Resigned 2 August 2021)</i>				
Mayor's annual allowance		2,466	2,466	27,500
Meeting attendance fees		2,152	2,152	24,000
Annual allowance for ICT expenses		143	0	1,600
Travel and accommodation expenses		0	0	0
		4,761	4,618	53,100
<b>Cr Helen Sadler</b>				
Deputy Mayor's annual allowance		4,820	6,785	0
Meeting attendance fees		15,500	15,500	15,500
Other expenses		0	1,500	0
Annual allowance for ICT expenses		1,600	1,600	1,600
		21,920	25,385	17,100
<b>Cr Caroline Harben</b>				
Meeting attendance fees		15,500	15,500	15,500
Other expenses		0	1,500	0
Annual allowance for ICT expenses		1,600	1,600	1,600
		17,100	18,600	17,100
<b>Cr Chilla Bulbeck</b>				
Meeting attendance fees		10,951	15,500	0
Other expenses		0	1,500	0
Annual allowance for ICT expenses		1,130	1,600	0
		12,081	18,600	0
<b>Cr Paul MacFarlane</b>				
Meeting attendance fees		15,500	15,500	15,500
Other expenses		0	1,500	0
Annual allowance for ICT expenses		1,600	1,600	1,600
		17,100	18,600	17,100
<b>Cr Melissa Harkins</b>				
Meeting attendance fees		15,500	15,500	15,500
Other expenses		0	1,500	0
Annual allowance for ICT expenses		1,600	1,600	1,600
		17,100	18,600	17,100
<b>Cr Craig Masarei</b>				
Meeting attendance fees		15,500	15,500	15,500
Other expenses		0	1,500	0
Annual allowance for ICT expenses		1,600	1,600	1,600
		17,100	18,600	17,100
<b>Cr Kristy Barrett</b>				
Meeting attendance fees		15,500	15,500	15,500
Other expenses		0	1,500	0
Annual allowance for ICT expenses		1,600	1,600	1,600
		17,100	18,600	17,100

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**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**17. RELATED PARTY TRANSACTIONS (Continued)**

(a) Elected Member Remuneration	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>Cr Brad Wylynko</b>				
Meeting attendance fees		10,951	10,951	0
Other expenses		0	1,500	0
Annual allowance for ICT expenses		1,130	1,130	0
		12,081	13,581	0
<b>Cr Michael Tucak</b> <i>(Term expired 16 October 2021)</i>				
Meeting attendance fees		4,549	4,549	15,500
Annual allowance for ICT expenses		470	470	1,600
		5,019	5,019	17,100
		191,851	210,185	196,775
Fees, expenses and allowances to be paid or reimbursed to elected council members.		2022 Actual \$	2022 Budget \$	2021 Actual \$
Mayor's annual allowance		27,500	27,500	27,500
Deputy Mayor's annual allowance		5,437	6,785	6,875
Meeting attendance fees		144,841	148,000	148,000
Other expenses		0	13,500	0
Annual allowance for ICT expenses		14,073	14,400	14,400
Travel and accommodation expenses		0	0	0
	17(b)	191,851	210,185	196,775

**(b) Key Management Personnel (KMP) Compensation**

The total of compensation paid to KMP of the Town during the year are as follows:	2022 Actual \$	2021 Actual \$
Short-term employee benefits	1,222,707	1,196,912
Post-employment benefits	140,576	139,370
Employee - other long-term benefits	26,350	25,639
Employee - termination benefits	0	8,659
Council member costs	191,851	196,775
	1,581,484	1,567,355

*Short-term employee benefits*

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

*Post-employment benefits*

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

*Other long-term benefits*

These amounts represent annual leave and long service leave entitlements 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).

*Council member costs*

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

**TOWN OF COTTESLOE  
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**17. RELATED PARTY TRANSACTIONS (Continued)**

**(c) 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 council member, are considered key management personnel.

*ii. Other Related Parties*

An associate person of KMP was employed by the Town under normal employment terms and conditions.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Town.

*iii. 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.



**TOWN OF COTTESLOE  
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**18. JOINT ARRANGEMENTS**

**Share of joint operations**

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

The Town's interests in the Grove Library are accounted for as a joint operation using the proportional consolidation method in the financial statements. Summarised financial information of the joint operation, based on its IFRS financial statements as of 30 June 2022 and the year then ended, and adjusted for the Town's proportional interest (42.23%) is set out below:

	<b>2022 Actual</b>	<b>2021 Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Statement of Financial Position</b>		
Current assets	0	0
Non current assets	2,553,611	2,588,900
<b>Total assets</b>	<b>2,553,611</b>	<b>2,588,900</b>
Current liabilities	94,127	105,675
Non current liabilities	2,671	2,369
<b>Total liabilities</b>	<b>96,798</b>	<b>108,044</b>
<b>Net assets</b>	<b>2,456,813</b>	<b>2,480,856</b>
<b>Statement of Comprehensive Income</b>		
Other revenue	19,927	16,057
Other expenditure	(539,476)	(539,503)
<b>Profit/(loss) for the period</b>	<b>(519,549)</b>	<b>(523,446)</b>
<b>Other Comprehensive Income</b>		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Changes in asset revaluation surplus	0	(2,999,366)
	0	(2,999,366)
<b>Total comprehensive income for the period</b>	<b>(519,549)</b>	<b>(3,522,812)</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Joint operations**

A joint operation is a joint arrangement where the Town has joint control with another party to the joint arrangement. All parties to joint arrangements have rights to the assets, and obligations for the liabilities relating to the arrangement.

Assets, liabilities, revenues and expenses relating to the Town's interest in the joint operation are accounted for in accordance with the relevant Australian Accounting Standard.

**TOWN OF COTTESLOE**  
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**19. INVESTMENT IN ASSOCIATES**

**(a) Investment in associate**

Set out in the table below are the associates of the Town. All associates are measured using the equity method. Western Australia is the principal place of business for all associates.

Name of entity	% of ownership interest		2022	2021
	2022	2021	Actual	Actual
			\$	\$
Western Metropolitan Regional Council Waste Transfer Station	17.94%	17.94%	531,778	583,635
<b>Total equity-accounted investments</b>			<b>531,778</b>	<b>583,635</b>

**(b) Share of Investment in Western Metropolitan Regional Council Waste Transfer Station**

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% and the Town's share of net assets is 17.94%.

Western Metropolitan Regional Council is involved in waste management for the ratepayers of the Town of Cottesloe, Town of Claremont, Town of Mosman Park, the Shire of Peppermint Grove and the City of Subiaco. The voting power held by the Town is 20%. The principal place of business of the Western Metropolitan Regional Council is Suite 2/317 Churchill Avenue, Subiaco, WA 6008.

Summarised financial information of the equity accounted venture based on its IFRS financial statements as of 30 June 2022 and the year then ended, and reconciliation with the carrying amount of the investment in the statement of financial position, are set out below:

	2022	2021
	Actual	Actual
	\$	\$
<b>Summarised statement of comprehensive income</b>		
Revenue	6,429,949	5,553,447
Interest income	3,074	7,687
Interest expense	(1,110)	(967)
Depreciation	(240,761)	(220,833)
Profit/(loss) from continuing operations	(289,058)	(391,090)
Profit/(loss) from discontinued operations	0	0
Profit/(loss) for the period	(289,058)	(391,090)
Other comprehensive income	0	0
Total comprehensive income for the period	(289,058)	(391,090)
<b>Summarised statement of financial position</b>		
Cash and cash equivalents	1,432,958	1,074,089
Trade and other receivables	396,499	429,125
Other current assets	18,650	0
Total current assets	1,848,107	1,503,214
Non-current assets	2,492,672	2,492,769
Total assets	4,340,779	3,995,983
Current financial liabilities	1,100,462	482,199
Other current liabilities	200,060	212,538
Total current liabilities	1,300,522	694,737
Non-current financial liabilities	27,287	0
Other non-current liabilities	48,765	47,983
Total non-current liabilities	76,052	47,983
Total liabilities	1,376,574	742,720
<b>Net assets</b>	<b>2,964,205</b>	<b>3,253,263</b>



**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**19. INVESTMENT IN ASSOCIATES (Continued)**

**Reconciliation to carrying amounts**

Opening net assets 1 July

Changes in members contributions

Profit/(Loss) for the period

Other comprehensive income

Closing net assets 1 July

**Carrying amount at 1 July**

- Share of associates net profit/(loss) for the period

- Share of associates other comprehensive income arising during the period

**Carrying amount at 30 June (Refer to Note 19.(a))**

	2022 Actual	2021 Actual
	\$	\$
Opening net assets 1 July	3,253,263	3,644,353
Changes in members contributions	0	0
Profit/(Loss) for the period	(289,058)	(391,090)
Other comprehensive income	0	0
Closing net assets 1 July	2,964,205	3,253,263
<b>Carrying amount at 1 July</b>	583,635	653,797
- Share of associates net profit/(loss) for the period	(51,857)	(70,162)
- Share of associates other comprehensive income arising during the period	0	0
<b>Carrying amount at 30 June (Refer to Note 19.(a))</b>	531,778	583,635

**SIGNIFICANT ACCOUNTING POLICIES**

**Investments in associates**

An associate is an entity over which the Town has the power to participate in the financial and operating policy decisions of the investee but not control or joint control of those policies.

Investments in associates are accounted for using the equity method. The equity method of accounting, is 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.

**TOWN OF COTTESLOE**  
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**20. FINANCIAL RISK MANAGEMENT**

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

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

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

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

**(a) Interest rate risk**

**Cash and cash equivalents**

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
<b>2022</b>					
Cash and cash equivalents	0.33%	13,959,471	2,126,716	11,831,455	1,300
<b>2021</b>					
Cash and cash equivalents	0.13%	11,485,299	8,507,757	2,976,242	1,300

**Sensitivity**

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2022 \$	2021 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	118,315	29,762

\* Holding all other variables constant

**Borrowings**

Borrowings are 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 Town does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 25(a).



