



Town of Cottesloe



Cottesloe

ANNUAL

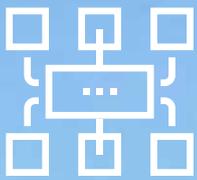
REPORT

2017



OUR VISION

AN ICONIC COASTAL COMMUNITY WITH A RELAXED LIFESTYLE.



OUR MISSION

TO PRESERVE AND IMPROVE COTTESLOE'S NATURAL AND BUILT ENVIRONMENT AND BEACH LIFESTYLE BY USING SUSTAINABLE STRATEGIES IN CONSULTATION WITH THE COMMUNITY.



UNDERPINNING PRINCIPLES

SUSTAINABLE DEVELOPMENT

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

COMMUNITY PARTICIPATION

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

GOOD GOVERNANCE

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

CO-OPERATION

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



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OUR ELECTED MEMBERS

2016/2017



Cr Philip Angers - Mayor



Cr Mark Rodda - Deputy Mayor
(South Ward)



Cr Lorraine Young (South Ward)



Cr Sally Pyvis (Central Ward)



Cr Melissa Harkins (Central Ward)



Cr Helen Sadler (North Ward)



Cr Rob Thomas (North Ward)



Cr Sandra Boulter (East Ward)



Cr Michael Tucak (East Ward)

MAYOR'S MESSAGE



ON BEHALF OF THE TOWN OF COTTESLOE, I AM PLEASED TO PRESENT THE 2016-2017 ANNUAL REPORT, HIGHLIGHTING OUR ACHIEVEMENTS OVER THE PAST 12 MONTHS.

As a recently elected Mayor I would like to thank my predecessor Jo Dawkins, and the Elected Members for the progress that they made during this time. I am committed to continuing their hard work and to the successful planning and implementation of the Town's projects over the coming year.

In December last year the newly renovated Lesser Hall was completed on time and to budget. The hall has been transformed to a modern and open space that has proved popular with the community and is being used regularly for meetings, small events and other community gatherings.

Plans for the Cottesloe Foreshore Renewal are moving ahead. The Town announced that architectural design firm Emerge Associates were selected to deliver detailed designs for the first stage of the project. As we began the next financial year, these detailed designs were endorsed by Council and made available to the community to view and provide feedback. This project, which aims to revitalise the Cottesloe foreshore precinct with improved amenities, pedestrian accessibility and the planning of public open spaces will commence at the end of this year with updated signage, and early next year with space activation. This is a long-term project which will be staged over the next few years. We will continue to consult with our community as the project progresses.

In conjunction with the Foreshore Renewal, consultation regarding the Beach Access Path Style Guide occurred early this year. An upgrade of the paths will commence in 2018, with paths being upgraded on a priority basis over a number of years.

Another major project we are currently working on is the Station Street Place Making Strategy. The Place Making Strategy for Station Street was adopted by Council earlier this year. This project will bring Station Street up to date and revitalise a busy part of the town centre.

In response to community safety concerns, a pelican crossing (controlled by lights that the pedestrian operates) was installed at the intersection of Curtin Avenue and Forrest Street at the beginning of this year. The crossing was designed and constructed by Main Roads WA following discussions with the Town.

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

Phil Angers
Mayor



CEO'S REPORT



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

PRIORITY AREA 1

- Protect and enhance the wellbeing of residents and visitors

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

- Development of a Masterplan for Cottesloe Foreshore which has been widely promoted in 2016-17 seeking feedback from residents, with works to commence in 2018;
- Adoption of a Concept Plan to guide future development in Station Street and better connect with the existing activity in Napoleon Street; and
- Commencement of a Bike Plan for Cottesloe to provide an integrated network of paths to encourage increased use and user safety.

PRIORITY AREA 2

- Achieving connectivity between east and west Cottesloe

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

train station with the town centre over the coming 12 months, in conjunction with the implementation of the Station Street Place Making Strategy, and to develop a long term solution to achieving connectivity.

PRIORITY AREA 3

- Enhancing beach access and the foreshore

The long awaited Cottesloe Foreshore Renewal Masterplan has developed to the Concept Plan stage and has been widely promoted seeking public comment. This Plan is based on earlier concepts adopted by Council and provides for the upgrade of the Cottesloe foreshore to improve amenity and access for beach users. It is expected that works will commence in 2018.

In addition to this, a major upgrade of all beach access paths and the foreshore terracing will commence in 2018. These upgrades will take place on a priority basis over a number of years.

Council has recently undertaken a review of the Cott Cat bus service that transports users to and from the beach and train station. It was determined that the Cott Cat was not being utilised on the weekends over summer and as such the service, which is made available in conjunction with the Public Transport Authority, will be offered only during the Sculpture by the Sea exhibition in March 2018 (each day). Council plans to investigate other sustainable programs and initiatives to promote sustainable transport in Cottesloe.



PRIORITY AREA 4

- Managing development

The Town continues to manage the development and redevelopment of private properties throughout the suburb. In the 2016/2017 year, there were two matters of significant note. These were the Scheme Amendment proposed by the owners of 126 – 128 Railway Street and the proposed redevelopment of 220 Marine Parade in Cottesloe.

The Scheme Amendment (Number 5) was put forward by the owners of the lot and initiated by Council in the 2015/2016 financial year. However, the conclusion of the process occurred in the 2016/2017 year. The Scheme Amendment proposed saw the zoning of the two former lots increase to R60 and a number of scheme provisions were varied. Council resolved not to support the proposed amendment, however, the Minister overturned this decision and allowed the amendment to proceed.

The development of 220 Marine Parade proposed by the owners of the lot via a standard development application. However, the nature of the application saw it referred to the Metro West Joint Development Assessment Panel (JDAP). The process was significant as it was the first time that the Council sought to make comment on an application that was proceeding to the JDAP for consideration. The method used to allow Council to form a comment and present can be now used for other applications that are being considered by the JDAP.

PRIORITY AREA 5

- Providing sustainable infrastructure and community amenities

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

Some of the major infrastructure projects undertaken in 2016-17 include:

- Completion of the upgrade of the Lesser Hall; and
- Construction a new carpark on the beach foreshore at Salvado Street.

PRIORITY AREA 6

- Providing open and accountable local governance

In February 2016, Council introduced a monthly Agenda Forum for Elected Members where items of business to be considered by Council at the next Ordinary Meeting are tabled, and an opportunity for members to question staff on the item is provided. The Agenda Forums are being held for an additional 12 month trial period (until February 2018).

A review of the Communication Policy has recently been completed and some changes to improve current practices were made. The adoption of a Social Media Policy was a new initiative introduced in 2017 and has proved a valuable tool to promote Council

activities and services. An email database has also been created with over 600 residents subscribing to this service, which notifies recipients of major public consultation activities and other significant news.

During 2016-17, Council accepted a tender to implement a Customer Relationship Management System, which went live in October this year. This will better allow the community to submit requests and questions to Council via phone, email and online.

I would like to take this opportunity to thank the Mayor, Elected Members and our dedicated staff for their efforts in achieving our goals in 2016-17 and I look forward to a productive 2017-18.

Mat Humfrey
Chief Executive Officer



SUSTAINABILITY IN COTTESLOE

SUSTAINABILITY CONTINUES TO PLAY AN IMPORTANT ROLE FOR THE TOWN OF COTTESLOE. THE TOWN RECOGNISES THE IMPORTANCE OF PROACTIVE PROGRAMS AND ENCOURAGING COMMUNITY PARTICIPATION AND IS PLEASED TO REPORT ON A NUMBER OF SIGNIFICANT ACHIEVEMENTS IN SUSTAINABILITY OVER THE PAST YEAR.

The annual WESROC Native Plant Subsidy Scheme was once again a big success with many plants purchased by Cottesloe residents. This was partly driven by a new initiative, the Native Verge Subsidy Scheme, where residents were encouraged to transform their verge to a native waterwise garden, and receive a cash rebate per square metre of verge that was converted. A free Native Waterwise Gardening workshop offered residents the opportunity to learn about waterwise gardens and assisted them in choosing the best plants for their garden and verge.

In 2016-17 the Town was once again successful in receiving funding for the continuation of its coastal monitoring

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

The Town was involved in a number of other projects including;

- Clean Up Australia Day - the Town's community lent a hand to keep our beautiful beaches litter-free;
- Earth Hour - members of the community come together to spend an evening without electricity;
- The WA Beach Clean Up Day saw 35 kilograms of rubbish removed from South Cottesloe Beach;
- Revegetation works at John Black Dune Park around Cottesloe Tennis Club involved planting lots of native plants to improve biodiversity in the area, to stabilise the dune and enhance the streetscape;
- The Town's Garage Sale Trail in conjunction with Solaris Cancer Care Cottesloe; and
- A Water Efficiency Action Plan was completed which resulted in the Town achieving a Waterwise Council endorsement by the Water Corporation and Department of Water.

STATUTORY REPORTS

DISABILITY ACCESS AND INCLUSION PLAN

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

Council adopted its plan in August 2012 and a copy of the plan is available to view at Council's administration office or on the Town's website.

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

Access improvement initiatives undertaken during the past year include:

- Review of the existing Disability Access and Inclusion Plan (DAIP), to be presented to Council in December 2017 for consideration;
- Planning for the implementation of the Cottesloe Foreshore Masterplan includes provision for improved universal access at Cottesloe Beach;
- The Town became a member of the companion card program, allowing free entry to Council events for the carer's of those with a disability;
- Access audit of Council owned premises completed by PlanOT to inform the review of the DAIP;
- Continued works around Cottesloe Civic Centre and other public buildings to improve universal access; and
- A range of minor works including parking bays, signage, kerb ramps and handrails at a number of community facilities.

PAYMENTS MADE TO EMPLOYEES

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

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

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

| \$ Band | Number of Employees |
|------------------------|---------------------|
| \$170,000 to \$179,999 | 1 |
| \$130,000 to \$139,000 | 1 |
| \$120,000 to \$129,999 | 1 |
| \$110,000 to \$119,999 | 1 |
| \$100,000 to \$109,999 | 2 |

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

REGISTER OF COMPLAINTS

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

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

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

For the purposes of section 5.115(2) of the *Local Government Act 1995* it is advised that one complaint was made to the Town of Cottesloe during the financial year under review.

