

Mosman Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2010

*Proud to be Mosman
Protecting our Heritage
Planning our Future
Involving our Community*

Mosman
COUNCIL

Mosman Council

General Purpose Financial Statements for the financial year ended 30 June 2010

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Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Mosman Council.

(ii) Mosman Council is a body corporate of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

Council's Statutory Charter is specified in Section 8 of the LGA and includes;

- carrying out activities and providing goods, services & facilities appropriate to the current & future needs of the Local community and of the wider public
- responsibility for administering regulatory requirements under the LGA and other applicable legislation, &
- a role in the management, improvement and development of the resources of the local government area.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

(iii) All figures presented in these financial statements are presented in Australian Currency.

(iv) These financial statements were authorised for issue by the Council on 07/10/10.
Council has the power to amend and reissue the financial statements.

Mosman Council

General Purpose Financial Statements for the financial year ended 30 June 2010

Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

The attached General Purpose Financial Statements have been prepared in accordance with:

- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these Financial Statements:

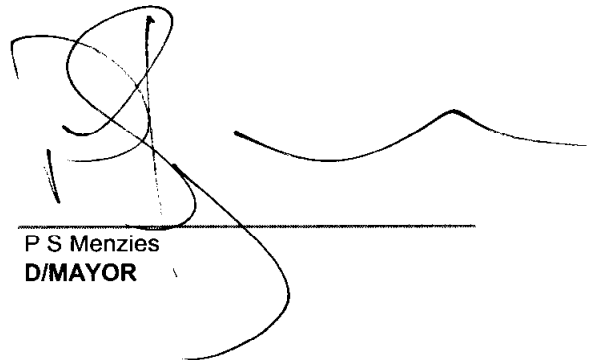
- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

We are not aware of any matter that would render the Reports false or misleading in any way.

Signed in accordance with a resolution of Council made on 5 October 2010



A S Connon
MAYOR



P S Menzies
D/MAYOR



M N Glyde
A/GENERAL MANAGER



M McDonald
RESPONSIBLE ACCOUNTING OFFICER

Mosman Council

Income Statement

for the financial year ended 30 June 2010

Budget ⁽¹⁾			Actual	Actual
2010	\$ '000	Notes	2010	2009
Income from Continuing Operations				
Revenue:				
19,673	Rates & Annual Charges	3a	19,735	18,951
4,969	User Charges & Fees	3b	6,467	5,324
300	Interest & Investment Revenue	3c	296	339
4,804	Other Revenues	3d	6,888	3,445
1,562	Grants & Contributions provided for Operating Purposes	3e,f	2,088	2,026
2,854	Grants & Contributions provided for Capital Purposes	3e,f	3,287	2,943
Other Income:				
-	Net gains from the disposal of assets	5	71	-
Net Share of interests in Joint Ventures & Associated				
-	Entities using the equity method	19	75	13
34,162	Total Income from Continuing Operations		38,907	33,041
Expenses from Continuing Operations				
12,833	Employee Benefits & On-Costs	4a	13,365	12,417
431	Borrowing Costs	4b	480	378
9,568	Materials & Contracts	4c	8,628	9,191
4,200	Depreciation & Amortisation	4d	4,267	4,096
-	Impairment	4d	-	-
4,814	Other Expenses	4e	9,684	6,814
-	Interest & Investment Losses	3c	-	-
-	Net Losses from the Disposal of Assets	5	-	39
31,846	Total Expenses from Continuing Operations		36,424	32,935
2,316	Operating Result from Continuing Operations		2,483	106
2,316	Net Operating Result for the Year		2,483	106
2,316	Net Operating Result attributable to Council		2,483	106
-	Net Operating Result attributable to Minority Interests		-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes				
(538)			(804)	(2,837)

(1) Original Budget as approved by Council - refer Note 16

Mosman Council

Statement of Comprehensive Income
for the financial year ended 30 June 2010

\$ '000	Notes	Actual 2010	Actual 2009
Net Operating Result for the year (as per Income statement)		2,483	106
Other Comprehensive Income			
Gain (loss) on revaluation & impairment of I,PP&E	20b (ii)	71,993	-
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Other Movements in Reserves	20b (ii)	-	-
Total Other Comprehensive Income for the year		71,993	-
Total Comprehensive Income for the Year		74,476	106
Total Comprehensive Income attributable to Council		74,476	106
Total Comprehensive Income attributable to Minority Interests		-	-