**TOWN OF COTTESLOE**  
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**20. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit risk**

**Trade and Other Receivables**

The Town's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Town manages this risk by monitoring outstanding debt and employing debt recovery policies. 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 able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

	More than 30 days past due	More than 90 days past due	More than 1 year past due	More than 5 year past due	Total
<b>30 June 2022</b>					
Trade and other receivables					
Expected credit loss	10.00%	50.00%	90.00%	100.00%	
Gross carrying amount	0	7,808	44,417	0	52,225
Loss allowance	781	21,047	0	0	21,828
<b>30 June 2021</b>					
Trade and other receivables					
Expected credit loss	10.00%	50.00%	90.00%	100.00%	
Gross carrying amount	17,763	20,140	2,900	0	40,803
Loss allowance	1,495	12,839	211	0	14,545

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Town, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

**Contract Assets**

The Town's contract assets represent work completed, which have not been invoiced at year end. This is due to the Town not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The Town applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Town has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

**TOWN OF COTTESLOE**  
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**20. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Liquidity risk**

**Payables and borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Town manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 16(c).

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<b>2022</b>					
Trade and other payables	3,368,226	0	0	3,368,226	3,368,226
Borrowings	522,637	2,559,331	669,824	3,751,792	2,810,904
Lease liabilities	56,751	370,768	1,196,539	1,624,058	1,245,174
	3,947,614	2,930,099	1,866,363	8,744,076	7,424,304
<b>2021</b>					
Trade and other payables	1,988,606	0	0	1,988,606	1,988,606
Borrowings	522,637	1,992,231	1,562,923	4,077,791	3,140,786
Lease liabilities	97,329	365,080	1,250,668	1,713,077	1,305,016
	2,608,572	2,357,311	2,813,591	7,779,474	6,434,408



**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**21. OTHER SIGNIFICANT ACCOUNTING POLICIES**

**a) Goods and services tax (GST)**

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

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

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

**b) Current and non-current classification**

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

**c) Rounding off figures**

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

**d) Comparative figures**

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

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

**e) Budget comparative figures**

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

**f) Superannuation**

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

**g) Fair value of assets and liabilities**

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

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

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

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

**h) Interest earnings**

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

**i) 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.

**j) Impairment of assets**

In accordance with Australian Accounting Standards the Town's cash generating non-specialise 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 regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

**k) Initial application of accounting standards**

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

**New accounting standards for application in future years**

The following new accounting standards will have application to local government in future year

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

It is not expected these standards will have an impact on the financial report.



**TOWN OF COTTESLOE  
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**22. FUNCTION AND ACTIVITY**

**(a) Service objectives and descriptions**

Town operations as disclosed in this financial report encompass the following service orientated functions and activities.

<b>Objective</b>	<b>Description</b>
<p><b>Governance</b> To provide a decision making process for the efficient allocation of scarce resources.</p>	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.
<p><b>General purpose funding</b> To collect revenue to allow for the provision of services.</p>	Rates, general purpose government grants and interest revenue.
<p><b>Law, order, public safety</b> To provide services to help a safer and environmentally conscious community.</p>	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
<p><b>Health</b> To provide an operational framework of environmental and community health.</p>	Inspection of food outlets and their control, noise control and waste disposal compliance.
<p><b>Education and welfare</b> To provide services to disadvantaged persons, the elderly, children and youth.</p>	Maintenance of senior citizen centre and community care programs.
<p><b>Community amenities</b> To provide services required by the community.</p>	Rubbish collection services, operation of rubbish disposal sites, litter control, protection of the environment and administration of the town planning scheme.
<p><b>Recreation and culture</b> To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.</p>	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.
<p><b>Transport</b> To provide safe, effective and efficient transport services to the community.</p>	Construction and maintenance of roads, footpaths, cycle ways, parking facilities and traffic control. Maintenance of street trees, street lighting etc.
<p><b>Economic services</b> To help promote the Town and its economic wellbeing.</p>	Tourism and area promotion, Building control.
<p><b>Other property and services</b> To monitor and control the Town's overheads and operating accounts.</p>	Engineering operating costs, plant repair and operation costs.

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**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**22. FUNCTION AND ACTIVITY (Continued)**

**(b) Income and expenses**

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
<b>Income excluding grants, subsidies and contributions</b>			
Governance	25,097	4,500	35,078
General purpose funding	11,502,875	11,440,745	11,040,759
Law, order, public safety	48,098	40,050	55,086
Health	127,375	72,900	112,569
Education and welfare	41,634	32,900	52,371
Housing	0	0	0
Community amenities	652,195	564,100	601,763
Recreation and culture	499,094	393,675	481,917
Transport	1,662,925	1,008,000	1,070,531
Economic services	170,457	187,800	242,800
Other property and services	36,760	1,100	6,672
	<b>14,766,510</b>	<b>13,745,770</b>	<b>13,699,546</b>
<b>Grants, subsidies and contributions</b>			
Governance	0	0	588
General purpose funding	358,632	125,566	280,143
Law, order, public safety	0	30,000	0
Health	0	20,000	0
Education and welfare	0	0	0
Housing	0	0	0
Community amenities	36,735	0	408
Recreation and culture	359,214	1,128,963	35,731
Transport	597,819	753,250	410,399
Economic services	0	0	0
Other property and services	0	0	0
	<b>1,352,400</b>	<b>2,057,779</b>	<b>727,266</b>
<b>Total Income</b>	<b>16,118,910</b>	<b>15,803,549</b>	<b>14,426,812</b>
<b>Expenses</b>			
Governance	(933,334)	(941,159)	(780,339)
General purpose funding	(343,031)	(345,970)	(342,043)
Law, order, public safety	(414,574)	(476,487)	(373,351)
Health	(279,501)	(282,269)	(269,235)
Education and welfare	(350,878)	(311,577)	(332,259)
Housing	0	0	0
Community amenities	(4,061,077)	(4,005,297)	(3,604,850)
Recreation and culture	(4,976,121)	(4,891,048)	(4,393,544)
Transport	(3,767,075)	(3,849,082)	(3,685,773)
Economic services	(515,724)	(507,737)	(655,997)
Other property and services	0	(7,064)	0
<b>Total expenses</b>	<b>(15,641,315)</b>	<b>(15,617,690)</b>	<b>(14,437,391)</b>
<b>Net result for the period</b>	<b>477,595</b>	<b>185,859</b>	<b>(10,579)</b>

**TOWN OF COTTESLOE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**22. FUNCTION AND ACTIVITY (Continued)**

	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>2021 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>(c) Fees and Charges</b>			
Governance	0	0	0
General purpose funding	53,866	41,500	47,528
Law, order, public safety	28,169	27,950	40,775
Health	117,823	81,600	100,987
Education and welfare	24,497	23,600	23,511
Housing	0	0	0
Community amenities	657,730	503,300	597,429
Recreation and culture	428,508	364,300	385,930
Transport	1,627,647	975,000	997,306
Economic services	169,209	187,100	229,367
	<b>3,107,449</b>	<b>2,204,350</b>	<b>2,422,833</b>
<b>(d) Total Assets</b>			
Governance	1,403,066		1,379,799
General purpose funding	279,810		399,250
Law, order, public safety	171,902		7,143
Health	11,739		21,450
Education and welfare	15,102,171		15,864,723
Community amenities	2,519,059		2,389,479
Recreation and culture	49,794,276		47,329,467
Transport	69,986,886		40,352,877
Economic services	24,218		18,137
Other property and services	4,892,132		5,054,477
Unallocated	6,177,211		3,492,862
	<b>150,362,470</b>		<b>116,309,664</b>

TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022

23. RATING INFORMATION

(a) General Rates

RATE TYPE Rate Description	Number of Properties	2021/22 Actual Rateable Value *		2021/22 Actual Rate Revenue		2021/22 Interim Rates		2021/22 Actual Rates		2021/22 Budget Interim Rate		2021/22 Budget Back Rate		2021/22 Budget Total Revenue		2020/21 Actual Total Revenue	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Differential general rate or general rate</b>																	
<b>Gross rental valuations</b>																	
GRV - Residential Improved (RI)	3,236	129,796,743	9,215,699	30,105	(2,628)	9,243,176	0	0	0	0	9,179,714	0	0	0	9,179,714	8,869,132	
GRV - Residential Vacant (RV)	79	3,441,820	244,373	15,366	4,515	264,254	0	0	0	0	254,831	0	0	0	254,831	229,554	
GRV - Commercial Improved (CI)	65	7,959,186	565,110	0	0	565,110	0	0	0	0	566,678	0	0	0	566,678	544,941	
GRV - Commercial Vacant (CV)	2	120,500	8,556	0	0	8,556	0	0	0	0	8,556	0	0	0	8,556	9,173	
GRV - Commercial Town (CT)	119	10,651,931	876,473	(1,068)	(1,031)	874,374	0	0	0	0	876,473	0	0	0	876,473	1,922	
GRV - Industrial	1	28,020	1,989	0	0	1,989	0	0	0	0	1,989	0	0	0	1,989	845,581	
<b>Sub-Total</b>	<b>3,502</b>	<b>151,998,200</b>	<b>10,912,200</b>	<b>44,403</b>	<b>856</b>	<b>10,957,459</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,888,241</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,888,241</b>	<b>10,500,302</b>	
<b>Minimum payment</b>																	
<b>Gross rental valuations</b>																	
GRV - Residential Improved (RI)	292	4,316,000	350,984	0	0	350,984	0	0	0	0	353,388	0	0	0	353,388	347,139	
GRV - Residential Vacant (RV)	4	1,170	4,808	0	0	4,808	0	0	0	0	4,808	0	0	0	4,808	4,544	
GRV - Commercial Improved (CI)	11	133,224	13,222	0	0	13,222	0	0	0	0	13,222	0	0	0	13,222	12,771	
GRV - Commercial Vacant (CV)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
GRV - Commercial Town (CT)	19	253,171	22,838	0	0	22,838	0	0	0	0	22,838	0	0	0	22,838	22,059	
GRV - Industrial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Sub-Total</b>	<b>326</b>	<b>4,703,565</b>	<b>391,852</b>	<b>0</b>	<b>0</b>	<b>391,852</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>394,256</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>394,256</b>	<b>386,613</b>	
<b>Sub-Total</b>	<b>3,828</b>	<b>156,701,765</b>	<b>11,304,052</b>	<b>44,403</b>	<b>856</b>	<b>11,349,311</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,282,497</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,282,497</b>	<b>10,886,915</b>	
																<b>(4,761)</b>	
																<b>(6,928)</b>	
																<b>0</b>	
																<b>11,277,445</b>	
																<b>10,875,226</b>	

Discounts on general rates (Refer note 23(d))  
Concessions on general rates (Refer note 23(d))  
**Total amount raised from general rates**

\* Rateable value is based on the value of properties at the time the rate is raised.