RECORDS MANAGEMENT

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

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



RECORD KEEPING PLAN

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

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

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

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

STRATEGIC COMMUNITY PLAN ADOPTION

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

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

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

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

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

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

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

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

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

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

INTEGRATED PLANNING AND REPORTING FRAMEWORK ACTION ITEMS



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

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

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

| | Actions | Success Indicator | Project Start | Year of delivery | Progress in year ended 30 June 2017 |
|----|--|--|---------------|------------------|---|
| a. | Review the Current Bike Plan | Revised bike plan adopted by 31 December 2014 | 14/15 | 14/15 | This project has been reprogrammed for 2018 |
| b. | Implement projects contained within bike plan | Projects within bike plan incorporated into 5 year capital works plans | 15/16 | Ongoing | Awaiting adoption of the Bike Plan |
| c. | Lobby for the completion of the principle shared path (along rail line) | Commitment of funds in the forward estimates for the improvements of the principle shared path | 14/15 | Ongoing | Funding originally allocated for completion in 2018 but now deferred until 2021 |
| d. | Design, cost and include in the Asset Management Plan (AMP) and Long Term Financial Plan (LTFP) the Raia Roberts dual use path | AMP and LTFP contain project costings | 15/16 | 16/17 | Awaiting adoption of the Bike Plan |

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

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

1.3. Identify places to host more cultural events and activities

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

1.4. Continue to improve community engagement

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

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

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

Priority Area 2 - Achieving connectivity between east and west Cottesloe

2.1. Proactively pursue solutions for Curtin Avenue and the railway

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

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

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

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

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

Priority Area 3 - Enhancing beach access and the foreshore

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

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

3.2. Continue to improve access to beach facilities

| | Actions | Success Indicator | Project Start | Year of delivery | Progress in year ended 30 June 2017 |
|----|---|---|---------------|------------------|--|
| a. | Renovate all beach access paths over a period of four years | Beach paths renovated | 15/16 | | Beach Access Paths Committee formed. Priority paths to be upgraded in 2018 |
| b. | Renovate and improve public ablutions at Cottesloe Beach | Renovated facilities opened for public use | 15/16 | 17/18 | Ongoing discussion with current lessee |
| c. | Provide universal access to all facilities at Cottesloe Beach | Universal access provided to renovated facilities and beach level | 16/17 | | Project due to start this financial year as part of the Foreshore Masterplan |
| d. | Audit and improve infrastructure for public events, such as Sculpture by the Sea at Cottesloe Beach | Improved provision of events at Cottesloe Beach | Ongoing | | Ongoing. Document included in the Foreshore Renewal Summary Strategy outlining infrastructure requiring short term or long term improvements |

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

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

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

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

3.5. Develop a parking strategy for the beach precinct

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

Priority Area 4 - Managing development

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

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

4.2. Implement / apply planning incentives for heritage properties

| | Actions | Success Indicator | Project Start | Year of delivery | Progress in year ended 30 June 2017 |
|----|---|--|---------------|------------------|---|
| a. | Apply the LPS3 provisions that offer concessions or variations for proposals for heritage properties | Planning concessions made available to heritage properties | 14/15 | | Commenced |
| b. | Operate a heritage advisory service to assist proponents with proposals for heritage properties | Heritage advisory service available | 15/16 | | Previous heritage advisory service ceased and now consultants used on a needs basis |
| c. | Formulate a policy that offers financial incentives for heritage properties in support of planning outcomes | Policy adopted by Council | 15/16 | | No action undertaken |
| d. | Introduce a local heritage awards program to encourage the conservation of heritage properties | Heritage awards program commences | 16/17 | | No action undertaken |

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

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

Priority Area 5 - Providing sustainable infrastructure and community amenities

5.1. Develop sustainability and capacity criteria to assess major strategies

| | Actions | Success Indicator | Project Start | Year of delivery | Progress in year ended 30 June 2017 |
|----|---|--|---------------|------------------|--|
| a. | Write and implement a 10 year Asset Management Plan (AMP) | AMP adopted by Council | 14/15 | 15/16 | Project commenced but not yet complete |
| b. | Update Long Term Financial Plan (LTFP) to include impacts from Asset Management Plan | LTFP updated | 15/16 | | Awaiting completion of the Asset Management Plan |
| c. | Research and develop criteria for whole of life costings and ensure criteria are used in assessment of tenders for major projects | Criteria used to assess any new project or strategy, prior to inclusion in AMP or LTFP | 16/17 | | Project due to start this financial year |

5.2. Manage assets that have a realisable value

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

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

| | Actions | Success Indicator | Project Start | Year of delivery | Progress in year ended 30 June 2017 |
|----|--|---|---------------|------------------|--|
| a. | Revise and update TCPDIIP, in consultation with stakeholders, such as ProCott | Revised plan adopted by Council | 14/15 | 15/16 | Napoleon Street has been upgraded, Station Street Place Making Strategy has been adopted and Council has resolved to pursue an Activity Centre Plan |
| b. | Complete streetscape improvement works within Napoleon Street | Streetscape works completed | 14/15 | | Complete. Tree planting to replace existing trees budgeted for in 2017/18 |
| c. | Begin negotiations with Public Transport Authority (PTA) to redevelop train station interface with the Town Centre | A design for the redevelopment of the train station/town centre interface developed | 14/15 | 15/16 | Implementation of the Station Street Place Making Strategy and formulation of an Activity Centre Plan will include this project |
| d. | Undertake amendments to LPS3, where necessary, to prompt development within the Town Centre Precinct | Amendments identified and initiated | 14/15 | 15/16 | Implementation of the Station Street Place Making Strategy, a future Activity Centre Plan and specific development proposals may require amendment to LPS3 |

5.4. Maximise income from non-rates sources

| | Actions | Success Indicator | Project Start | Year of delivery | Progress in year ended 30 June 2017 |
|----|--|---|---------------|------------------|-------------------------------------|
| a. | Develop a list of projects that would be capable of attracting grants and develop grant applications accordingly | Grant income increases | Ongoing | | Ongoing |
| b. | Review lease arrangements to ensure the expenditure undertaken on leased buildings does not exceed lease payments received. Ensure commercial leases provide the most favourable return Lease payments and rents | Leases reviewed and amended when they are presented for renewal | Ongoing | | Ongoing |
| c. | Ensure that fees and charges for services provided are paid in a timely fashion and that where at all possible infringements issued are collected | Ratio of outstanding debtors / infringements reduces | Ongoing | | Ongoing |
| d. | Invest surplus funds prudently to maximise returns where possible, without risking financial assets | Rate of return on investments is improved | Ongoing | | Ongoing |

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

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

Priority Area 6 - Providing open and accountable local governance

6.1. Ongoing implementation of Council’s community consultation policy

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

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

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



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

| | Actions | Success Indicator | Project Start | Year of delivery | Progress in year ended 30 June 2017 |
|----|---|---|---------------|------------------|---|
| a. | Scope, design and implement a Customer Relationship Management (CRM) system | Customer Relationship Management system in place and providing relevant reporting data | 14/15 | 15/16 | Project commenced. System to go live in March 2018 |
| b. | Undertake a review of the current core operating systems to identify and prioritise areas for improvement | A full review of the core operating system is complete and a prioritised list of improvements presented | 15/16 | | Project on hold pending completion of the CRM System (6.3a) |
| c. | Develop a specification for the core systems required by the Town of Cottesloe | A specification for core operating systems is available for tender purposes | 16/17 | | Project on hold pending completion of the CRM System (6.3a) |
| d. | Using the results of b. and c. - implement core systems that best meet the needs of the Town's administration and elected council | Improvements in processing time and reporting capability are able to be documented | 16/17 | | Project on hold pending completion of the CRM System (6.3a) |

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

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



FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2017



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**TOWN OF COTTESLOE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Town being the annual financial report and supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Town at 30th June 2017 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the THIRD day of NOVEMBER 2017



Mathew Humfrey
Chief Executive Officer

TOWN OF COTTESLOE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2017

| | NOTE | 2017 \$ | 2017 Budget \$ | 2016 \$ |
|---|------|---------------------|----------------------|---------------------|
| Revenue | | | | |
| Rates | 23 | 9,568,218 | 9,484,562 | 9,244,808 |
| Operating grants, subsidies and contributions | 30 | 553,890 | 316,560 | 166,173 |
| Fees and charges | 29 | 1,939,625 | 1,668,010 | 2,228,355 |
| Interest earnings | 2(a) | 412,095 | 386,859 | 452,682 |
| Other revenue | 2(a) | 261,553 | 189,279 | 366,127 |
| | | <u>12,735,381</u> | <u>12,045,270</u> | <u>12,458,145</u> |
| Expenses | | | | |
| Employee costs | | (4,014,095) | (3,850,601) | (3,522,943) |
| Materials and contracts | | (3,905,594) | (4,721,342) | (4,409,315) |
| Utility charges | | (329,045) | (318,159) | (308,136) |
| Depreciation on non-current assets | 2(a) | (2,202,632) | (2,552,942) | (2,495,786) |
| Interest expenses | 2(a) | (298,876) | (305,815) | (314,474) |
| Insurance expenses | | (182,068) | (188,500) | (180,118) |
| Other expenditure | | (1,038,422) | (1,036,668) | (1,182,868) |
| | | <u>(11,970,732)</u> | <u>(12,974,027)</u> | <u>(12,413,640)</u> |
| | | 764,649 | (928,757) | 44,505 |
| Non-operating grants, subsidies and contributions | 30 | 506,150 | 0 | 634,250 |
| Profit on asset disposals | 21 | 3,221 | 0 | 35,221 |
| (Loss) on asset disposals | 21 | (18,432) | 0 | (479) |
| Net result | | <u>1,255,588</u> | <u>(928,757)</u> | <u>713,497</u> |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes on revaluation of non-current assets | 13 | 39,206,580 | 0 | (66,281) |
| Total other comprehensive income | | <u>39,206,580</u> | <u>0</u> | <u>(66,281)</u> |
| Total comprehensive income | | <u>40,462,168</u> | <u>(928,757)</u> | <u>647,216</u> |

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

TOWN OF COTTESLOE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2017

| | NOTE | 2017 \$ | 2017 Budget \$ | 2016 \$ |
|---|------|---------------------|----------------------|---------------------|
| Revenue | 2(a) | | | |
| Governance | | 60,318 | 59,845 | 77,927 |
| General purpose funding | | 10,436,335 | 10,192,631 | 9,877,416 |
| Law, order, public safety | | 61,714 | 20,200 | 41,131 |
| Health | | 109,354 | 85,400 | 83,864 |
| Education and welfare | | 30,245 | 27,996 | 39,258 |
| Community amenities | | 637,631 | 549,550 | 709,431 |
| Recreation and culture | | 383,437 | 286,589 | 314,502 |
| Transport | | 814,970 | 710,800 | 1,182,771 |
| Economic services | | 176,626 | 111,358 | 131,633 |
| Other property and services | | 24,751 | 901 | 212 |
| | | <u>12,735,381</u> | <u>12,045,270</u> | <u>12,458,145</u> |
| Expenses | 2(a) | | | |
| Governance | | (837,417) | (874,051) | (861,483) |
| General purpose funding | | (218,317) | (259,948) | (237,722) |
| Law, order, public safety | | (293,957) | (309,219) | (283,839) |
| Health | | (221,629) | (230,627) | (215,468) |
| Education and welfare | | (260,165) | (367,290) | (311,777) |
| Community amenities | | (2,979,920) | (3,477,883) | (3,146,739) |
| Recreation and culture | | (3,456,407) | (3,604,042) | (3,431,297) |
| Transport | | (3,035,149) | (3,160,534) | (3,258,486) |
| Economic services | | (343,635) | (384,618) | (345,830) |
| Other property and services | | (25,260) | 0 | (6,525) |
| | | <u>(11,671,856)</u> | <u>(12,668,212)</u> | <u>(12,099,166)</u> |
| Finance costs | 2(a) | | | |
| Governance | | (33) | (100) | 0 |
| Recreation and culture | | (298,843) | (305,715) | (314,474) |
| | | <u>(298,876)</u> | <u>(305,815)</u> | <u>(314,474)</u> |
| | | 764,649 | (928,757) | 44,505 |
| Non-operating grants, subsidies and contributions | 30 | 506,150 | 0 | 634,250 |
| Profit on disposal of assets | 21 | 3,221 | 0 | 35,221 |
| (Loss) on disposal of assets | 21 | (18,432) | 0 | (479) |
| Net result | | <u>1,255,588</u> | <u>(928,757)</u> | <u>713,497</u> |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes on revaluation of non-current assets | 13 | 39,206,580 | 0 | (66,281) |
| Total other comprehensive income | | <u>39,206,580</u> | <u>0</u> | <u>(66,281)</u> |
| Total comprehensive income | | <u>40,462,168</u> | <u>(928,757)</u> | <u>647,216</u> |