Mosman Council

Balance Sheet
as at 30 June 2010

\$ '000	Notes	Actual 2010	Actual 2009	Actual 2008
ASSETS				
Current Assets				
Cash & Cash Equivalents	6a	5,754	5,013	4,601
Investments	6b	1,000	500	-
Receivables	7	2,345	2,820	2,795
Inventories	8	139	115	103
Other	8	267	150	252
Non-current assets classified as 'held for sale'	22	-	-	-
Total Current Assets		9,505	8,598	7,751
Non-Current Assets				
Receivables	7	80	101	89
Infrastructure, Property, Plant & Equipment	9	536,611	464,627	460,562
Investments accounted for using the equity method	19	497	423	410
Investment Property	14	40,233	36,609	38,237
Intangible Assets	25	376	-	-
Other	8	-	-	-
Total Non-Current Assets		577,797	501,760	499,298
TOTAL ASSETS		587,302	510,358	507,049
LIABILITIES				
Current Liabilities				
Payables	10	6,846	6,420	6,467
Borrowings	10	1,919	1,776	1,395
Provisions	10	3,313	3,028	2,754
Liabilities associated with assets classified as 'held for sale'	22	-	-	-
Total Current Liabilities		12,078	11,224	10,616
Non-Current Liabilities				
Payables	10	-	-	-
Borrowings	10	7,936	6,306	5,091
Provisions	10	100	116	100
Total Non-Current Liabilities		8,036	6,422	5,191
TOTAL LIABILITIES		20,114	17,646	15,807
Net Assets		567,188	492,712	491,242
EQUITY				
Retained Earnings	20	386,540	384,057	382,587
Revaluation Reserves	20	180,648	108,655	108,655
Council Equity Interest		567,188	492,712	491,242
Minority Equity Interest		-	-	-
Total Equity		567,188	492,712	491,242

Mosman Council

Statement of Changes in Equity
for the financial year ended 30 June 2010

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2010						
Opening Balance (as per Last Year's Audited Accounts)		419,569	108,655	528,224	-	528,224
a. Correction of Prior Period Errors	20 (c)	(35,512)	-	(35,512)	-	(35,512)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/09)		384,057	108,655	492,712	-	492,712
c. Net Operating Result for the Year		2,483	-	2,483	-	2,483
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Reserve	20b (ii)	-	71,993	71,993	-	71,993
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	71,993	71,993	-	71,993
Total Comprehensive Income (c&d)		2,483	71,993	74,476	-	74,476
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		386,540	180,648	567,188	-	567,188

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2009						
Opening Balance (as per Last Year's Audited Accounts)		419,463	108,655	528,118	-	528,118
a. Correction of Prior Period Errors	20 (c)	(35,512)	-	(35,512)	-	(35,512)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/08)		383,951	108,655	492,606	-	492,606
c. Net Operating Result for the Year		106	-	106	-	106
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	-	-	-	-
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	-	-	-	-
Total Comprehensive Income (c&d)		106	-	106	-	106
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		384,057	108,655	492,712	-	492,712

Mosman Council

Statement of Cash Flows
for the financial year ended 30 June 2010

Budget 2010	\$ '000	Notes	Actual 2010	Actual 2009
Cash Flows from Operating Activities				
Receipts:				
19,554	Rates & Annual Charges		19,801	18,902
4,939	User Charges & Fees		7,098	5,318
300	Investment & Interest Revenue Received		309	327
4,417	Grants & Contributions		5,283	4,972
4,775	Other		3,502	3,441
Payments:				
(11,989)	Employee Benefits & On-Costs		(13,096)	(12,127)
(9,498)	Materials & Contracts		(8,165)	(10,069)
(431)	Borrowing Costs		(466)	(358)
(4,789)	Other		(5,240)	(4,945)
7,278	Net Cash provided (or used in) Operating Activities	11b	9,026	5,461
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		500	-
160	Sale of Infrastructure, Property, Plant & Equipment		332	140
-	Distributions Received from Joint Ventures & Associates		19	-
Payments:				
-	Purchase of Investment Securities		(1,000)	(500)
-	Purchase of Investment Property		(168)	(22)
(9,121)	Purchase of Infrastructure, Property, Plant & Equipment		(9,331)	(6,263)
-	Purchase of Intangible Assets		(392)	-
-	Contributions Paid to Joint Ventures & Associates		(18)	-
(8,961)	Net Cash provided (or used in) Investing Activities		(10,058)	(6,645)
Cash Flows from Financing Activities				
Receipts:				
3,550	Proceeds from Borrowings & Advances		3,745	2,990
Payments:				
(1,726)	Repayment of Borrowings & Advances		(1,649)	(1,072)
-	Other (Repayment of Deferred Creditors)		(323)	(322)
1,824	Net Cash Flow provided (used in) Financing Activities		1,773	1,596
141	Net Increase/(Decrease) in Cash & Cash Equivalents		741	412
5,013	plus: Cash & Cash Equivalents - beginning of year	11a	5,013	4,601
5,154	Cash & Cash Equivalents - end of the year	11a	5,754	5,013
Additional Information:				
	plus: Investments on hand - end of year	6b	1,000	500
	Total Cash, Cash Equivalents & Investments		6,754	5,513

Please refer to Note 11 for additional cash flow information.

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Notes to the Financial Statements

for the financial year ended 30 June 2010

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n/a - not applicable

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Notes to the Financial Statements for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these financial statements are set out below in order to assist in its general understanding.