**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**3. RATING INFORMATION (Continued)**

**b) Specified Area Rate**

No specified area rates were imposed by the Town during the year ended 30 June 2022.

**c) Service Charges**

No service charges were imposed by the Town during the year ended 30 June 2022.

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

**Rates Discounts**

Rate or Fee Discount Granted	Type	Discount %	Discount \$	2022 Actual \$	2022 Budget \$	2021 Actual \$	Circumstances in which Discount is Granted
General Rates	Rate	80.00%	\$ -	4,927	5,052	4,761	As part of a lease agreement
Waivers or Concessions				4,927	5,052	4,761	

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

General rates	Rate	Concession	Waiver/Concession	Discount %	Discount \$	2022 Actual \$	2022 Budget \$	2021 Actual \$
				100.00%	\$ -	0	0	6,928
						0	0	6,928
<b>Total discounts/concessions (Note 23)</b>						<b>4,927</b>	<b>5,052</b>	<b>11,689</b>

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

General rates	Venue hire	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
		Owner applied for waiver as part of consideration of forfeit of right of way ownership	Part of the Town's strategy	As consideration for the forfeit of the right of way ownership
		Certain events, community groups and committees requiring venue hire	As listed in the Town's policy	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 30 JUNE 2022**

**23. RATING INFORMATION (Continued)**

**(e) Interest Charges & Instalments**

<b>Instalment Options</b>	<b>Date Due</b>	<b>Instalment Plan Admin Charge</b>	<b>Instalment Plan Interest Rate</b>	<b>Unpaid Rates Interest Rate</b>
		<b>\$</b>	<b>%</b>	<b>%</b>
<b>Option One</b>				
Single full payment	28/09/2021			7.00%
<b>Option Two</b>				
First instalment	28/09/2021	8.00	5.50%	7.00%
Second instalment	26/11/2021	8.00	5.50%	7.00%
Third instalment	21/01/2022	8.00	5.50%	7.00%
Fourth instalment	22/03/2022	8.00	5.50%	7.00%

	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>2021 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest on unpaid rates	15,610	11,695	22,718
Interest on instalment plan	35,663	35,000	40,751
Charges on instalment plan	19,416	21,500	10,308
	<b>70,689</b>	<b>68,195</b>	<b>73,777</b>

TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022

24. RATE SETTING STATEMENT INFORMATION

		2021/22 Budget	2020/21
	2021/22 (30 June 2022)	(30 June 2022)	(30 June 2021)
	Carried Forward)	Carried Forward)	Carried Forward
Note	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
<b>Adjustments to operating activities</b>			
Less: Profit on asset disposals	10(c)	(28,412)	0
Less: Fair value adjustments to financial assets at fair value through profit and loss		(5,995)	0
Less: Share of net profit of associates and joint ventures accounted for using the equity method		51,857	0
Add: Loss on disposal of assets	10(c)	255,690	0
Add: Loss on revaluation of fixed assets	9(a)	0	0
Add: Depreciation	10(a)	2,892,830	2,442,097
Movement in other payables (non-current)		0	0
Non-cash movements in non-current assets and liabilities:			
Pensioner deferred rates		70,516	0
Employee benefit provisions		834	(15,029)
<b>Non-cash amounts excluded from operating activities</b>		<b>3,237,320</b>	<b>2,427,068</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
<b>Adjustments to net current assets</b>			
Less: Reserve accounts	26	(8,267,063)	(7,159,081)
Less: Financial assets at amortised cost - self supporting loans	4(a)	(64,906)	(64,906)
- Other liabilities		0	(515,943)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	13	350,347	196,646
- Current portion of lease liabilities	11(b)	56,751	58,210
- Employee benefit provisions		964,975	0
<b>Total adjustments to net current assets</b>		<b>(6,959,896)</b>	<b>(7,485,074)</b>
<b>Net current assets used in the Rate Setting Statement</b>			
Total current assets		14,634,790	10,006,763
Less: Total current liabilities		(4,978,610)	(2,521,689)
Less: Total adjustments to net current assets		(6,959,896)	(7,485,074)
<b>Net current assets used in the Rate Setting Statement</b>		<b>2,696,284</b>	<b>0</b>

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TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022

25. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual						Budget					
		Principal Repayments		Principal at 30		New Loans		Principal Repayments		New Loans		Principal at	
		1 July 2020	During 2020-21	June 2021	June 2021	During 2021-22	During 2021-22	During 2021-22	During 2021-22	During 2021-22	30 June 2022	30 June 2022	
Loan 107		\$ 3,127,127	\$ 0	\$ 2,880,200	\$ 2,880,200	\$ 0	\$ 2,880,199	\$ 0	\$ 2,880,199	\$ 0	\$ 2,880,199	\$ 0	\$ 2,880,199
Total		\$ 3,127,127	\$ 0	\$ 2,880,200	\$ 2,880,200	\$ 0	\$ 2,880,199	\$ 0	\$ 2,880,199	\$ 0	\$ 2,880,199	\$ 0	\$ 2,880,199
Self Supporting Loans													
Loan 106		122,006	0	89,773	89,773	0	89,774	0	89,774	0	89,774	0	89,774
Loan 108		202,303	0	170,813	170,813	0	170,813	0	170,813	0	170,813	0	170,813
Total Self Supporting Loans		\$ 324,309	\$ 0	\$ 260,586	\$ 260,586	\$ 0	\$ 260,587	\$ 0	\$ 260,587	\$ 0	\$ 260,587	\$ 0	\$ 260,587
Total Borrowings	13	\$ 3,451,436	\$ 0	\$ 3,140,786	\$ 3,140,786	\$ 0	\$ 3,140,786	\$ 0	\$ 3,140,786	\$ 0	\$ 3,140,786	\$ 0	\$ 3,140,786

\* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

Borrowing Interest Repayments

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021
Loan 107		Recreation and culture	107	WATC	6.51%	\$ (178,302)	\$ (183,285)	\$ (194,948)
Total						\$ (178,302)	\$ (183,285)	\$ (194,948)
Self Supporting Loans Interest Repayments								
Loan 106		Recreation and culture	106	WATC	6.22%	\$ (4,558)	\$ (5,059)	\$ (6,624)
Loan 108		Recreation and culture	108	WATC	2.71%	\$ (4,339)	\$ (4,411)	\$ (5,201)
Total Self Supporting Loans Interest Repayments						\$ (8,897)	\$ (9,470)	\$ (11,825)
Total Interest Repayments	2(b)					\$ (187,199)	\$ (192,755)	\$ (206,773)

TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022

25. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2021/22

No new borrowing arrangements were entered into during the year ended 30 June 2022.

(c) Lease Liabilities

Purpose	Note	Actual				Budget			
		Principal at 1 July 2020	New Leases During 2020-21	Principal at 30 June 2021	Principal Repayments During 2020-21	Principal at 1 July 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022
		\$	\$	\$	\$	\$	\$	\$	\$
Folding machine		9,879	0	5,540	0	5,540	0	1,118	
Telephone system		15,168	0	11,571	0	11,571	0	7,902	
Depot land and buildings		1,336,471	0	1,287,905	0	1,287,906	0	1,237,786	
<b>Total Lease Liabilities</b>	11(b)	<b>1,351,518</b>	<b>0</b>	<b>1,305,016</b>	<b>0</b>	<b>1,305,017</b>	<b>0</b>	<b>1,246,806</b>	

Purpose	Note	Function and activity	Lease Number	Institution	Interest Rate	Actual for year ending 30 June 2021		Budget for year ending 30 June 2022		Lease Term
						Principal at 1 July 2021	New Leases During 2021-22	Principal at 30 June 2021	New Leases During 2021-22	
						\$	\$	\$	\$	
Folding machine		Governance		Neopost Finance	1.80%	(149)	(149)	(66)	3 years	
Telephone system		Governance		Telstra	2.00%	(268)	(268)	(196)	5 years	
Depot land and buildings		Other property and services		Town of Mosman Park	3.20%	(40,410)	(40,410)	(38,856)	20 years	
<b>Total Interest Repayments</b>	2(b)					<b>(40,827)</b>	<b>(40,827)</b>	<b>(39,118)</b>		



TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022

6. RESERVE ACCOUNTS

	2022		2022		2022		2022		2022		2021		2021		
	Opening Balance	Actual	Actual	Transfer to (from)	Budget	Budget	Transfer to (from)	Opening Balance	Budget	Budget	Actual	Actual	Transfer to (from)	Closing Balance	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Restricted by legislation/agreement</b>															
(a) Reserves cash backed - Cash in lieu of parking reserve	11,752	38	0	0	11,751	29	0	11,780	11,702	50	0	11,752	0	11,752	
	11,752	38	0	0	11,751	29	0	11,780	11,702	50	0	11,752	0	11,752	
<b>Restricted by council</b>															
(b) Reserves cash backed - Leave Reserve	289,541	989	(57,986)	0	289,447	749	(57,986)	242,200	309,126	1,387	(10,972)	289,541			
(c) Reserves cash backed - Civic centre reserve	271,174	872	0	0	249,340	623	0	249,963	369,028	1,629	(99,483)	271,174			
(d) Reserves cash backed - Waste management reserve	198,948	640	0	0	198,873	496	0	199,369	629,855	2,708	(433,616)	198,948			
(e) Reserves cash backed - Property reserve	1,434,965	4,515	(121,932)	0	1,425,517	3,314	(1,000,000)	428,831	390,574	1,133,031	(86,640)	1,434,965			
(f) Reserves cash backed - Infrastructure reserve	388,334	171,295	(110,409)	0	358,454	170,788	(160,409)	358,833	556,717	2,451	(170,834)	388,334			
(g) Reserves cash backed - Legal reserve	149,740	481	0	0	149,694	374	0	150,068	171,620	18,120	(40,000)	149,740			
(h) Reserves cash backed - Parking facilities reserve	0	0	0	0	0	0	0	0	158,171	2,895	(161,066)	0			
(i) Reserves cash backed - Library reserve	190,902	614	0	0	190,845	477	0	191,322	170,286	20,616	0	190,902			
(j) Reserves cash backed - Sustainability reserve	0	0	0	0	0	0	0	0	166,936	704	(167,640)	0			
(k) Reserves cash backed - Foreshore redevelopment reserve	3,389,686	10,484	(531,499)	0	3,721,030	7,993	(588,929)	3,130,094	4,956,140	636,467	(2,202,921)	3,389,686			
(l) Reserves cash backed - Right of way reserve	195,368	50,667	0	0	125,309	50,313	(20,000)	155,622	194,496	872	0	195,368			
(m) Reserves cash backed - Sculpture and artworks reserve	118,225	380	0	0	118,189	296	0	118,485	108,094	9,131	0	118,225			
(n) Reserves cash backed - Green infrastructure and sustainab	189,853	610	0	0	189,798	474	0	190,272	112,669	77,184	0	189,853			
(o) Reserves cash backed - Active transport reserve	514,861	1,655	0	0	514,711	1,267	0	515,998	357,235	157,626	0	514,861			
(p) Reserves cash backed - Information technology reserve	692,972	2,228	0	0	667,776	1,669	0	669,445	291,557	401,415	0	692,972			
(q) Reserves cash backed - Recreation precinct reserve	9,556	31	0	0	9,587	0	0	9,587	22,041	95	(12,580)	9,556			
(r) Reserves cash backed - Shark barrier reserve	135,500	436	0	0	135,460	339	0	135,799	110,000	25,500	0	135,500			
(s) Reserves cash backed - Public open space reserve	400,107	251,480	0	0	400,000	1,000	0	401,000	0	400,107	0	400,107			
	8,579,732	497,377	(821,836)	0	8,744,443	240,192	(1,837,334)	7,147,301	9,075,545	2,891,939	(3,387,752)	8,579,732			
	8,591,484	497,415	(821,836)	0	8,756,184	240,221	(1,837,334)	7,159,081	9,087,247	2,891,989	(3,387,752)	8,591,484			

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

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



**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**3. RESERVE ACCOUNTS (Continued)**

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Reserves cash backed - Cash in lieu of parking reserve	One year	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.
(b) Reserves cash backed - Leave Reserve	Five years	To partially cash back the accumulated employee leave liability and to fund the payment of accumulated leave entitlements for Town of Cottesloe staff.
(c) Reserves cash backed - Civic centre reserve	Ten years	To fund the cost of improvement, renovations and extensions to the buildings that make up Cottesloe Civic Centre.
(d) Reserves cash backed - Waste management reserve	Ten years	To fund the improvement, replacement and expansion of waste management plant, equipment, facilities and services within the suburb of Cottesloe.
(e) Reserves cash backed - Property reserve	Ten to twenty years	To contribute towards future property construction/renewal within the Town of Cottesloe.
(f) Reserves cash backed - Infrastructure reserve	Ten to twenty years	To contribute towards ongoing future infrastructure construction/renewal within the suburb of Cottesloe which includes the following categories of infrastructure, roads, drainage, footpaths, parks and ovals, irrigation, streetscapes and miscellaneous infrastructure.
(g) Reserves cash backed - Legal reserve	Five years	To contribute towards unanticipated legal expenses incurred by the Town of Cottesloe.
(h) Reserves cash backed - Parking facilities reserve	Ten years	To fund improvements to parking facilities within the suburb of Cottesloe.
(i) Reserves cash backed - Library reserve	Ten to twenty years	To be used for the upgrade and/or replacement of Library facilities.
(j) Reserves cash backed - Sustainability reserve	Ten years	To fund new or enhance existing sustainability initiatives within the suburb of Cottesloe.
(k) Reserves cash backed - Foreshore redevelopment reserve (formerly the depot funds reserve)	One to two years	To be used to fund the development of the Cottesloe foreshore.
(l) Reserves cash backed - Right of way reserve	Ten years	To be used to fund the improvement of right of ways within the suburb of Cottesloe.
(m) Reserves cash backed - Sculpture and artworks reserve	One year	To be used for the acquisition of new and restoration of existing sculptures and artworks within the suburb of Cottesloe.
(n) Reserves cash backed - Green infrastructure and sustainability initiatives reserve (formerly the green infrastructure reserve)	Ten to twenty years	To be used for the purpose of developing, commencing and implementing the Green Infrastructure Management Strategy within the suburb of Cottesloe and to fund new or enhance existing sustainability initiatives within the suburb of Cottesloe.
(o) Reserves cash backed - Active transport reserve	Ten to twenty years	To be used for the purpose of developing and maintaining active transport infrastructure within the suburb of Cottesloe.
(p) Reserves cash backed - Information technology reserve	Ten to twenty years	To be used for the purpose of developing and renewing information technology assets within the suburb of Cottesloe, including replacement of the parking system and core business system.
(q) Reserves cash backed - Recreation precinct reserve	One year	To be used for the purpose of developing and implementing improvements to the Town's recreation precincts.
(r) Reserves cash backed - Shark barrier reserve	Five to ten years	To develop and replace the shark barrier within the suburb of Cottesloe.
(s) Reserves cash backed - Public open space reserve	One year	To be used to fund the enhancement of existing, and creation of new, public open space within the suburb of Cottesloe to cater for the needs of all ages and abilities of the Town's youth.

**TOWN OF COTTESLOE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**27. TRUST FUNDS**

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

	1 July 2021	Amounts Received	Amounts Paid	30 June 2022
	\$	\$	\$	\$
Cash in lieu of public open space	674,180	2,242	(4,819)	671,603
	674,180	2,242	(4,819)	671,603

# TOWN OF COTTESLOE



## AUDIT COMMITTEE

# ATTACHMENT

**ITEM 8.1.2A:  
UNCONFIRMED MINUTES - AUDIT COMMITTEE -  
22 NOVEMBER 2022**



**TOWN OF COTTESLOE**



**AUDIT COMMITTEE**

**UNCONFIRMED MINUTES**

**AUDIT COMMITTEE  
HELD IN THE  
Council Chambers, Cottesloe Civic Centre  
109 Broome Street, Cottesloe  
4:30pm Tuesday, 22 November 2022**

A handwritten signature in black ink, appearing to read 'Matthew Scott', written over a horizontal line.

**MATTHEW SCOTT**  
Chief Executive Officer

28 November 2022

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## AUDIT COMMITTEE MEETING MINUTES

22 NOVEMBER 2022

**1 DECLARATION OF MEETING OPENING/ANNOUNCEMENT OF VISITORS**

The Presiding Member announced the meeting opened at 4:31pm and read the Acknowledgement of Country.

**1.1 ACKNOWLEDGEMENT OF COUNTRY**

I would like to begin by acknowledging the Whadjuk Nyoongar people, Traditional Custodians of the land on which we meet today, and pay my respects to their Elders past and present. I extend that respect to Aboriginal and Torres Strait Islander peoples here today.

**2 DISCLAIMER**

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

**3 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION**

The Presiding Member announced that Cr MacFarlane will be joining the meeting remotely via Microsoft Teams and that the meeting is being recorded, solely for the purpose of confirming the correctness of the Minutes.

**4 ATTENDANCE****Members**

Cr Craig Masarei	Elected Member (Presiding Member)
Cr Paul MacFarlane	Elected Member (via Microsoft Teams)
Cr Brad Wylynko	Elected Member
Mr Andrew Dimsey	Community Representative
Mr Ian McKenzie	Community Representative

**Officers**

Mr Matthew Scott	Chief Executive Officer
Mr Shane Collie	Director Corporate Services and Governance
Ms Sarah Jessop	Finance Manager
Ms Irene Wai Shan Au-Yeung	Assistant Finance Manager
Ms Kate Saunders	Executive Services Officer

**5 DECLARATION OF INTERESTS**

Nil.



## AUDIT COMMITTEE MEETING MINUTES

22 NOVEMBER 2022

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**6 CONFIRMATION OF MINUTES**

AC008/2022

Moved Cr Masarei

Seconded Mr McKenzie

That the Minutes of the Audit Committee Meeting held on Wednesday 8 June 2022 be confirmed as a true and accurate record.

Carried 4/0

For: Presiding Member Masarei, Cr MacFarlane, Mr Dimsey and Mr McKenzie

Against: Nil

Cr Wylenko was absent from the 8 June 2022 meeting. He did not vote on this item.