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

TOWN OF COTTESLOE
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2017

| | NOTE | 2017 \$ | 2016 \$ |
|--|------|--------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 12,715,611 | 12,159,586 |
| Trade and other receivables | 4 | 1,172,360 | 536,088 |
| Inventories | 5 | 37,437 | 37,786 |
| TOTAL CURRENT ASSETS | | <u>13,925,408</u> | <u>12,733,460</u> |
| NON-CURRENT ASSETS | | | |
| Other receivables | 4 | 673,399 | 741,650 |
| Investment Accounted for using the Equity Method | 6 | 1,049,255 | 1,021,510 |
| Property, plant and equipment | 7 | 85,206,386 | 45,583,553 |
| Infrastructure | 8 | 42,472,921 | 43,127,677 |
| TOTAL NON-CURRENT ASSETS | | <u>129,401,961</u> | <u>90,474,390</u> |
| TOTAL ASSETS | | <u>143,327,369</u> | <u>103,207,850</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 748,217 | 776,125 |
| Current portion of long term borrowings | 10 | 449,332 | 424,626 |
| Provisions | 11 | 942,744 | 854,769 |
| TOTAL CURRENT LIABILITIES | | <u>2,140,293</u> | <u>2,055,520</u> |
| NON-CURRENT LIABILITIES | | | |
| Long term borrowings | 10 | 4,219,401 | 4,668,734 |
| Provisions | 11 | 83,812 | 61,901 |
| TOTAL NON-CURRENT LIABILITIES | | <u>4,303,213</u> | <u>4,730,635</u> |
| TOTAL LIABILITIES | | <u>6,443,506</u> | <u>6,786,155</u> |
| NET ASSETS | | <u>136,883,863</u> | <u>96,421,695</u> |
| EQUITY | | | |
| Retained surplus | | 29,255,879 | 28,063,996 |
| Reserves - cash backed | 12 | 10,773,681 | 10,719,976 |
| Revaluation surplus | 13 | 96,854,303 | 57,647,723 |
| TOTAL EQUITY | | <u>136,883,863</u> | <u>96,421,695</u> |

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

TOWN OF COTTESLOE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2017

| | NOTE | RETAINED SURPLUS \$ | RESERVES CASH BACKED \$ | REVALUATION SURPLUS \$ | TOTAL EQUITY \$ |
|-----------------------------------|------|---------------------------|----------------------------------|------------------------------|-----------------------|
| Balance as at 1 July 2015 | | 28,315,704 | 9,744,771 | 57,714,004 | 95,774,479 |
| Comprehensive income | | 713,497 | 0 | 0 | 713,497 |
| Net result | | 713,497 | 0 | 0 | 713,497 |
| Changes on revaluation of assets | 13 | 0 | 0 | (66,281) | (66,281) |
| Total comprehensive income | | 713,497 | 0 | (66,281) | 647,216 |
| Transfers from/(to) reserves | | (975,205) | 975,205 | 0 | 0 |
| Balance as at 30 June 2016 | | 28,053,996 | 10,719,976 | 57,647,723 | 96,421,695 |
| Comprehensive income | | 1,255,588 | 0 | 0 | 1,255,588 |
| Net result | | 1,255,588 | 0 | 0 | 1,255,588 |
| Changes on revaluation of assets | 13 | 0 | 0 | 39,206,580 | 39,206,580 |
| Total comprehensive income | | 1,255,588 | 0 | 39,206,580 | 40,462,168 |
| Transfers from/(to) reserves | | (53,705) | 53,705 | 0 | 0 |
| Balance as at 30 June 2017 | | 29,255,879 | 10,773,681 | 96,854,303 | 136,883,863 |

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

TOWN OF COTTESLOE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2017

| | NOTE | 2017 Actual \$ | 2017 Budget \$ | 2016 Actual \$ |
|---|-------|--------------------------|-------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Rates | | 9,410,128 | 9,484,562 | 9,238,567 |
| Operating grants, subsidies and contributions | | 49,299 | 316,560 | 28,711 |
| Fees and charges | | 1,939,625 | 1,668,010 | 2,228,355 |
| Interest earnings | | 412,095 | 386,859 | 452,682 |
| Goods and services tax | | 641,373 | 670,000 | 642,945 |
| Other revenue | | 261,553 | 189,279 | 366,127 |
| | | <u>12,714,073</u> | <u>12,715,270</u> | <u>12,957,387</u> |
| Payments | | | | |
| Employee costs | | (3,908,126) | (3,806,868) | (3,355,698) |
| Materials and contracts | | (3,922,769) | (4,919,689) | (4,581,419) |
| Utility charges | | (329,045) | (311,686) | (308,136) |
| Interest expenses | | (305,343) | (305,815) | (320,722) |
| Insurance expenses | | (182,068) | (176,200) | (180,118) |
| Goods and services tax | | (596,804) | (670,000) | (639,171) |
| Other expenditure | | (1,066,168) | (977,210) | (1,169,669) |
| | | <u>(10,310,323)</u> | <u>(11,167,468)</u> | <u>(10,554,933)</u> |
| Net cash provided by (used in) operating activities | 14(b) | <u>2,403,750</u> | <u>1,547,802</u> | <u>2,402,454</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for purchase of property, plant & equipment | | (1,338,950) | (1,633,490) | (835,107) |
| Payments for construction of infrastructure | | (779,646) | (2,755,326) | (1,086,375) |
| Advances to community groups | | 0 | 0 | (320,000) |
| Non-operating grants, subsidies and contributions | | 506,150 | 0 | 634,250 |
| Proceeds from sale of fixed assets | | 139,257 | 164,450 | 133,446 |
| Net cash provided by (used in) investment activities | | <u>(1,473,189)</u> | <u>(4,224,366)</u> | <u>(1,473,786)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of debentures | | (424,627) | (424,626) | (374,012) |
| Proceeds from self supporting loans | | 50,091 | 53,387 | (35,628) |
| Proceeds from new debentures | | 0 | 0 | 320,000 |
| Net cash provided by (used in) financing activities | | <u>(374,536)</u> | <u>(371,239)</u> | <u>(89,640)</u> |
| Net increase (decrease) in cash held | | 556,025 | (3,047,803) | 839,028 |
| Cash at beginning of year | | 12,159,586 | 12,104,667 | 11,320,558 |
| Cash and cash equivalents at the end of the year | 14(a) | <u><u>12,715,611</u></u> | <u><u>9,056,864</u></u> | <u><u>12,159,586</u></u> |

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

TOWN OF COTTESLOE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2017

| | NOTE | 2017 Actual \$ | 2017 Budget \$ | 2016 Actual \$ |
|--|-------|-------------------------|----------------------|-------------------------|
| Net current assets at start of financial year - surplus | | 1,187,268 | 920,090 | 963,144 |
| | | <u>1,187,268</u> | <u>920,090</u> | <u>963,144</u> |
| Revenue from operating activities (excluding rates) | | | | |
| Governance | | 60,318 | 59,845 | 89,458 |
| General purpose funding | | 868,117 | 708,069 | 632,608 |
| Law, order, public safety | | 61,714 | 20,200 | 41,131 |
| Health | | 109,354 | 85,400 | 83,864 |
| Education and welfare | | 30,245 | 27,996 | 39,258 |
| Community amenities | | 637,631 | 549,550 | 709,431 |
| Recreation and culture | | 386,499 | 286,589 | 324,988 |
| Transport | | 814,970 | 710,800 | 1,195,975 |
| Economic services | | 178,626 | 111,359 | 131,633 |
| Other property and services | | 24,910 | 900 | 212 |
| | | <u>3,170,384</u> | <u>2,560,708</u> | <u>3,248,558</u> |
| Expenditure from operating activities | | | | |
| Governance | | (837,450) | (874,151) | (861,483) |
| General purpose funding | | (218,317) | (259,948) | (237,722) |
| Law, order, public safety | | (293,957) | (309,219) | (283,839) |
| Health | | (221,629) | (230,627) | (215,468) |
| Education and welfare | | (260,165) | (367,290) | (311,777) |
| Community amenities | | (2,979,920) | (3,477,863) | (3,146,739) |
| Recreation and culture | | (3,766,568) | (3,909,757) | (3,746,250) |
| Transport | | (3,041,790) | (3,160,534) | (3,258,486) |
| Economic services | | (343,634) | (384,618) | (345,830) |
| Other property and services | | (25,734) | 0 | (6,521) |
| | | <u>(11,989,164)</u> | <u>(12,974,027)</u> | <u>(12,414,115)</u> |
| Operating activities excluded from budget | | | | |
| (Profit) on disposal of assets | 21 | (3,221) | 0 | (35,221) |
| Loss on disposal of assets | 21 | 18,432 | 0 | 479 |
| Movement to self supporting loans (non current) | | 0 | 0 | (1,480) |
| Movement in equity accounted joint ventures | | (27,745) | 0 | 13,174 |
| Movement in Non Current Equity of Library | | 0 | 0 | 2,948 |
| Movement in deferred pensioner rates (non-current) | | 15,886 | 0 | 12,743 |
| Movement in employee benefit provisions (non-current) | | 109,886 | 0 | 138,817 |
| Depreciation on assets | 2(a) | 2,202,632 | 2,552,942 | 2,495,786 |
| Amount attributable to operating activities | | <u>(5,315,642)</u> | <u>(6,940,287)</u> | <u>(5,575,167)</u> |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | | 506,150 | 0 | 634,250 |
| Proceeds from disposal of assets | 21 | 139,257 | 164,450 | 133,446 |
| Purchase of property, plant and equipment | 7(b) | (1,338,950) | (1,633,490) | (835,107) |
| Purchase and construction of infrastructure | 8(b) | (779,646) | (2,755,326) | (1,086,375) |
| Amount attributable to investing activities | | <u>(1,473,189)</u> | <u>(4,224,366)</u> | <u>(1,153,786)</u> |
| FINANCING ACTIVITIES | | | | |
| Advances to community groups | | 0 | 0 | (320,000) |
| Repayment of debentures | 22(a) | (424,627) | (424,626) | (374,012) |
| Proceeds from new debentures | 22(a) | 0 | 0 | 320,000 |
| Proceeds from self supporting loans | | 50,091 | 53,387 | 20,630 |
| Transfers to reserves (restricted assets) | 12 | (1,058,942) | (310,326) | (1,562,458) |
| Transfers from reserves (restricted assets) | 12 | 1,005,237 | 2,361,656 | 587,253 |
| Amount attributable to financing activities | | <u>(428,241)</u> | <u>1,680,091</u> | <u>(1,328,587)</u> |
| Surplus(deficiency) before general rates | | <u>(7,217,072)</u> | <u>(9,484,562)</u> | <u>(8,057,540)</u> |
| Total amount raised from general rates | 23 | <u>9,568,218</u> | <u>9,484,562</u> | <u>9,244,808</u> |
| Net current assets at June 30 c/w/d - surplus | 24 | <u><u>2,351,146</u></u> | <u><u>0</u></u> | <u><u>1,187,268</u></u> |

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

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

(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) Cash and Cash Equivalents

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Trade and Other Receivables

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

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

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

(d) Inventories

General

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

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

Land held for sale

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

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

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

(e) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

Land under roads

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

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

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

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Depreciation

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

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

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

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

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

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

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

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

(g) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(h) Impairment of Assets

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

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

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

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

(i) Trade and Other Payables

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(k) 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.

(l) Provisions

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

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

(m) Leases

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

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

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

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investment in Associates

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

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

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

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

(o) Interests in Joint Arrangements

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

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

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

(p) Rates, Grants, Donations and Other Contributions

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

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

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

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

(q) Superannuation

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Current and Non-Current Classification

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

(s) Rounding Off Figures

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

(t) Comparative Figures

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

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

(u) Budget Comparative Figures

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)
(v) New Accounting Standards and Interpretations for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Town.
 Management's assessment of the new and amended pronouncements that are relevant to the Town, applicable to future reporting periods and which have not yet been adopted are set out as follows:

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

Notes:

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

| Title | Issued / Compiled | Applicable ⁽¹⁾ | Impact |
|--|-------------------|---------------------------|--|
| (iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8) | December 2016 | 1 January 2019 | <p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Town's operations.</p> |

Notes:

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

(w) Adoption of New and Revised Accounting Standards

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

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

- (i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

[AASB 10, 124 & 1049]

The objective of this Standard was to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit sector entities.

The Standard has had a significant disclosure impact on the financial report of the Town as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| 2. REVENUE AND EXPENSES | 2017 | 2016 |
|---|------------------|------------------|
| | \$ | \$ |
| (a) Net Result | | |
| The Net result includes: | | |
| (i) Charging as an expense: | | |
| Auditors remuneration | | |
| - Audit of the Annual Financial Report | 16,563 | 19,000 |
| - Other Services | 3,250 | 18,080 |
| Depreciation | | |
| Buildings - specialised | 611,427 | 736,039 |
| Furniture and equipment | 49,569 | 101,373 |
| Plant and equipment | 107,232 | 191,181 |
| Infrastructure - Roads | 696,566 | 775,306 |
| Infrastructure - Footpaths | 189,589 | 186,549 |
| Infrastructure - Drainage | 90,689 | 90,011 |
| Infrastructure - Parks | 65,328 | 58,525 |
| Infrastructure - Carparks | 170,164 | 156,886 |
| Infrastructure - Miscellaneous | 88,049 | 83,872 |
| Infrastructure - Streetscape | 48,034 | 38,387 |
| Infrastructure - Right of Way | 56,333 | 48,519 |
| Infrastructure - Irrigation | 29,652 | 29,138 |
| | <u>2,202,632</u> | <u>2,495,786</u> |
| Significant expense | | |
| Legal expenses - Recreation and Culture | 203,518 | 251,013 |
| | <u>203,518</u> | <u>251,013</u> |
| This relates to legal expenses incurred as part of a lease dispute. | | |
| Interest expenses (finance costs) | | |
| Debentures (refer Note 22 (a)) | 298,843 | 314,474 |
| Other | 33 | 0 |
| | <u>298,876</u> | <u>314,474</u> |
| (ii) Crediting as revenue: | | |
| Significant revenue | | |
| Education and Welfare | 500,000 | 0 |
| Recreation and Culture | 0 | 600,000 |
| Other revenue | | |
| Reimbursements and recoveries | 162,538 | 198,976 |
| Other | 99,015 | 167,151 |
| | <u>261,553</u> | <u>366,127</u> |

The significant revenue in 2016 relates to the contribution towards public open space. The significant revenue in 2017 relates to grant funding towards a road/car park project as disclosed in non operating contributions in the Statement of Comprehensive Income by Nature and Type.

| | 2017 Actual \$ | 2017 Budget \$ | 2016 Actual \$ |
|--|----------------------|----------------------|----------------------|
| Interest earnings | | | |
| - Reserve funds | 263,614 | 200,959 | 293,895 |
| - Other funds | 73,322 | 115,900 | 89,272 |
| Other interest revenue (refer note 28) | 75,159 | 70,000 | 69,515 |
| | <u>412,095</u> | <u>386,859</u> | <u>452,682</u> |

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

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

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

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

GOVERNANCE

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

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

EDUCATION AND WELFARE

Objective:

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

Activities:

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

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

Activities:

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

TRANSPORT

Objective:

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

Activities:

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

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control Town's overheads operating accounts.

Activities:

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

| Grant/Contribution | Opening Balance ⁽¹⁾ 1/07/15 \$ | Received ⁽²⁾ 2015/16 \$ | Expended ⁽³⁾ 2015/16 \$ | Closing Balance ⁽¹⁾ 30/06/16 \$ | Received ⁽²⁾ 2016/17 \$ | Expended ⁽³⁾ 2016/17 \$ | Closing Balance 30/06/17 \$ |
|---|--|--|--|---|--|--|--------------------------------------|
| Governance | | | | | | | |
| Department of Local Government/Metro Youth Traineeship | 0 | 0 | 0 | 0 | 20,000 | (7,080) | 12,920 |
| Education and welfare | | | | | | | |
| Department of Education/Grant towards road realignment along Railway Street Cottesloe | 0 | 0 | 0 | 0 | 500,000 | 0 | 500,000 |
| Recreation and culture | | | | | | | |
| Department of Planning/Project " Restoring the iconic Cottesloe coast" | 0 | 0 | 0 | 0 | 18,450 | (14,946) | 3,504 |
| Total | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>538,450</u> | <u>(22,026)</u> | <u>516,424</u> |

Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| | Note | 2017 \$ | 2016 \$ |
|---|------|-------------------|-------------------|
| 3. CASH AND CASH EQUIVALENTS | | | |
| Unrestricted | | 1,425,506 | 1,439,610 |
| Restricted | | 11,290,105 | 10,719,976 |
| | | <u>12,715,611</u> | <u>12,159,586</u> |
| The following restrictions have been imposed by regulations or other externally imposed requirements: | | | |
| Leave Reserve | 12 | 190,582 | 185,516 |
| Civic Centre Reserve | 12 | 343,954 | 281,236 |
| Waste Management Reserve | 12 | 440,743 | 282,818 |
| Area Improvement Reserve | 12 | 0 | 1 |
| Parking Reserve | 12 | 10,903 | 10,613 |
| Property Reserve | 12 | 411,841 | 400,892 |
| Infrastructure Reserve | 12 | 611,690 | 282,718 |
| Unspent Grants/Funds Reserve | 12 | 0 | 273 |
| Legal Reserve | 12 | 159,850 | 155,601 |
| Parking Facilities Reserve | 12 | 163,454 | 159,110 |
| Library Reserve | 12 | 47,378 | 47,378 |
| Sustainability Reserve | 12 | 155,842 | 115,633 |
| Depot Funds Reserve | 12 | 7,601,318 | 8,178,971 |
| Right of Way Reserve | 12 | 10,428 | 10,151 |
| Public Open Space Reserve | 12 | 625,698 | 609,065 |
| Unspent grants | 2(c) | 516,424 | 0 |
| | | <u>11,290,105</u> | <u>10,719,976</u> |

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| | 2017 | 2016 |
|---|------------------|----------------|
| | \$ | \$ |
| 4. TRADE AND OTHER RECEIVABLES | | |
| Current | | |
| Rates outstanding | 238,896 | 64,920 |
| Sundry debtors | 1,037,290 | 459,679 |
| Provision for Doubtful Debts | (193,165) | (173,479) |
| GST receivable | (21) | 44,548 |
| Loans receivable - clubs/institutions | 52,365 | 50,091 |
| Accrued Income | 36,350 | 89,962 |
| Other Tax Debtors | 645 | 367 |
| | <u>1,172,360</u> | <u>536,088</u> |
| Non-current | | |
| Rates outstanding - pensioners | 163,608 | 179,494 |
| Loans receivable - clubs/institutions | 509,791 | 562,156 |
| | <u>673,399</u> | <u>741,650</u> |
| Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows: | | |
| Rates outstanding | <u>238,896</u> | <u>64,920</u> |
| Includes: | | |
| Past due and not impaired | 238,896 | 64,920 |
| Impaired | <u>0</u> | <u>0</u> |
| Sundry debtors | <u>1,037,290</u> | <u>459,679</u> |
| Includes: | | |
| Past due and not impaired | 263,243 | 24,183 |
| Impaired | <u>193,165</u> | <u>173,479</u> |
| 5. INVENTORIES | | |
| Current | | |
| History Books | <u>37,437</u> | <u>37,786</u> |
| | <u>37,437</u> | <u>37,786</u> |

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

6. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

Western Metropolitan Regional Council (WMRC)

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

| NON CURRENT | 2017 | 2016 |
|---|------------------|------------------|
| | \$ | \$ |
| (a) Retained Earnings attributable to interest in joint venture: | | |
| Balance at the beginning of the financial year | 432,666 | 464,170 |
| Net Transfers (to)/from reserves | (12,226) | (18,330) |
| Share of joint venture's profit from ordinary activities after tax | 16,249 | 4,093 |
| Adjustment | (32,622) | (17,267) |
| Balance at the end of the financial year: | <u>404,067</u> | <u>432,666</u> |
| (b) Reserves - Cash Backed: | | |
| Balance at the beginning of the financial year | 548,272 | 529,942 |
| Transfer to Reserves | 12,226 | 18,330 |
| Balance at the end of the financial year: | <u>560,498</u> | <u>548,272</u> |
| (c) Carrying amount of investment in joint venture: | | |
| Balance at the beginning of the financial year | 1,021,510 | 1,034,684 |
| Share of profit from ordinary activities | 16,250 | (13,174) |
| Share of Impairment Loss | 0 | 0 |
| Adjustment | 11,495 | 0 |
| Balance at the end of the financial year: | <u>1,049,255</u> | <u>1,021,510</u> |