**7 PRESENTATIONS**

Nil

**8 REPORTS****8.1 REPORTS OF OFFICERS**

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**AUDIT COMMITTEE MEETING MINUTES****22 NOVEMBER 2022**

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**8.1.1 LOCAL GOVERNMENT (AUDIT) REGULATION 17 REVIEW**

**Directorate:** Corporate and Community Services  
**Author(s):** Shane Collie, Director Corporate and Community Services  
**Authoriser(s):** Matthew Scott, Chief Executive Officer  
**File Reference:** D22/42988  
**Applicant(s):**  
**Applicant(s) Proponents:**  
**Author Disclosure of Interest:** Nil

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**SUMMARY**

A recent Local Government (Audit) Regulation 17 Review has been undertaken and the Review Report is now available for submission to the Audit Committee.

**OFFICER RECOMMENDATION IN BRIEF**

That the Audit Committee adopt the Review and recommend to Council that the Review be endorsed by Council.

**BACKGROUND**

Mr Michael Sparks from MS Consulting was engaged to undertake the Audit Regulation 17 Review, as required by legislation below. The Review is complete and the report is submitted to the Audit Committee as required by legislation.

**OFFICER COMMENT**

The Review covered three areas of the Town's internal operations:

(a) Risk Management

In brief the Report in the Risk Management area covered the Risk Management Framework (recently reviewed and developed), Business Continuity Plan (recently developed also), material operating risks, current key risks, insurable risks, internal control system, purchasing and unusual transactions, Audit Committee function and fraud and misconduct risks.

(b) Internal Controls

Matters covered include role segregation, delegations of authority, effectiveness of Policy and Process documents, Training and Development, Approval processes, Management Reviews internally and externally, security and records access, security of IT systems, financial controls and cash, finance and budget, Account payments and audit/legal matters.

(c) Legislative Compliance

Matters covered included Compliance Framework, complaints, adverse financial trends, management disclosures, ethical risks, legislative and regulatory change and conflicts of interest.

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**AUDIT COMMITTEE MEETING MINUTES****22 NOVEMBER 2022**

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The recommended actions from the Report are contained on pages 15 and 16 and all recommendations are proposed to be implemented. There were a number of points raised which were/are in the process of being attended to in any event and this Report adds weight to those actions already underway.

**ATTACHMENTS****8.1.1(a)      Audit Regulation 17 Review****CONSULTATION**

All sections of the organisation internally were consulted as part of the Report process.

**STATUTORY IMPLICATIONS**

Local Government (Audit) Regulations 1996

17.    *CEO to review certain systems and procedures*

(1)    *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*

(a)    *risk management; and*

(b)    *internal control; and*

(c)    *legislative compliance.*

(2)    *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*

(3)    *The CEO is to report to the audit committee the results of that review.*

**POLICY IMPLICATIONS**

- Updated Risk Management Policy is recommended for adoption by Council.
- Consideration of a Whistleblowing Policy or Procedure is recognised as a priority and is to be actioned.
- Adopted Policies in use list to be updated as recommended.
- Records Management Policy to be reviewed.

**STRATEGIC IMPLICATIONS**

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

Priority Area 6: Providing open and accountable local governance

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



**AUDIT COMMITTEE MEETING MINUTES****22 NOVEMBER 2022**

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**RESOURCE IMPLICATIONS**

Resource requirements are in accordance with the existing budgetary allocation.

**ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS**

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

**VOTING REQUIREMENT**

Simple Majority

**AC009/2022****OFFICER AND COMMITTEE RECOMMENDATION**

Moved Cr Masarei                      Seconded Mr Dimsey

**THAT the Audit Committee recommends to Council that the Local Government (Audit) Regulation 17 Review be adopted and submitted to Council for endorsement, with a timetable to implement the recommendations.**

Carried 5/0

## AUDIT COMMITTEE MEETING MINUTES

22 NOVEMBER 2022

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**8.1.2 RISK MANAGEMENT FRAMEWORK**

**Directorate:** Corporate and Community Services  
**Author(s):** Shane Collie, Director Corporate and Community Services  
**Authoriser(s):** Matthew Scott, Chief Executive Officer  
**File Reference:** D22/42990  
**Applicant(s):**  
**Applicant(s) Proponents:**  
**Author Disclosure of Interest:** Nil

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**SUMMARY**

For the Audit Committee to note the updated Risk Register and Risk Summary Report for the Town and adopt the updated Risk Management Policy.

**OFFICER RECOMMENDATION IN BRIEF**

That the Audit Committee recommend to Council the adoption of the updated Risk Management Policy for the Town and note the updated Risk Register and Risk Summary Report.

**BACKGROUND**

The Town's Risk Management framework was first developed in 2019 and is due for review. Former LGIS officer Mr Michael Sparks was engaged to conduct a Workshop with Senior Staff to update the Town's Risk Register and Risk Management Policy. The Workshop was held on 13 July 2022 and the aims were achieved and the resulting documents are submitted to the Audit Committee.

**OFFICER COMMENT**

The Workshop concentrated on three identified areas:

**1. Risk Register**

This document has been updated and contains 15 different Risk Profiles. There a number of identified risk matters contained within that require action. As these are actioned they will be crossed off and reporting back to the Audit committee will occur.

**2. Risk Summary Report**

This document is the brief Report provided on the Workshop and again contains a number of identified risk matters that require action. As these are actioned they will be crossed off and reporting back to the Audit committee will occur.

**3. Risk Management Policy**

This is the updated Risk Management Policy for the Town. It differs little from that in place before and identifies Risk Consequences, Likelihood and Acceptance Criteria.

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**AUDIT COMMITTEE MEETING MINUTES****22 NOVEMBER 2022**

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**4. General Comments**

The following general comments are made in response to feedback received from Audit Committee members who were present at the postponed September Audit Committee meeting:

- Strategic Organisational Risks. It is the intention to include these when Council embarks on its Strategic Community Plan review in the coming months.
- Areas noted as “Inadequate”. Any area that is highlighted as “Inadequate” is to be addressed and actioned by putting in place actions to make the area “Adequate”. That is any rating of inadequate is the trigger to make it adequate.
- Request was received to Include a description on how the overall rating for an areas is based on the findings across the entire area. That is if most items are adequate, the overall rating will be adequate. Additionally a description of where some inadequacies are accepted due to the context/size of the organisation. For example, single person dependencies of the workforce. A control measure would be to employ more staff, however once weighed up against the likelihood and consequences the cost is not justifiable. These adjustments can made when the Plan is next reviewed.
- Request was received to Incorporate a new Risk section into the Council report template, with the rating to correlate with the risk rating table from the Framework and allow for commentary. It is felt that this does not add value to Council reports which are already lengthy with numerous headings. If a specific risk is identified the Officer Report should reference it in the commentary in the Report.
- Review of Risk Register Annually. The Audit Committee are tasked to review the Risk Register annually and have the authority to raise additional risks, plus that they are responsible for reporting risk matters back to Council. This will form part of the Town’s Compliance Calendar, which is updated and reported to the Audit Committee at each meeting.

**ATTACHMENTS**

- 8.1.2(a) Risk Management Policy [under separate cover]**
- 8.1.2(b) Risk Profile and Reporting Register**
- 8.1.2(c) Operational Risk Assessment Summary**

**CONSULTATION**

Senior Staff.

Audit Committee members.

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**AUDIT COMMITTEE MEETING MINUTES****22 NOVEMBER 2022**

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**STATUTORY IMPLICATIONS**

*Local Government (Audit) Regulations 1996.*

**POLICY IMPLICATIONS**

The Recommendation to this Report is for the adoption of an updated Risk Management Policy.

**STRATEGIC IMPLICATIONS**

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

Priority Area 6: Providing open and accountable local governance

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

**RESOURCE IMPLICATIONS**

Resource requirements are in accordance with the existing budgetary allocation.

**ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS**

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

**VOTING REQUIREMENT**

Simple Majority

**AC010/2022****OFFICER AND COMMITTEE RECOMMENDATION**

Moved Cr Masarei                      Seconded Mr Dimsey

**THAT the Audit Committee recommends to Council that:**

- 1. The updated Risk Management Policy for the Town be adopted;**
- 2. The updated Risk Register and Risk Summary Report be noted;**
- 3. That Council participate in a strategic risk management discussion as part of the process to development of the new Strategic Community Plan; and**
- 4. Consideration be given to including a section on Risk Management in future Council Reports.**

Carried 5/0



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**AUDIT COMMITTEE MEETING MINUTES****22 NOVEMBER 2022**

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**8.1.3 BUSINESS CONTINUITY PLAN**

**Directorate:** Corporate and Community Services  
**Author(s):** Shane Collie, Director Corporate and Community Services  
**Authoriser(s):** Matthew Scott, Chief Executive Officer  
**File Reference:** D22/42994  
**Applicant(s):**  
**Applicant(s) Proponents:**  
**Author Disclosure of Interest:** Nil

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**SUMMARY**

For the Audit Committee and Council to note the completed Business Continuity Plan (BCP) prepared and now in place for the Town.

**OFFICER RECOMMENDATION IN BRIEF**

That the Audit Committee note the finalisation of the Town's BCP.

**BACKGROUND**

While not a statutory requirement, the production of a BCP is considered an essential Management Tool and best practice throughout the local government and wider business industry. A BCP is one of many important documents developed to assist in the future Planning and reaction to emergency circumstances should they arise.

MS Consultants were engaged to develop the BCP which is funded through the WA Local Government Association's LGIS (Insurance) arm. MS Consultants (Mr Michael Sparks) has been a long term employee of LGIS in the Risk Management area and is appropriately qualified to produce a BCP for the Town.