At the time of completion of the Town of Cottesloe's 2016-2017 audit, final figures for 2016-2017 for WMRC were not audited.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| | 2017 | 2016 |
|--|------------|-------------|
| | \$ | \$ |
| 7 (a) PROPERTY, PLANT AND EQUIPMENT | | |
| Land and buildings | | |
| - Independent valuation 2014 - level 2 | 0 | 14,608,500 |
| - Independent valuation 2014 - level 3 | 0 | 1,307,570 |
| - Independent valuation 2017 - level 2 | 54,452,000 | 0 |
| | 54,452,000 | 15,916,070 |
| Land - vested in and under the control of Council at: | | |
| - Independent valuation 2014 - level 3 | 0 | 1,500,000 |
| - Independent valuation 2017 - level 2 | 1,560,000 | 0 |
| | 1,560,000 | 1,500,000 |
| | 56,012,000 | 17,416,070 |
| Buildings - specialised at: | | |
| - Independent valuation 2014 - level 3 | 0 | 27,711,619 |
| - Independent valuation 2017 - level 3 | 28,023,982 | 0 |
| - Additions after valuation - cost | 0 | 934,788 |
| Buildings - specialised - Less: accumulated depreciation | 0 | (1,497,573) |
| | 28,023,982 | 27,148,834 |
| Total land and buildings | 84,035,982 | 44,564,904 |
| Furniture and equipment at: | | |
| - Management valuation 2016 - level 3 | 187,116 | 187,117 |
| - Additions after valuation - cost | 130,350 | 0 |
| Furniture and equipment - Less: accumulated depreciation | (49,569) | 0 |
| | 267,897 | 187,117 |
| Furniture and equipment - Combined Library | | |
| - Management valuation 2016 - level 3 | 127,125 | 127,125 |
| | 127,125 | 127,125 |
| Plant and equipment at: | | |
| - Management valuation 2016 - level 2 | 529,205 | 681,313 |
| - Management valuation 2016 - level 3 | 13,088 | 15,450 |
| - Additions after valuation - cost | 332,676 | 0 |
| Plant and equipment - Less: accumulated depreciation | (107,231) | 0 |
| | 767,738 | 696,763 |
| Plant and equipment - Combine Library at: | | |
| - Management valuation 2016 - level 2 | 7,644 | 7,644 |
| | 7,644 | 7,644 |
| | 85,206,386 | 45,583,553 |

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

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2017

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

| | Balance at the Beginning of the Year | Additions | (Disposals) | Revaluation Increments/ (Decrements) Transferred | Revaluation to Revaluation | Revaluation (Losses)/ Reversals Through to Profit or Loss | Impairment (Losses)/ Reversals | Depreciation (Expense) | Transfers | Carrying Amount at the End of Year |
|--|---|------------------|------------------|---|----------------------------------|--|--------------------------------------|---------------------------|-----------|---|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Land - freehold land | 15,916,070 | 0 | 0 | 38,535,930 | 0 | 0 | 0 | 0 | 0 | 54,452,000 |
| Land - vested in and under the control of Council | 1,500,000 | 0 | 0 | 60,000 | 0 | 0 | 0 | 0 | 0 | 1,560,000 |
| Total land | 17,416,070 | 0 | 0 | 38,595,930 | 0 | 0 | 0 | 0 | 0 | 56,012,000 |
| Buildings - specialised | 27,148,834 | 875,925 | 0 | 610,650 | 0 | 0 | 0 | (611,427) | 0 | 28,023,982 |
| Total buildings | 27,148,834 | 875,925 | 0 | 610,650 | 0 | 0 | 0 | (611,427) | 0 | 28,023,982 |
| Total land and buildings | 44,564,904 | 875,925 | 0 | 39,206,580 | 0 | 0 | 0 | (611,427) | 0 | 84,035,982 |
| Furniture and equipment | 187,117 | 130,350 | 0 | 0 | 0 | 0 | 0 | (49,569) | 0 | 267,897 |
| Furniture and equipment - Combined Library | 127,125 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 127,125 |
| Plant and equipment | 696,763 | 332,675 | (154,468) | 0 | 0 | 0 | 0 | (107,232) | 0 | 767,738 |
| Plant and equipment - Combine Library | 7,644 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,644 |
| Total property, plant and equipment | 45,583,553 | 1,338,950 | (154,468) | 39,206,580 | 0 | 0 | 0 | (768,228) | 0 | 85,206,386 |

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

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

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

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| | 2017 | 2016 |
|---|--------------------|--------------------|
| | \$ | \$ |
| 8 (a). INFRASTRUCTURE | | |
| Infrastructure - Roads | | |
| - Management valuation 2015 - level 3 | 32,944,731 | 32,944,731 |
| - Additions after valuation - cost | 306,994 | 241,933 |
| Infrastructure - Roads - Less: accumulated depreciation | <u>(8,831,952)</u> | <u>(8,135,386)</u> |
| | 24,419,773 | 25,051,278 |
| Infrastructure - Car Parks | | |
| - Management valuation 2015 - level 3 | 3,160,009 | 3,160,009 |
| - Additions after valuation - cost | 116,610 | 34,681 |
| Infrastructure - Less: accumulated depreciation | <u>(663,107)</u> | <u>(492,943)</u> |
| | 2,613,512 | 2,701,747 |
| Infrastructure - Footpaths | | |
| - Management valuation 2015 - level 3 | 6,941,566 | 6,941,566 |
| - Additions after valuation - cost | 289,064 | 165,827 |
| Infrastructure - Less: accumulated depreciation | <u>(3,690,011)</u> | <u>(3,500,422)</u> |
| | 3,540,619 | 3,606,971 |
| Infrastructure - Drainage | | |
| - Management valuation 2015 - level 3 | 6,291,340 | 6,291,340 |
| - Additions after valuation - cost | 30,808 | 14,796 |
| Infrastructure - Less: accumulated depreciation | <u>(1,572,100)</u> | <u>(1,481,411)</u> |
| | 4,750,048 | 4,824,725 |
| Infrastructure - Parks | | |
| - Management valuation 2015 - level 3 | 1,776,816 | 1,776,816 |
| - Additions after valuation - cost | 289,849 | 133,585 |
| Infrastructure - Less: accumulated depreciation | <u>(548,092)</u> | <u>(482,765)</u> |
| | 1,518,573 | 1,427,636 |
| Infrastructure - Miscellaneous | | |
| - Management valuation 2015 - level 3 | 3,430,613 | 3,430,613 |
| - Additions after valuation - cost | 203,055 | 91,127 |
| Infrastructure - Less: accumulated depreciation | <u>(1,577,632)</u> | <u>(1,489,583)</u> |
| | 2,056,036 | 2,032,157 |
| Infrastructure - Streetscape | | |
| - Management valuation 2015 - level 3 | 792,340 | 792,340 |
| - Additions after valuation - cost | 293,209 | 211,517 |
| Infrastructure - Less: accumulated depreciation | <u>(386,958)</u> | <u>(338,923)</u> |
| | 698,591 | 664,934 |
| Infrastructure - Right of Way | | |
| - Management valuation 2015 - level 3 | 2,320,651 | 2,320,651 |
| - Additions after valuation - cost | 286,993 | 170,488 |
| Infrastructure - Less: accumulated depreciation | <u>(711,618)</u> | <u>(655,286)</u> |
| | 1,896,026 | 1,835,853 |
| Infrastructure - Irrigation | | |
| - Management valuation 2015 - level 3 | 1,171,080 | 1,171,080 |
| - Additions after valuation - cost | 49,439 | 22,421 |
| Infrastructure - Less: accumulated depreciation | <u>(240,776)</u> | <u>(211,125)</u> |
| | 979,743 | 982,376 |
| | <u>42,472,921</u> | <u>43,127,677</u> |

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

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2017

8. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

| | Balance as at the Beginning of the Year | Additions | (Disposals) | Revaluation Increments/ (Decrements) Transferred to Revaluation | Revaluation (Loss)/ Reversal Transferred to Profit or Loss | Impairment (Losses)/ Reversals | Depreciation (Expense) | Transfers | Carrying Amount at the End of the Year |
|--------------------------------|---|----------------|-------------|---|--|--------------------------------|------------------------|-----------|--|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Infrastructure - Roads | 25,051,278 | 65,061 | 0 | 0 | 0 | 0 | (696,566) | 0 | 24,419,773 |
| Infrastructure - Car Parks | 2,701,746 | 81,929 | 0 | 0 | 0 | 0 | (170,164) | 0 | 2,613,512 |
| Infrastructure - Footpaths | 3,606,971 | 123,237 | 0 | 0 | 0 | 0 | (189,589) | 0 | 3,540,619 |
| Infrastructure - Drainage | 4,824,725 | 16,012 | 0 | 0 | 0 | 0 | (90,689) | 0 | 4,750,048 |
| Infrastructure - Parks | 1,427,637 | 156,264 | 0 | 0 | 0 | 0 | (65,328) | 0 | 1,518,573 |
| Infrastructure - Miscellaneous | 2,032,157 | 111,928 | 0 | 0 | 0 | 0 | (88,049) | 0 | 2,056,036 |
| Infrastructure - Streetscape | 664,934 | 81,692 | 0 | 0 | 0 | 0 | (48,034) | 0 | 698,591 |
| Infrastructure - Right of Way | 1,835,853 | 116,505 | 0 | 0 | 0 | 0 | (56,333) | 0 | 1,896,026 |
| Infrastructure - Irrigation | 982,376 | 27,018 | 0 | 0 | 0 | 0 | (29,652) | 0 | 979,743 |
| Total infrastructure | 43,127,677 | 779,646 | 0 | 0 | 0 | 0 | (1,434,404) | 0 | 42,472,921 |

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

8. INFRASTRUCTURE (Continued)

| (c) Fair Value Measurements | Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of valuation | Date of last Valuation | Inputs used |
|-----------------------------|--------------------------------|----------------------|--|----------------------|------------------------|--|
| | Infrastructure - Roads | 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2015 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| | Infrastructure - Car Parks | 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2015 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| | Infrastructure - Footpaths | 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2015 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| | Infrastructure - Drainage | 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2015 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| | Infrastructure - Parks | 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2015 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| | Infrastructure - Miscellaneous | 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2015 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| | Infrastructure - Streetscape | 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2015 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| | Infrastructure - Right of Way | 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2015 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| | Infrastructure - Irrigation | 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2015 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| | 2017 | 2016 |
|------------------------------------|----------------|----------------|
| | \$ | \$ |
| 9. TRADE AND OTHER PAYABLES | | |
| Current | | |
| Sundry creditors | 545,891 | 563,415 |
| Accrued interest on debentures | 80,200 | 86,667 |
| Accrued salaries and wages | 44,072 | 26,449 |
| ATO liabilities | 78,054 | 99,594 |
| | <u>748,217</u> | <u>776,125</u> |

10. LONG-TERM BORROWINGS

| | | |
|----------------------------|------------------|------------------|
| Current | | |
| Secured by floating charge | | |
| Debentures | 449,332 | 424,626 |
| | <u>449,332</u> | <u>424,626</u> |
| Non-current | | |
| Secured by floating charge | | |
| Debentures | 4,219,401 | 4,668,734 |
| | <u>4,219,401</u> | <u>4,668,734</u> |

Additional detail on borrowings is provided in Note 22.

11. PROVISIONS

| | Provision for Annual Leave \$ | Provision for Long Service Leave \$ | Total \$ |
|---------------------------------------|--|--|---------------------|
| Opening balance at 1 July 2016 | | | |
| Current provisions | 495,060 | 359,709 | 854,769 |
| Non-current provisions | 0 | 61,901 | 61,901 |
| | <u>495,060</u> | <u>421,610</u> | <u>916,670</u> |
| Additional provision | 258,336 | 81,115 | 339,451 |
| Amounts used | <u>(190,004)</u> | <u>(39,561)</u> | <u>(229,565)</u> |
| Balance at 30 June 2017 | <u>563,392</u> | <u>463,164</u> | <u>1,026,556</u> |
| Comprises | | | |
| Current | 563,392 | 379,352 | 942,744 |
| Non-current | 0 | 83,812 | 83,812 |
| | <u>563,392</u> | <u>463,164</u> | <u>1,026,556</u> |

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

12. RESERVES - CASH BACKED

| | Actual 2017 Opening Balance | Actual 2017 Transfer to | Actual 2017 Transfer (from) | Actual 2017 Closing Balance | Budget 2017 Opening Balance | Budget 2017 Transfer to | Budget 2017 Transfer (from) | Budget 2017 Closing Balance | Actual 2016 Opening Balance | Actual 2016 Transfer to | Actual 2016 Transfer (from) | Actual 2016 Closing Balance |
|------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Leave Reserve | 185,516 | 5,066 | 0 | 190,582 | 184,944 | 5,086 | 0 | 190,030 | 180,021 | 5,495 | 0 | 185,516 |
| Civic Centre Reserve | 281,235 | 62,719 | 0 | 343,954 | 279,448 | 57,254 | 0 | 336,702 | 81,034 | 200,201 | 0 | 281,235 |
| Waste Management Reserve | 282,817 | 157,926 | 0 | 440,743 | 278,608 | 82,064 | 0 | 340,672 | 0 | 282,817 | 0 | 282,817 |
| Area Improvement Reserve | 1 | 0 | (1) | 0 | 34 | 0 | (34) | 0 | 34 | (33) | 0 | 1 |
| Parking Reserve | 10,613 | 290 | 0 | 10,903 | 10,713 | 295 | 0 | 11,008 | 10,298 | 315 | 0 | 10,613 |
| Property Reserve | 400,892 | 10,949 | 0 | 411,841 | 399,891 | 10,997 | 0 | 410,888 | 389,313 | 11,579 | 0 | 400,892 |
| Infrastructure Reserve | 282,719 | 328,971 | 0 | 611,690 | 282,398 | 7,766 | 0 | 290,164 | 371,930 | 10,789 | (100,000) | 282,719 |
| Unspent Grants/Funds Reserve | 273 | 6 | (279) | 0 | 265 | 7 | (272) | 0 | 265 | 8 | 0 | 273 |
| Legal Reserve | 155,601 | 4,249 | 0 | 159,850 | 154,104 | 4,238 | 0 | 158,342 | 67,284 | 88,337 | 0 | 155,601 |
| Parking Facilities Reserve | 159,109 | 4,345 | 0 | 163,454 | 158,657 | 4,363 | 0 | 163,020 | 154,396 | 4,713 | 0 | 159,109 |
| Library Reserve | 47,378 | 0 | 0 | 47,378 | 0 | 0 | 0 | 0 | 83,441 | 0 | (36,063) | 47,378 |
| Sustainability Reserve | 115,634 | 40,208 | 0 | 155,842 | 113,248 | 804 | 0 | 114,052 | 28,479 | 87,155 | 0 | 115,634 |
| Depot Funds Reserve | 8,178,972 | 427,303 | (1,004,957) | 7,601,318 | 8,181,637 | 140,677 | (2,361,350) | 5,960,964 | 8,378,296 | 251,866 | (451,190) | 8,178,972 |
| Right of Way Reserve | 10,151 | 277 | 0 | 10,428 | 10,000 | 275 | 0 | 10,275 | 0 | 10,151 | 0 | 10,151 |
| Public Open Space Reserve | 609,065 | 16,633 | 0 | 625,698 | 600,000 | 16,500 | 0 | 616,500 | 0 | 609,065 | 0 | 609,065 |
| | 10,719,976 | 1,058,942 | (1,005,237) | 10,773,681 | 10,653,947 | 310,326 | (2,361,656) | 8,602,817 | 9,744,771 | 1,562,458 | (587,253) | 10,719,976 |

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

12. RESERVES - CASH BACKED

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

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

13 REVALUATION SURPLUS

| | 2017 | | | 2017 | | | 2016 | | | 2016 | | |
|--|-----------------|-----------------------|-------------------------|-------------------------------|-----------------|-----------------|-----------------------|-------------------------|-------------------------------|-----------------|--|--|
| | Opening Balance | Revaluation Increment | Revaluation (Decrement) | Total Movement on Revaluation | Closing Balance | Opening Balance | Revaluation Increment | Revaluation (Decrement) | Total Movement on Revaluation | Closing Balance | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | | |
| Land | 15,140,408 | 38,595,930 | 0 | 38,595,930 | 53,736,338 | 15,140,408 | 0 | 0 | 0 | 15,140,408 | | |
| Buildings | 13,615,252 | 610,650 | 0 | 610,650 | 14,225,902 | 13,615,252 | 0 | 0 | 0 | 13,615,252 | | |
| Furniture and Equipment | 3,251 | 0 | 0 | 0 | 3,251 | 52,720 | 0 | (49,469) | (49,469) | 3,251 | | |
| Plant and Equipment | 98,670 | 0 | 0 | 0 | 98,670 | 83,308 | 15,362 | 0 | 15,362 | 98,670 | | |
| Combined Library - Plant and Equipment | (1,983) | 0 | 0 | 0 | (1,983) | (1,590) | 0 | (393) | (393) | (1,983) | | |
| Combined Library - Furniture and Equipment | 125,979 | 0 | 0 | 0 | 125,979 | 157,760 | 0 | (31,781) | (31,781) | 125,979 | | |
| Infrastructure - Roads | 19,475,491 | 0 | 0 | 0 | 19,475,491 | 19,475,491 | 0 | 0 | 0 | 19,475,491 | | |
| Infrastructure - Footpaths | 1,322,265 | 0 | 0 | 0 | 1,322,265 | 1,322,265 | 0 | 0 | 0 | 1,322,265 | | |
| Infrastructure - Drainage | 1,422,364 | 0 | 0 | 0 | 1,422,364 | 1,422,364 | 0 | 0 | 0 | 1,422,364 | | |
| Infrastructure - Parks and Ovals | 1,180,311 | 0 | 0 | 0 | 1,180,311 | 1,180,311 | 0 | 0 | 0 | 1,180,311 | | |
| Infrastructure - Carparks | 2,049,099 | 0 | 0 | 0 | 2,049,099 | 2,049,099 | 0 | 0 | 0 | 2,049,099 | | |
| Infrastructure - Rights of Way | 1,387,656 | 0 | 0 | 0 | 1,387,656 | 1,387,656 | 0 | 0 | 0 | 1,387,656 | | |
| Infrastructure - Irrigation | 711,328 | 0 | 0 | 0 | 711,328 | 711,328 | 0 | 0 | 0 | 711,328 | | |
| Infrastructure - Other | 1,117,632 | 0 | 0 | 0 | 1,117,632 | 1,117,632 | 0 | 0 | 0 | 1,117,632 | | |
| | 57,647,723 | 39,206,580 | 0 | 39,206,580 | 96,854,303 | 57,714,004 | 15,362 | (81,643) | (66,281) | 57,647,723 | | |

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

| | 2017 | 2017 | 2016 |
|--|-------------------|------------------|-------------------|
| | \$ | Budget | \$ |
| Cash and cash equivalents | <u>12,715,611</u> | <u>9,056,864</u> | <u>12,159,586</u> |
| (b) Reconciliation of Net Cash Provided By Operating Activities to Net Result | | | |
| Net result | 1,255,588 | (928,757) | 713,497 |
| Non-cash flows in Net result: | | | |
| Depreciation | 2,202,632 | 2,552,942 | 2,495,786 |
| (Profit)/Loss on sale of asset | 15,211 | 0 | (34,742) |
| Share of (loss)/profit in Joint Ventures | (27,745) | 0 | 13,174 |
| Changes in assets and liabilities: | | | |
| (Increase)/Decrease in receivables | (618,113) | 0 | (139,904) |
| (Increase)/Decrease in Inventories | 349 | 0 | 209 |
| Increase/(Decrease) in payables | (27,908) | (76,383) | (153,081) |
| Increase/(Decrease) in provisions | 109,886 | 0 | 141,765 |
| Grants contributions for the development of assets | <u>(506,150)</u> | <u>0</u> | <u>(634,250)</u> |
| Net cash from operating activities | <u>2,403,750</u> | <u>1,547,802</u> | <u>2,402,454</u> |
| (c) Undrawn Borrowing Facilities | | | |
| | 2017 | | 2016 |
| | \$ | | \$ |
| Credit Standby Arrangements | | | |
| Bank overdraft limit | 250,000 | | 250,000 |
| Bank overdraft at balance date | 0 | | 0 |
| Credit card limit | 5,000 | | 5,000 |
| Credit card balance at balance date | <u>(874)</u> | | <u>0</u> |
| Total amount of credit unused | <u>254,126</u> | | <u>255,000</u> |
| Loan facilities | | | |
| Loan facilities - current | 449,332 | | 424,626 |
| Loan facilities - non-current | <u>4,219,401</u> | | <u>4,668,734</u> |
| Total facilities in use at balance date | <u>4,668,733</u> | | <u>5,093,360</u> |
| Unused loan facilities at balance date | <u>NIL</u> | | <u>NIL</u> |

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

15. CONTINGENT LIABILITIES

The Town did not have any contingent liabilities as at 30th June 2017.

16. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

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

(b) Capital Expenditure Commitments

| | 2017 | 2016 |
|--------------------------------|------|---------|
| | \$ | \$ |
| Contracted for: | | |
| - capital expenditure projects | 0 | 710,706 |
| Payable: | | |
| - not later than one year | 0 | 710,706 |

The capital expenditure project outstanding at the end of the 2016 reporting period represents the re-construction of the lesser hall facility within the Cottesloe Civic Centre which was completed in the 2016/17 financial year.