**OFFICER COMMENT**

The BCP is an internal document not dissimilar to a procedures/process manual. There is no requirement for the Audit Committee or Council to adopt the Plan however it is important that the Audit Committee are aware that the Plan has been developed and will remain a resource for use in an emergency if required.

A separate Information Technology (IT) Plan also forms part of the Town's front line protection in the event of a major incident. The IT Plan is developed and implemented by the Town's IT Contractor Managed IT Services and would be read in conjunction with the BCP. Again there is no requirement for Council to adopt the IT Plan as it is effectively a blueprint of how Managed IT would work and respond on IT matters in the event of a major incident.

**ATTACHMENTS**

**8.1.3(a) Business Continuity Plan 2022**

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**AUDIT COMMITTEE MEETING MINUTES****22 NOVEMBER 2022**

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**CONSULTATION**

Senior Staff.

Managed IT.

**STATUTORY IMPLICATIONS**

Nil.

**POLICY IMPLICATIONS**

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

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

Priority Area 6: Providing open and accountable local governance

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

**RESOURCE IMPLICATIONS**

The BCP is funded through the WA Local Government Association.

**ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS**

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

**VOTING REQUIREMENT**

Simple Majority

**AC011/2022****OFFICER AND COMMITTEE RECOMMENDATION****Moved Cr Masarei                      Seconded Cr Wylynko****THAT the Audit Committee recommends to Council that the Town's recently developed Business Continuity Plan be noted.****Carried 5/0**

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**AUDIT COMMITTEE MEETING MINUTES****22 NOVEMBER 2022**

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**8.1.4 MEETING DATES 2023**

That the Audit Committee confirms the meeting dates for 2023 and advertises the dates on the Town of Cottesloe website.

**AC012/2022**

**Moved Cr Masarei                      Seconded Mr Dimsey**

**AUDIT COMMITTEE RECOMMENDS**

- 1. THAT the Audit Committee recommends that Council CONFIRMS the following dates for Audit Committee meetings for 2023:**
  - **Monday, 20 February at 4:30pm**
  - **Monday, 12 June at 4:30pm**
  - **Monday, 4 September at 4:30pm**
  - **Monday, 4 December at 4:30pm**
- 2. And THAT the dates be advertised on the Town of Cottesloe website.**

**Carried 5/0**

**8.2 ITEMS FOR DISCUSSION****8.2.1 COMPLIANCE CALENDAR**

**Attachments: 8.2.1(a) Compliance Calendar [under separate cover]**

The Compliance Calendar – November 2022 is provided for the information of the Audit Committee. Actions are underway on matters outstanding.

**8.2.2 AUDIT COMMITTEE RESOLUTION DATABASE**

**Attachments: 8.2.2(a) Audit Committee Resolution Database [under separate cover]**

The Audit Committee Resolution Database – November 2022 provides an update on Council resolutions put forward by the Audit Committee.

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

Monday, 20 February 2023 at 4:30pm.

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**AUDIT COMMITTEE MEETING MINUTES****22 NOVEMBER 2022**

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**12 MEETING CLOSURE**

The Presiding Member announced the meeting closed at 5:18pm.



# TOWN OF COTTESLOE



## AUDIT COMMITTEE

# ATTACHMENT

### ITEM 8.2.1A: COMPLIANCE CALENDAR - APRIL 2023

## 2023 Compliance Calendar

Compliance Action		Compliance Requirement	Section / Ref	Good Practice Resources and LG Operational Procedures	Compliance Frequency	Position Title Officer Responsible for Action Compliance	Date Completed	Records Ref (Evidence of completion)	Comments. If Action not completed, report on plan to rectify non-compliance
<b>January - Take Action</b>									
Jan	<b>Monthly Financial Report</b> LG is to prepare each month a statement of financial activity reporting on the revenue and expenditure as set out in the annual budget under FM.Reg.22(1)(d). Presented at an Ordinary Council meeting within <b>2-months</b> after the end of the month to which the statement relates	Local Government Act 1995	s.6.4 FM.Reg.34	DLGSC WA Local Government Accounting Manual	Monthly	Finance Manager			Complete
Jan	<b>Primary Returns</b> - Request Primary Return from any new employee who is a Designated Employee. Return must be received by CEO within 3 months of the person's start day	Local Government Act 1995	s.5.75	DLGSC Operational Guideline No.21 Disclosure of Financial Interests in Returns	Bi-monthly	Executive Support and Governance Coordinator			NA
Jan	<b>Financial Interests Register - Review</b> Review register to remove Primary and Annual Returns (not other interest disclosures) from the Financial Interest Register that relate to persons who are no longer Designated Employees (resigned or changed roles) or for Elected Members who have resigned. Returns that are removed are to be kept by the CEO as LG Record for at least 5 years after the person ceased to be a Designated Employee.	Local Government Act 1995	s.5.88(3)(4)		Bi-monthly	Executive Support and Governance Coordinator			Complete
Jan	<b>Compliance Audit Return - Commence Audit</b> Commence the Compliance Audit Return as an internal audit. <b>Due: 31 March 2022</b>	Local Government Act 1995	s.7.13(1)(i) Audit Regs. 13, 14 and 15		Annual	Director Corporate and Community Services			Complete
Jan	<b>Council / Committee Meeting Schedule</b> - At least once per year, give Local Public Notice of the meeting schedule for next 12 months	Local Government Act 1995	s.5.25(1)(g) Admin.Reg.12		Annual	Executive Support and Governance Coordinator			Complete
Jan	<b>Policy Manual - Review</b> Undertake a review of all Council Policies and provide report / reports to Council to, as necessary; amend policies or delete redundant policies.	Local Government Act 1995	s.2.7(2)(b)		Annual	Director Corporate and Community Services			In progress
Jan	<b>Official Conduct Complaints Register - Internal Audit</b> Review register for compliance with s.5.121	Local Government Act 1995	s.5.121	DLGSCI Website - Local Government Standards Panel	Annual	Executive Support and Governance Coordinator			NA
Jan	<b>Annual Budget - Review</b> Between 1 January and 31 March in each financial year, a review of the annual budget is to be carried out. • Review must be submitted to Council within 30 days after it has been carried out. • Council is to consider the review and determine, by absolute majority, whether or not to adopt the review, any parts of the review or any recommendations made in the review <b>DUJE: 31 March</b>	Local Government Act 1995	FM.Reg.33A(1) (2A) (2) (3)	DLGSC website - WA Local Government Accounting Manual	Annual	Director of Corporate and Community Services (Finance Manager)			Complete
Jan	<b>Primary Returns</b> - New Elected Members - required to be lodged with CEO within 3 months of making Declarations of Office <b>Due by: dd/mm/yyyy</b>	Local Government Act 1995	s.5.75(1)	WALGA Guideline - Primary and Annual Returns Management DLGSC Operational Guideline No.21 Disclosure of Financial Interests in Returns	Biennial	Executive Support and Governance Coordinator			NA
Jan	<b>Revaluation of Assets - Plant and Equipment - Commence Work</b> LG must revalue all assets within the Plant and Equipment Class by the expiry of each 5-yearly interval after 30 June 2016	Local Government Act 1995	FM.Reg.17A(4)		No longer required due to the Town's size	Finance Manager			Not applicable
Jan	<b>Revaluation of Assets - Land, Buildings and Infrastructure - Commence Work</b> LG must revalue all assets within the Land Building and Infrastructure Class by the expiry of each 5-yearly interval after 30 June 2017 (2020, 2023, 2026)	Local Government Act 1995	FM.Reg.17A(4)		5-yearly Next due: 2023	Finance Manager			Complete
Jan	<b>Revaluation of Assets - All Other Classes of Assets - Commence Work</b> LG must revalue all other classes of assets (other than Plant and Equipment and Land Building and Infrastructure classes) by the expiry of each 5-yearly interval after 30 June 2018 (2021, 2024, 2027)	Local Government Act 1995	FM.Reg.17A(4)		5-yearly Next Due: 2024	Finance Manager			Not applicable

## 2023 Compliance Calendar

Link to Assign

	Compliance Action	Compliance Requirement	Section / Ref	Good Practice Resources and LG Operational Procedures	Compliance Frequency	Position Title Officer Responsible for Action Compliance	Date Completed	Records Ref (Evidence of completion)	Comments. If Action not completed, report on plan to rectify non-compliance
Jan	<b>Elected Member Protocols for Access to the Administration - Review</b> Reminder advice to Elected Members and employees regarding the CEO approved protocols for Elected Members requests for information and contact with employees.	Local Government Act 1995	Rules of Conduct Reg.9		Annual	Chief Executive Officer			As required
Jan	<b>Elected Member Training / Professional Development Policy - Review</b> Review Council Policy to ensure Elected Member protocols for applying for and accessing professional development are in place and that budgets are sufficient	n/a	n/a		Annual	Executive Support and Governance Coordinator			In progress
Jan	<b>Annual Report - Auditor Report to Department Executive Director</b> Copy of the Annual Financial Report is to be submitted to the DLGSCI Executive Director within 30 days of the receipt by the CEO of the Auditors Report.	Local Government Act 1995	FM.Reg.51(2)	DLGSC website - WA Local Government Accounting Manual	Annual	Finance Manager			Complete
Jan	<b>Audit - Auditor's Report Copies provided</b> Copy of the Audit report to be provided to the Mayor, CEO and the Minister within 30 days of completing the audit.	Local Government Act 1995	s.7.9 Audit.Reg.10(1)		Annual	Finance Manager			Complete 5/4/23
Jan	<b>Authorisations to Incur Liabilities - Review</b> Review list of persons authorised under the CEO's procedures for FM.Reg.5 to incur a liability. Check (\$) value limitations and authorised persons to ensure efficient operations and appropriate internal controls	Local Government Act 1995	FM.Reg.5		Annual	Finance Manager			Complete
Jan	<b>Other - Australia Day Awards</b>					Events Coordinator			Complete