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

17. JOINT VENTURE ARRANGEMENTS

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

| | 2017 | 2016 |
|---|------------------|------------------|
| | \$ | \$ |
| CURRENT ASSETS | | |
| Cash | | |
| - Library Restricted Reserves | 47,378 | 47,378 |
| | <u>47,378</u> | <u>47,378</u> |
| NON CURRENT ASSETS | | |
| Plant and Equipment | | |
| - Management Valuation 2016-Level 2 | 7,645 | 0 |
| Plant and Equipment - at Cost | 0 | 7,645 |
| | <u>7,645</u> | <u>7,645</u> |
| Furniture and Equipment | | |
| - Management Valuation 2016-Level 3 | 127,125 | 0 |
| Furniture and Equipment - at Cost | 0 | 127,125 |
| | <u>127,125</u> | <u>127,125</u> |
| Buildings at: | | |
| - Independent Valuation 2017-Level 3 | 6,426,433 | 0 |
| - Cost | 0 | 2,806 |
| - Independent Valuation 2013 | 0 | 5,177,358 |
| Less Accumulated Depreciation | 0 | (133,131) |
| | <u>6,426,433</u> | <u>5,047,033</u> |
| TOTAL ASSETS | <u>6,608,581</u> | <u>5,229,181</u> |
| CURRENT LIABILITIES | | |
| Creditors | 4,327 | 4,327 |
| Long Term Borrowings | 191,109 | 191,109 |
| Provision for Leave | 56,430 | 56,430 |
| | <u>251,866</u> | <u>251,866</u> |
| NON CURRENT LIABILITIES | | |
| Long Term Borrowings | 3,779,718 | 3,779,718 |
| Provision for Leave | 4,016 | 4,016 |
| | <u>3,783,734</u> | <u>3,783,734</u> |
| TOTAL LIABILITIES | <u>4,035,600</u> | <u>4,035,600</u> |
| SHARE OF NET ASSETS OF JOINT VENTURE | <u>2,572,981</u> | <u>1,193,581</u> |

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | 2017 | 2016 |
|-----------------------------|--------------------|--------------------|
| | \$ | \$ |
| Governance | 359,524 | 248,522 |
| General purpose funding | 402,504 | 281,116 |
| Health | 3,359 | 0 |
| Education and welfare | 21,847,661 | 13,502,642 |
| Community amenities | 2,260,233 | 2,100,827 |
| Recreation and culture | 55,549,889 | 31,342,027 |
| Transport | 52,373,958 | 45,106,214 |
| Economic services | 16,794 | 18,182 |
| Other property and services | 7,653,401 | 8,266,245 |
| Unallocated | 2,860,046 | 2,342,075 |
| | <u>143,327,369</u> | <u>103,207,850</u> |

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| | 2017 | 2016 | 2015 |
|-----------------------------------|------|------|-------|
| 19. FINANCIAL RATIOS | | | |
| Current ratio | 1.35 | 1.08 | 1.03 |
| Asset sustainability ratio | 0.69 | 0.54 | 0.82 |
| Debt service cover ratio | 4.49 | 4.20 | 14.91 |
| Operating surplus ratio | 0.06 | 0.01 | 0.40 |
| Own source revenue coverage ratio | 1.01 | 0.98 | 1.63 |

The above ratios are calculated as follows:

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

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 59 of this document.

Three of the 2015 ratios disclosed above are distorted by an item of significant revenue relating to the sale of the Town's former depot site which resulted in proceeds on sale of \$8,650,000.00 and a profit on sale of \$8,397,916 which forms part of operating revenue.

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

| | 2015 |
|-----------------------------------|--------|
| Debt service cover ratio | 3.03 |
| Operating surplus ratio | (0.05) |
| Own source revenue coverage ratio | 0.91 |

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

20. TRUST FUNDS

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

| | 1 July 2016 | Amounts Received | Amounts Paid | 30 June 2017 |
|---------------------------------|----------------|---------------------|-----------------|-----------------|
| | \$ | \$ | (\$) | \$ |
| Construction Training Fund Levy | 0 | 166,736 | (166,736) | 0 |
| Building Services Levy | 31,761 | 127,224 | (143,184) | 15,801 |
| Infrastructure Bonds | 659,729 | 564,449 | (520,106) | 704,072 |
| Right of Way Bonds | 62,942 | 6,000 | (8,800) | 60,142 |
| Miscellaneous Bonds | 96,511 | 117,369 | (62,712) | 151,168 |
| | <u>850,943</u> | | | <u>931,183</u> |

21. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR

The following assets were disposed of during the year.

| | Actual Net Book Value | Actual Sale Proceeds | Actual Profit | Actual Loss | Budget Net Book Value | Budget Sale Proceeds | Budget Profit | Budget Loss |
|-----------------------------|-----------------------------|----------------------------|------------------|-----------------|-----------------------------|----------------------------|------------------|----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Plant and Equipment | | | | | | | | |
| Governance | 16,941 | 17,100 | 159 | 0 | 0 | 0 | 0 | 0 |
| Recreation and culture | 55,547 | 47,291 | 3,062 | (11,318) | 0 | 0 | 0 | 0 |
| Transport | 66,016 | 59,375 | 0 | (6,641) | 0 | 0 | 0 | 0 |
| Other property and services | 15,964 | 15,491 | 0 | (473) | 0 | 0 | 0 | 0 |
| | <u>154,468</u> | <u>139,257</u> | <u>3,221</u> | <u>(18,432)</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

| Particulars | Principal 1 July 2016 \$ | New Loans \$ | Principal Repayments | | Principal 30 June 2017 | | Interest Repayments | |
|-------------------------------------|-----------------------------------|--------------------|-------------------------|--------------|---------------------------|--------------|------------------------|--------------|
| | | | Actual \$ | Budget \$ | Actual \$ | Budget \$ | Actual \$ | Budget \$ |
| Recreation and culture | | | | | | | | |
| Loan 106 - Civic Centre Upgrade | 569,642 | 0 | 180,131 | 180,130 | 389,511 | 389,512 | 25,273 | 37,578 |
| Loan 107 - Library Upgrade | 3,970,827 | 0 | 191,109 | 191,109 | 3,779,718 | 3,779,718 | 251,823 | 270,353 |
| | 4,540,469 | 0 | 371,240 | 371,239 | 4,169,229 | 4,169,230 | 277,096 | 307,931 |
| Self Supporting Loans | | | | | | | | |
| Recreation and culture | | | | | | | | |
| * Loan 105 - Community Organisation | 232,891 | 0 | 25,228 | 25,228 | 207,663 | 207,662 | 13,731 | 15,823 |
| * Loan 108 - Community Organisation | 320,000 | 0 | 28,159 | 28,159 | 291,841 | 291,841 | 8,016 | 8,602 |
| | 552,891 | 0 | 53,387 | 53,387 | 499,504 | 499,503 | 21,747 | 24,425 |
| | 5,093,360 | 0 | 424,627 | 424,626 | 4,668,733 | 4,668,733 | 298,843 | 332,356 |

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

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2016/17

The Town did not take up any new debentures during the year ended 30 June 2017.

(c) Unspent Debentures

The Town did not have any unspent debentures as at 30 June 2017.

(d) Overdraft

Council established an overdraft facility of \$250,000 in 2009 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2016 and 30 June 2017 was nil.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

23. RATING INFORMATION - 2016/17 FINANCIAL YEAR

| RATE TYPE | Rate in \$ | Number of Properties | Rateable Value \$ | Rate Revenue \$ | Interim Rates \$ | Back Rates \$ | Total Revenue \$ | Budget Rate Revenue \$ | Budget Interim Rate \$ | Budget Back Rate \$ | Budget Total Revenue \$ | Differential general rates |
|--|------------|----------------------|--------------------|------------------|------------------|---------------|------------------|------------------------|------------------------|---------------------|-------------------------|----------------------------|
| | | | | | | | | | | | | |
| Gross rental value valuations | | | | | | | | | | | | |
| GRV - Residential Improved (RI) | 0.0551 | 3,058 | 136,694,709 | 7,531,878 | 94,515 | 7,288 | 7,633,681 | 7,524,744 | 0 | 0 | 0 | 7,524,744 |
| GRV - Residential Vacant (RV) | 0.0551 | 98 | 4,624,470 | 254,808 | (29,061) | (2,533) | 223,214 | 246,874 | 0 | 0 | 0 | 246,874 |
| GRV - Commercial Improved (CI) | 0.0551 | 67 | 8,754,478 | 482,372 | 0 | 0 | 482,372 | 482,371 | 0 | 0 | 0 | 482,371 |
| GRV - Commercial Vacant (CV) | 0.0551 | 1 | 86,500 | 0 | 3,565 | 0 | 3,565 | 0 | 0 | 0 | 0 | 0 |
| GRV - Industrial (I) | 0.0551 | 1 | 34,500 | 1,901 | 0 | 0 | 1,901 | 1,901 | 0 | 0 | 0 | 1,901 |
| GRV - Commercial Town (CT) | 0.0639 | 133 | 11,794,360 | 753,660 | (8,550) | 0 | 745,110 | 753,660 | 0 | 0 | 0 | 753,660 |
| Sub-Total | | 3,358 | 161,989,017 | 9,024,619 | 60,469 | 4,755 | 9,089,843 | 9,009,550 | 0 | 0 | 0 | 9,009,550 |
| Minimum payment | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| Gross rental value valuations | | | | | | | | | | | | |
| GRV - Residential Improved (RI) | 1,069 | 418 | 6,674,980 | 446,842 | (3,913) | 0 | 442,929 | 457,532 | 0 | 0 | 0 | 457,532 |
| GRV - Residential Vacant (RV) | 1,069 | 17 | 121,800 | 18,173 | 4,967 | 172 | 23,312 | 5,345 | 0 | 0 | 0 | 5,345 |
| GRV - Commercial Improved (CI) | 1,069 | 9 | 135,050 | 9,621 | 0 | 0 | 9,621 | 9,621 | 0 | 0 | 0 | 9,621 |
| GRV - Commercial Town (CT) | 1,069 | 6 | 87,020 | 6,414 | 0 | 0 | 6,414 | 6,414 | 0 | 0 | 0 | 6,414 |
| Sub-Total | | 450 | 7,018,850 | 481,050 | 1,054 | 172 | 482,276 | 478,912 | 0 | 0 | 0 | 478,912 |
| Discounts/concessions (refer note 27) | | | | | | | | | | | | |
| | | 3,808 | 169,007,867 | 9,505,669 | 61,523 | 4,927 | 9,572,119 | 9,488,462 | 0 | 0 | 0 | 9,488,462 |
| | | | | | | | | | | | (3,901) | |
| Total amount raised from general rate | | | | | | | | | | | 9,484,562 | |

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

24. NET CURRENT ASSETS

Composition of net current assets

| | 2017 (30 June 2017) | 2017 (1 July 2016) | 2016 (30 June 2016) |
|---|---------------------------|---------------------------|---------------------------|
| | Carried Forward) \$ | Brought Forward) \$ | Carried Forward) \$ |
| Surplus 1 July 16 brought forward | <u>2,351,146</u> | <u>1,187,268</u> | <u>1,187,268</u> |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | | |
| Unrestricted | 1,425,506 | 1,439,610 | 1,439,610 |
| Restricted | 11,290,105 | 10,719,976 | 10,719,976 |
| Receivables | | | |
| Rates outstanding | 238,896 | 64,920 | 64,920 |
| Sundry debtors | 1,037,290 | 459,679 | 459,679 |
| Provision for Doubtful Debts | (193,165) | (173,479) | (173,479) |
| GST receivable | (21) | 44,548 | 44,548 |
| Loans receivable - clubs/institutions | 52,365 | 50,091 | 50,091 |
| Accrued Income | 36,350 | 89,962 | 89,962 |
| Other Tax Debtors | 645 | 367 | 367 |
| Inventories | | | |
| History Books | 37,437 | 37,786 | 37,786 |
| LESS: CURRENT LIABILITIES | | | |
| Trade and other payables | | | |
| Sundry creditors | (545,890) | (563,415) | (563,415) |
| Accrued interest on debentures | (80,200) | (86,667) | (86,667) |
| Accrued salaries and wages | (44,072) | (26,449) | (26,449) |
| ATO liabilities | (78,054) | (99,594) | (99,594) |
| Current portion of long term borrowings | | | |
| Secured by floating charge | (449,332) | (424,626) | (424,626) |
| Provisions | | | |
| Provision for annual leave | (563,392) | (495,060) | (495,060) |
| Provision for long service leave | (379,352) | (359,709) | (359,709) |
| Unadjusted net current assets | <u>11,785,116</u> | <u>10,677,940</u> | <u>10,677,940</u> |
| Adjustments | | | |
| Less: Reserves - restricted cash | (10,773,681) | (10,719,976) | (10,719,976) |
| Less: Loans receivable - clubs/institutions | (52,365) | (50,091) | (50,091) |
| Add: Secured by floating charge | 449,332 | 424,626 | 424,626 |
| Add: Component of Leave Liability not required to be funded | 942,744 | 854,769 | 854,769 |
| Adjusted net current assets - surplus | <u>2,351,146</u> | <u>1,187,268</u> | <u>1,187,268</u> |

Difference

There was no difference between the surplus 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus carried forward position as disclosed in the 2016 audited financial report.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

25. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

No specified area rates were imposed by the Town during the year ended 2017.

26. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

No service charges were imposed by the Town during the year ended 2017.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2016/17 FINANCIAL YEAR**

Rates Discounts

| Rate or Fee Discount Granted | Discount % | Discount \$ | Actual \$ | Budget \$ | Circumstances in which Discount is Granted |
|---------------------------------|---------------|----------------|--------------|--------------|--|
| General Rates | 80.00% | | 3,901 | 3,900 | |
| | | | 3,901 | 3,900 | |

Waivers or Concessions

| Rate or Fee and Charge to which the Waiver or Concession is Granted | Type | Discount % | Discount \$ | Actual \$ | Budget \$ | Reasons for the Waiver or Concession |
|--|--------|---------------|----------------|--------------|--------------|--|
| Venue hire | Waiver | 100.00% | | 1,500 | 2,200 | Council considers support of these groups necessary for the overall benefit of the community |
| | | | | 1,500 | 2,200 | |

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

**Circumstances in which
the Waiver or Concession is
Granted and to whom it was
available**
Certain community groups and
committees requiring venue hire

**Objects of the Waiver
or Concession**

Organisation as listed in the Town of Cottesloe
Policy "Civic Centre Hall Bookings"

TOWN OF COTTESLOE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2017

28. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR

| | Date Due | Instalment Plan | | Unpaid Rates Interest Rate % |
|-----------------------------|----------------|-----------------|-----------------|------------------------------|
| | | Admin Charge \$ | Interest Rate % | |
| Instalment Options | | | | |
| Option One | | | | |
| Single full payment | 31 August 16 | | | 11.00% |
| Option Two | | | | |
| First Instalment | 31 August 16 | 6 | 5.50% | 11.00% |
| Second Instalment | 02 November 16 | 6 | 5.50% | 11.00% |
| Third Instalment | 11 January 17 | 6 | 5.50% | 11.00% |
| Fourth Instalment | 15 March 17 | 6 | 5.50% | 11.00% |
| | | | | |
| | | | Revenue | Budgeted Revenue |
| Interest on unpaid rates | | | \$ 37,267 | \$ 34,000 |
| Interest on instalment plan | | | 37,892 | 36,000 |
| Charges on instalment plan | | | 21,408 | 16,600 |
| | | | <u>96,567</u> | <u>86,600</u> |

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| 29. FEES & CHARGES | 2017 | 2016 |
|-------------------------------|------------------|------------------|
| | \$ | \$ |
| General purpose funding | 41,519 | 44,669 |
| Law, order, public safety | 48,268 | 29,787 |
| Health | 90,126 | 75,314 |
| Education and welfare | 22,693 | 22,588 |
| Community amenities | 522,011 | 561,492 |
| Recreation and culture | 295,479 | 253,820 |
| Transport | 744,759 | 1,110,703 |
| Economic services | 174,770 | 129,982 |
| | <u>1,939,625</u> | <u>2,228,355</u> |

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

30. GRANT REVENUE

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

| By Nature or Type: | 2017 | 2016 |
|--|------------------|----------------|
| | \$ | \$ |
| Operating grants, subsidies and contributions | | |
| Governance | 20,000 | 0 |
| General purpose funding | 416,862 | 132,677 |
| Law, order, public safety | 900 | 500 |
| Community amenities | 65,655 | 0 |
| Recreation and culture | 26,485 | 14,496 |
| Transport | 23,988 | 18,500 |
| | <u>553,890</u> | <u>166,173</u> |
| Non-operating grants, subsidies and contributions | | |
| Education and welfare | 500,000 | 0 |
| Recreation and culture | 6,150 | 600,000 |
| Transport | 0 | 34,250 |
| | <u>506,150</u> | <u>634,250</u> |
| | <u>1,060,040</u> | <u>800,423</u> |

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

| | |
|-----------|-----------|
| <u>44</u> | <u>43</u> |
|-----------|-----------|

32. ELECTED MEMBERS REMUNERATION

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

| | 2017 | 2017 | 2016 |
|------------------------------|----------------|----------------|----------------|
| | \$ | Budget | \$ |
| | | \$ | |
| Meeting Fees | 148,000 | 148,000 | 132,606 |
| Mayoral allowance | 27,500 | 27,500 | 27,500 |
| Deputy Mayoral allowance | 6,875 | 6,875 | 6,884 |
| Travelling expenses | 0 | 3,183 | 0 |
| Telecommunications allowance | 12,800 | 18,000 | 10,880 |
| Other Member expenses | 8,431 | 8,805 | 3,512 |
| | <u>203,606</u> | <u>212,363</u> | <u>181,382</u> |

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

33. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

| | 2017 \$ |
|---|--------------------------|
| The total of remuneration paid to KMP of the Town during the year are as follows: | |
| Short-term employee benefits | 868,064 |
| Post-employment benefits | 83,509 |
| Other long-term benefits | 16,006 |
| | 967,579 |

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 32.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Related Parties

The Town's main related parties are as follows:

i. Key management personnel

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

ii. Entities subject to significant influence by the Town

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement. These include a regional library service (The Grove Library), refer to Note 17.

iii. Joint venture entities accounted for under the equity method

The Town has a 17.94% interest in a regional waste transfer facility (Western Metropolitan Regional Council). The interest in the joint venture entity is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note 6.

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There were no related party transactions during the reporting period.

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

34. MAJOR LAND TRANSACTIONS

The Town did not participate in any major land transactions during the 2016/2017 financial year.

35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Town did not participate in any trading undertakings or major trading undertakings during the 2016/2017 financial year.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT

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

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

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

The Town held the following financial instruments at balance date:

| | Carrying Value | | Fair Value | |
|------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 |
| | \$ | \$ | \$ | \$ |
| Financial assets | | | | |
| Cash and cash equivalents | 12,715,611 | 12,159,586 | 12,715,611 | 12,159,586 |
| Investments in Joint Venture | 1,049,255 | 1,021,510 | 1,049,255 | 1,021,510 |
| Receivables | 1,845,759 | 1,277,738 | 1,845,759 | 1,277,738 |
| | <u>15,610,625</u> | <u>14,458,834</u> | <u>15,610,625</u> | <u>14,458,834</u> |
| Financial liabilities | | | | |
| Payables | 748,217 | 776,125 | 748,217 | 776,125 |
| Borrowings | 4,668,733 | 5,093,360 | 5,531,979 | 6,225,775 |
| | <u>5,416,950</u> | <u>5,869,485</u> | <u>6,280,196</u> | <u>7,001,900</u> |

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables and investment in joint venture - estimated to the carrying value which approximates net market value.
- Borrowings estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

| | 2017 | 2016 |
|--|---------|---------|
| | \$ | \$ |
| Impact of a 1% ⁽¹⁾ movement in interest rates on cash | | |
| - Equity | 127,156 | 121,596 |
| - Statement of Comprehensive Income | 127,156 | 121,596 |

Notes:

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

| | 2017 | 2016 |
|--|------|------|
| Percentage of rates and annual charges | | |
| - Current | 0% | 0% |
| - Overdue | 100% | 100% |
| Percentage of other receivables | | |
| - Current | 56% | 57% |
| - Overdue | 44% | 43% |

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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

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

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

| | <u>2017</u> | <u>2016</u> | | | |
|------------|-------------------------|-------------------------------|-------------------------|------------------------------------|-----------------------|
| | Due within 1 year \$ | Due between 1 & 5 years \$ | Due after 5 years \$ | Total contractual cash flows \$ | Carrying values \$ |
| Payables | 748,217 | 0 | 0 | 748,217 | 748,217 |
| Borrowings | 730,338 | 2,263,629 | 3,436,950 | 6,430,917 | 4,668,733 |
| | <u>1,478,555</u> | <u>2,263,629</u> | <u>3,436,950</u> | <u>7,179,134</u> | <u>5,416,950</u> |
| Payables | 776,125 | 0 | 0 | 776,125 | 776,125 |
| Borrowings | 730,338 | 2,505,948 | 4,077,778 | 7,314,064 | 5,093,360 |
| | <u>1,506,463</u> | <u>2,505,948</u> | <u>4,077,778</u> | <u>8,090,189</u> | <u>5,869,485</u> |

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (continued)

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

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

| | <u>Year ended 30 June 2017</u> | | | | | <u>Weighted</u> | | |
|--|--------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------|--------------|------------------|
| | <u><1 year</u> | <u>>1<2 years</u> | <u>>2<3 years</u> | <u>>3<4 years</u> | <u>>4<5 years</u> | <u>>5 years</u> | <u>Total</u> | <u>Effective</u> |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | Interest Rate |
| | | | | | | | | % |
| Borrowings | | | | | | | | |
| Fixed rate | | | | | | | | |
| Debentures | 0 | 389,512 | 0 | 0 | 0 | 4,279,221 | 4,668,733 | 5.25% |
| Weighted average Effective interest rate | 0.00% | 5.25% | 0.00% | 0.00% | 0.00% | 5.25% | | |
| Year ended 30 June 2016 | | | | | | | | |
| Borrowings | | | | | | | | |
| Fixed rate | | | | | | | | |
| Debentures | 0 | 0 | 569,642 | 0 | 0 | 4,523,718 | 5,093,360 | 5.53% |
| Weighted average Effective interest rate | 0.00% | 0.00% | 5.25% | 0.00% | 0.00% | 5.81% | | |

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

Opinion on the Audit of the Financial Report

We have audited the accompanying financial report of the Town of Cottesloe (the Town), which comprises the statement of financial position as at 30 June 2017, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

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

- a) giving a true and fair view of the Town's financial position as at 30 June 2017 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

Basis for Opinion

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

Report on Other Legal and Regulatory Requirements

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Town.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 62 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is not supported by:
 - i) verifiable information; and
 - ii) reasonable assumptions.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Town's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

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

Responsibilities of Management and Council for the Financial Report

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

In preparing the financial report, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives 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 our 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.

MOORE STEPHENS
CHARTERED ACCOUNTANTS


GREG GODWIN
PARTNER

Date: 7 November 2017
Perth, WA

**TOWN OF COTTESLOE
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2017**

RATIO INFORMATION

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

| | 2017 | 2016 | 2015 |
|-----------------------------|------|------|------|
| Asset consumption ratio | 0.87 | 0.80 | 0.89 |
| Asset renewal funding ratio | 1.06 | 1.06 | 1.05 |

The above ratios are calculated as follows:

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





Town of Cottesloe