## 2023 Compliance Calendar

Compliance Action	Compliance Requirement	Section / Ref	Good Practice Resources and LG Operational Procedures	Compliance Frequency	Position Title Officer Responsible for Action Compliance	Date Completed	Records Ref (Evidence of completion)	Comments. If Action not completed, report on plan to rectify non-compliance
<b>February - Take Action</b>								
Feb	<b>Monthly Financial Report</b> LG is to prepare each month a statement of financial activity reporting on the revenue and expenditure as set out in the annual budget under FM.Reg.22(1)(d). Presented at an Ordinary Council meeting within 2-months after the end of the month to which the statement relates.	Local Government Act 1995	s.6.4 FM.Reg.34	DLGSC WA Local Government Accounting Manual	Monthly	Finance Manager		Complete
Feb	<b>Elected Members - Review Meeting Attendance Register - check</b> EMs have not been absent for 3 consecutive meetings without Leave of Absence being granted	Local Government Act 1995	s.2.25		Quarterly	Executive Support and Governance Coordinator		Complete
Feb	<b>Compliance Audit Return - Finalise Audit</b> Complete the Compliance Audit Return as an internal audit and prepare Council report for consideration via Audit Committee.	Local Government Act 1995	s.7.13(1)(i) Audit.Regs. 13, 14 and 15		Annual	Director Corporate and Community Services		Complete 28/3/23
Feb	<b>Long Term Financial Plan - Review</b> Update the Local Term Financial Plan to include outcomes of Corporate Business Plan Review and report with recommendations to Council	Local Government Act 1995	s.5.56 Admin.Reg.19DA	DLGSC website - Integrated Planning and Reporting Framework and Guidelines	Annual	Finance Manager		Complete
Feb	<b>Corporate Business Plan - Review (Administrative)</b> Review Corporate Business Plan and prepare options for Council's consideration for inclusion on the Plan. Review should consider - actions, projects and priorities from informing strategies (Workforce Plan, Asset Mgt Plan, Long Term Financial Plan and other strategies) as well as the prioritising Major Capital Works.	Local Government Act 1995	s.5.56 Admin.Reg.19DA	DLGSC website - Integrated Planning and Reporting Framework and Guidelines	Annual	Chief Executive Officer		June to August 2023
Feb	<b>Annual Budget - Copy of Review to DLGSCI</b> Executive Director within 30 days after Budget Review adoption, plus a copy of the Council Report / Minutes relevant to Budget Review adoption.	Local Government Act 1995	FM.Reg.33A(4)	DLGSC website - WA Local Government Accounting Manual	Annual	Finance Manager		Complete
Feb	<b>Rate Exempted Properties - Review</b> In preparation for next financial year, review previously approved rate exempt properties to determine if the basis of exemption remains unchanged. Advise owners where status is changed or approval has expired.	Local Government Act 1995	s.6.26(2)		3-yearly	Finance Manager		In Progress
Feb	<b>Authorised Persons - Review</b> Review the LG's authorised persons to ensure authorisations are accurate, valid and the correct certificates of authorisation and / or identity cards have been issued	Various		WALGA Decision Making in Practice Toolkit - Part 3 Authorisations	Annual	Director Corporate and Community Services		To occur in May/June 2023
Feb	<b>Audit - Auditor's Report to Council via Audit Committee</b> Prepare report, presenting the Auditor's report that: • determines any matters raised by the audit report; and • stating what action is taken in respect of those matters	Local Government Act 1995	s.7.12A(2) s.7.13		Annual or as required	Director Corporate and Community Services		Scheduled 12/4/23
Feb	<b>Annual Financial Report - Auditor Report</b> Auditor's Report is to be presented to the Council, via the Audit Committee, to determine actions required in response to any matters raised	Local Government Act 1995	s.7.12AC	DLGSC website - WA Local Government Accounting Manual	Annual	Finance Manger		Scheduled 26/4/23
Feb	<b>Annual Report - Accepted</b> , by Absolute Majority, by no later than 31 December (Auditor General involvement is impacting this timeline).	Local Government Act 1995	s.5.53 s.5.54	DLGSC website - WA Local Government Accounting Manual	Annual	Director of Corporate and Community Services		Scheduled 26/4/23
Feb	<b>Annual Report - Auditor Report to Minister</b> LG must give a copy of the Auditor's Report and the Council Report / Minutes dealing with the Auditor's Report to the Minister for Local Government within 3 months after it has been received by the LG.	Local Government Act 1995	s.7.12A(4)		Annual	Finance Manager		To follow 26/4/23 OCM
Feb	<b>Annual Report - Auditor Report on Website</b> The Auditor Report must be published on the LG's official website within 14 days after the Report has been provided to the Minister.	Local Government Act 1995	s.7.12A(5)		Annual	Executive Officer (CCS)		To follow 26/4/23 OCM
Feb	<b>Annual Report - Local Public Notice</b> of the availability of the Annual Report to be given as soon as practicable after the report has been accepted by Council	Local Government Act 1995	s.5.55	DLGSC website - WA Local Government Accounting Manual	Annual	Executive Officer (CCS)		To follow 26/4/23 OCM
Feb	<b>Annual Electors' General Meeting - Local Public Notice</b> of AEGM - to be held once every financial year on a day selected by the LG but not more than 56 days after the Annual Report has been adopted. DUE: dd/mm/yyyy	Local Government Act 1995	s.5.27 Admin.Regs.15, 17 and 18.		Annual	Executive Officer (CCS)		Scheduled 17/5/23



2023 Compliance Calendar

Link to Assign

	Compliance Action	Compliance Requirement	Section / Ref	Good Practice Resources and LG Operational Procedures	Compliance Frequency	Position Title Officer Responsible for Action Compliance	Date Completed	Records Ref (Evidence of completion)	Comments. If Action not completed, report on plan to rectify non-compliance
Feb	<b>Local Laws Review - Statewide Public Notice</b> , calling for submissions closing not less than <b>6 weeks</b> after the Public Notice. Made / Last Reviewed: <b>dd/mm/yyyy</b> Review Due by: <b>dd/mm/yyyy</b>	Local Government Act 1995	s.3.16(2), (2a)	<b>WALGA</b> website - Local Laws Manual Subscription Service <b>DLGSCI</b> website - Local Laws Statutory Procedures Checklist <b>DLGSCI</b> website - Local Laws Register	8 yearly Due by: <b>dd/mm/yyyy</b>	Director of Corporate and Community Services	Underway		<b>Meeting Procedure and Parking Completed</b>
Feb	<b>Local Laws Review</b> - Following close of public submissions - Report to Council to complete the review. Council to determine, by Absolute Majority, if the Local Law should be repealed or amended. If resolved for amendment, commence s.3.12 Procedure for making local laws. Made / Last Reviewed: <b>dd/mm/yyyy</b> Review Due by: <b>dd/mm/yyyy</b>	Local Government Act 1995	s.3.16(3)(4)	<b>WALGA</b> website - Local Laws Manual Subscription Service <b>DLGSC</b> website - Local Laws Statutory Procedures Checklist <b>DLGSC</b> website - Local Laws Register	8 yearly Due by: <b>dd/mm/yyyy</b>	Director of Corporate and Community Services			<b>Dogs being advertised, Thoroughfares and Signs in progress</b>
Feb	<b>Ward Boundary Review</b> last completed on (date of OCM decision): <b>dd/mm/yyyy</b> <b>Next due by: dd/mm/yyyy</b>	Local Government Act 1995	s.2.2 Sch.2.2(6)		8-yearly <b>Next Due: 2024</b>	Director of Corporate and Community Services			<b>N/A</b>
Feb	<b>Other - Commence Budget Review</b>					Finance Manager			<b>Complete</b>

## 2023 Compliance Calendar

Link to Assign

	Compliance Action	Compliance Requirement	Section / Ref	Good Practice Resources and LG Operational Procedures	Compliance Frequency	Position Title Officer Responsible for Action Compliance	Date Completed	Records Ref (Evidence of completion)	Comments. If Action not completed, report on plan to rectify non-compliance
	<b>March - Take Action</b>								
Mar	<b>Corporate Business Plan - Review (Council Workshop)</b> Schedule a workshop with Council Members and Executive staff to review options and priorities (including the Capital Works Plan) and to finalise the Corporate Business Plan for recommendation to Council.	Local Government Act 1995	s.5.56 Admin.Reg.19DA	<b>DLGSC</b> website - Integrated Planning and Reporting Framework and Guidelines	Annual	Chief Executive Officer			June to August 2023
Mar	<b>Monthly Financial Report</b> LG is to prepare each month a statement of financial activity reporting on the revenue and expenditure as set out in the annual budget under FM.Reg.22(1)(d). Presented at an Ordinary Council meeting within 2-months after the end of the month to which the statement relates.	Local Government Act 1995	s.6.4 FM.Reg.34	<b>DLGSC</b> WA Local Government Accounting Manual	Monthly	Finance Manager			Complete
Mar	<b>Compliance Audit Return - Report to Audit Committee</b> Compliance Audit Return, report considered by Audit Committee, with recommendations to Council. <b>Note</b> - Schedule Committee / Council consideration with sufficient time to enable submission to DLGSCI by <b>31 March</b>	Local Government Act 1995	s.7.13(1)(i) Audit.Reg. 13, 14 and 15		Annual	Director Corporate and Community Services			Complete 28/3/23
Mar	<b>Compliance Audit Return - Report to DLGSCI</b> Compliance Audit Return certified by CEO and President / Mayor. Copy of Compliance Audit Return and Council report / minutes provided to Executive Director of DLGSCI <b>DUE: 31 March</b>	Local Government Act 1995	s.7.13(1)(i) Audit.Reg. 13, 14 and 15		Annual	Director Corporate and Community Services			Complete 28/3/23
Mar	<b>Annual Budget - Differential Rates and Minimum Payment Setting Council Report</b> Council Report required recommending Council to endorse the proposed Differential Rates and minimum payments for the purpose of giving Local Public Notice and calling for submissions. This report and Council decision must occur with sufficient time to enable compliance with the Local Public Notice requirements and 21 day public submission period - s.6.36 before Council resolves to impose the differential rates as part of the Annual Budget. • Notice must be published within the period 2 months before the commencement of the financial year.	Local Government Act 1995	s.6.33 s.6.35 s.6.36 FM.Reg.52A	<b>DLGSC</b> WA Local Government Accounting Manual	Annual	Director of Corporate and Community Services			May/June 2023 per Budget timeline
Mar	<b>Annual Budget - Fees and Charges - Review</b> In preparation for the Annual Budget, undertake an Administrative review of Fees and Charges to inform the fees and charges proposed for including in the Annual Budget. The Review should ensure: • Fees / Charges are set for a proper purpose - s.6.16(2) • The amount of each Fee or Charge has been set in accordance with s.6.17 • Fees and Charges to be imposed by the LG under other written laws are included and separately identified as to if the LG has the power to set the level of the Fee or Charge OR if the level has been set by / under the other written law.	Local Government Act 1995	s.6.16 s.6.17 s.6.18	<b>DLGSC</b> website - WA Local Government Accounting Manual	Annual	Director of Corporate and Community Services			Underway
Mar	<b>Primary Returns</b> - Request Primary Return from any new employee who is a Designated Employee. Return must be received by CEO within 3 months of the person's start day	Local Government Act 1995	s.5.75	<b>WALGA</b> Guideline - Primary and Annual Returns Management <b>DLGSC</b> Operational Guideline No.21 Disclosure of Financial Interests in Returns	Bi-monthly	Executive Support and Governance Coordinator			N/A
Mar	<b>Financial Interests Register - Review</b> Review register to remove Primary and Annual Returns (not other interest disclosures) from the Financial Interest Register that relate to persons who are no longer Designated Employees (resigned or changed roles) or for Elected Members who have resigned. Returns that are removed are to be kept by the CEO as LG Record for at least 5 years after the person ceased to be a Designated Employee.	Local Government Act 1995	s.5.88(3)(4)		Bi-monthly	Executive Support and Governance Coordinator			Complete
Mar	<b>Emergency Services Levy - Option B Payment Due Due by: 21 March</b> and ESL Assessment Profile Return Form A	DFES - ESL Manual of Operating Procedures		<b>DFES</b> -ESL Manual of Operating Procedures	Quarterly	Finance Manager			Complete

2023 Compliance Calendar

	Compliance Action	Compliance Requirement	Section / Ref	Good Practice Resources and LG Operational Procedures	Compliance Frequency	Position Title Officer Responsible for Action Compliance	Date Completed	Records Ref (Evidence of completion)	Comments. If Action not completed, report on plan to rectify non-compliance
Mar	<b>Annual Electors' General Meeting</b> - Scheduled on: <b>dd/mm/yyyy</b> (not more than <b>56 days</b> after the Annual Report has been adopted).	Local Government Act 1995	s.5.27 Admin.Reg.15, 17 and 18.		Annual	Director of Corporate and Community Services			Scheduled 17/5/23
Mar	<b>Annual Elector's General Meeting - Minutes / Decision to Council</b> , either the first Ordinary Council Meeting after the AEGM OR at a Special Council Meeting called for that purpose. Reasons for any Council decision made in response to an AEGM decision.	Local Government Act 1995	s.5.33		Annual	Executive Support and Governance Coordinator			Once meeting held
Mar	<b>Trust Fund s.6.9 - Internal Audit</b> Conduct an audit of the Trust Fund to ensure compliance with the following: • Trust Fund holds all money or value of assets required by this Act or other written laws • Money or value of assets held only applied for the purposes of the Trusts affecting it. • Money or value of assets is paid or delivered to the person entitled to it, when due - including interest earned. • Money held for 10 years may be transferred to Municipal Fund, but LG is required to repay the money, together with interest earned, to a person claiming and establishing a right to repayment - records have been retained and protected to evidence entitlement. Option: Report Audit Outcomes / Actions to Audit Committee	n/a	n/a		Annual	Finance Manager			To Program
Mar	<b>Integrity in Procurement - Internal Audit</b> Review policies, procedures, internal controls, relevant to purchasing activities, making payments and contract management, as well as practices for recruitment, induction and training of employees involved in procurement.	Local Government Act 1995	FM Reg.5 Audit.Reg.17(1)	WALGA website - Integrity in Procurement - Self Audit Template	Annual	Director of Corporate and Community Services			Purchasing Policy reviewed February 2023. Human Resources Policies to be reviewed with new Manager People and Culture
Mar	<b>Internal Control - Review</b> Undertake a review of the appropriateness and effectiveness of the Internal Control system and procedures at least once every 2 calendar years. CEO to report Review results to Council via the Audit Committee. Last completed (OCM decision date): <b>dd/mm/yyyy</b> <b>Due by: dd/mm/yyyy</b>	Local Government Act 1995	Audit.Reg. 17(1)(b)	DLGSC website - WA Local Government Accounting Manual	Biennial <b>Next Due: 2023</b>	Director of Corporate and Community Services			Completed December 2022
Mar	<b>Legislative Compliance - Review</b> Undertake a review of the appropriateness and effectiveness of the Legislative Compliance system and procedures at least once every 2 calendar years. CEO to report Review results to Council via the Audit Committee. Last completed (OCM decision date): <b>dd/mm/yyyy</b> <b>Due by: dd/mm/yyyy</b>	Local Government Act 1995	Audit.Reg. 17(1)(c)	AS 3806-2006 Compliance Programs	Biennial <b>Next Due: 2024</b>	Director of Corporate and Community Services			Completed December 2022
Mar	<b>Other - Complete Budget Review</b>					Finance Manager			Complete
Mar	<b>Other - Commence Budget 2023/24</b>					Finance Manager			Underway

2023 Compliance Calendar

Chief Executive Officer: Matthew Scott  
 Director Engineering Services: Shaun Kan  
 Director Development & Regulatory Services: Freya Ayliffe  
 Director Corporate and Community Services: Shane Collie  
 Finance Manager: TBA  
 Planning Manager: Wayne Zimmerman  
 Project Manager (Engineering): Renuka Ismalage  
 Governance and Executive Support Coordinator (CEO): Jackie Pilkington  
 Executive Services Officers: Rachel Cranny, Janet Boyle & Kate Saunders  
 Manager People & Culture: TBA  
 Communications & Marketing Coordinator: Lisa Mattiske  
 Statutory Planning Coordinator: Ed Doucet

**Compliance Calendar Sources:**  
 Compliance items, see also:WALGA Guideline for Implementing a Compliance Calendar  
 Department of Local Government, Sporting and Cultural Industries (DLGSCI)

# TOWN OF COTTESLOE



## AUDIT COMMITTEE

# ATTACHMENT

### ITEM 8.2.2A: RESOLUTION DATABASE - APRIL 2023



## Audit Committee Resolution Database

Updated April 2023

Council Meeting	Item Number	Item Title	Resolution	Complete (Y/N)	Comments
22/03/2023	7.1.1	2022 Compliance Audit Return	COMMITTEE RECOMMENDATION AND COUNCIL RESOLUTION  That the Audit Committee ENDORSES and RECOMMENDS for Council to ADOPT the 2022 Compliance Audit Return and AUTHORISES the Mayor and Chief Executive Officer to certify the Return so that it may be returned to the Department of Local Government and Communities by the due date of 31 March 2023.	Y	Council adopted the CAR at the 28 March 2023 OCM. A copy of the Council Resolution and signed CAR was submitted on 5 April 2023.
28/02/2023	8.1.1	Local Government (Audit) Regulation 17 Review	COMMITTEE RECOMMENDATION AND COUNCIL RESOLUTION  THAT the Audit Committee recommends to Council that the Local Government (Audit) Regulation 17 Review be adopted and submitted to Council for endorsement, with a timetable to implement the recommendations.	Y	Council adopted the Audit Committee Minutes and recommendations at the 28 February 2023 OCM.
28/02/2023	8.1.2	Risk Mangement Framework	COMMITTEE RECOMMENDATION AND COUNCIL RESOLUTION  THAT the Audit Committee recommends to Council that: 1. The updated Risk Management Policy for the Town be adopted; 2. The updated Risk Register and Risk Summary Report be noted; 3. That Council participate in a strategic risk management discussion as part of the process to development of the new Strategic Community Plan; and 4. Consideration be given to including a section on Risk Management in future Council Reports	Y	Council adopted the Audit Committee Minutes and recommendations at the 28 February 2023 OCM.
28/02/2023	8.1.3	Business Continuity Plan	COMMITTEE RECOMMENDATION AND COUNCIL RESOLUTION  THAT the Audit Committee recommends to Council that the Town's recently developed Business Continuity Plan be noted.	Y	Council adopted the Audit Committee Minutes and recommendations at the 28 February 2023 OCM.
28/02/2023	8.1.4	Meeting Dates 2023	COMMITTEE RECOMMENDATION AND COUNCIL RESOLUTION THAT the Audit Committee recommends that Council CONFIRMS the following dates for Audit Committee meetings for 2023: • Monday, 20 February at 4:30pm • Monday, 12 June at 4:30pm • Monday, 4 September at 4:30pm • Monday, 4 December at 4:30pm And THAT the dates be advertised on the Town of Cottesloe website	Y	Council adopted the Audit Committee Minutes and recommendations at the 28 February 2023 OCM.