Under Australian Accounting Standards, accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial statements.

(a) Basis of preparation

(i) Background

These financial statements are general purpose financial statements which have been prepared in accordance with;

- Australian Accounting Standards,
- Urgent Issues Group Interpretations,
- the Local Government Act (1993) and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

(ii) Compliance with International Financial Reporting Standards (IFRSs)

Because Australian Accounting Standards (AASB's) are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's, or
- (b) specifically exclude application by Not for Profit entities.

Examples include;

- excluding Local Government from applying AASB 120 (IAS 20) for Grant Accounting and AASB 118 (IAS 18) for Segment Reporting, &
- different requirements on (a) Impairment of Assets relating to Not-For-Profit AASB 136 (IAS 36) and (b) AASB 116 (IAS 16) regarding accounting for the Revaluation of Assets.

Accordingly in preparing these financial statements and accompanying notes, Council has been unable to comply fully with International Accounting Standards, but it has complied fully with Australian Accounting Standards.

Under the Local Government Act, Regulations and Local Government Code of Accounting Practice & Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with Australian Accounting Standards.

(iii) Basis of Accounting

These financial statements have been prepared under the **historical cost convention** except for (i) financial assets and liabilities at fair value through profit or loss, available-for-sale financial assets and investment properties which are all valued at fair value, (ii) the write down of any Asset on the basis of Impairment (if warranted) and (iii) certain classes of Infrastructure, property, plant & equipment that are accounted for at fair valuation.

The accrual basis of accounting has also been applied in their preparation.

(iv) Changes in Accounting Policies

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Unless otherwise stated, there have also been no changes in accounting policies when compared with previous financial statements.

(v) Critical Accounting Estimates

The preparation of these financial statements requires the use of certain critical accounting estimates (in conformity with AASB's).

It also requires Council management to exercise their judgement in the process of applying Council's accounting policies.

(vi) Financial Statements Presentation

The Council has applied the revised **AASB 101, Presentation of Financial Statements** which became effective on 1 January 2009.

Mosman Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity.

All non-owner changes in equity must now be presented in the statement of comprehensive income.

As a consequence, the Council had to change the presentation of its financial statements.

Comparative information has been re-presented so that it is also in conformity with the revised standard.

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Council's activities as described below.

Council bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier

notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Income from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, (i) it is probable that the economic benefits comprising the contribution will flow to the Council and (ii) the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

Whilst Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon their physical receipt by Council, due to the possibility that individual Development Consents may not be acted upon by the applicant and accordingly would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required but the Council may apply contributions according to the priorities established in work schedules.

A detailed Note relating to developer contributions can be found at Note 17.

User Charges, Fees and Other Income

User charges, fees and other income (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

A provision for the impairment of these receivables is recognised when collection in full is no longer probable.

Mosman Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided as at balance date.

Sale of Infrastructure, Property, Plant and Equipment

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

Interest and Rents

Rents are recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

Interest Income from Cash & Investments is accounted for using the Effective Interest method in accordance with AASB 139.

(c) Principles of Consolidation

These financial statements incorporate (i) the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30/6/10) and (ii) all the related operating results (for the financial year ended the 30th June 2010).

The financial statements also include Council's share of the assets, liabilities, income and expenses of any **Jointly Controlled Operations** under the appropriate headings.

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and reporting period transactions have been eliminated in full between Council and its controlled entities.

(i) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

The Consolidated Fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

The following entities have been included as part of the Consolidated Fund:

- General Purpose Operations

(ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those monies.

Trust monies and property subject to Council's control have been included in these statements.

Trust monies and property held by Council but not subject to the control of Council, have been excluded from these statements.

A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

(iii) Joint Venture Entities

Jointly Controlled Assets & Operations

The proportionate interests in the assets, liabilities and expenses of a Joint Venture Activity have been incorporated throughout the financial statements under the appropriate headings.

Jointly Controlled Entities

Any interests in Joint Venture Entities & Partnerships are accounted for using the equity method and is carried at cost.

Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in retained earnings & reserves is recognised in the balance sheet.

(iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity), ie. where Council is deemed to have "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then

Mosman Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Council accounts for such interests using the Equity Method of Accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed Associates.

(v) County Councils

Council is not a member of any County Councils.

(vi) Additional Information

Note 19 provides more information in relation to Joint Venture Entities, Associated Entities and Joint Venture Operations where applicable.

(d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either a Finance Lease or an Operating Lease.

Finance Leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of each leased asset's useful life and the lease term.

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(e) Cash and Cash Equivalents

Cash and cash equivalents includes:

- cash on hand,
- deposits held **at call** with financial institutions,
- other short-term, highly liquid investments **with original maturities of three months or less** that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and
- bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

(f) Investments and Other Financial Assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- **financial assets at fair value through profit or loss,**
- **loans and receivables,**
- **held-to-maturity investments,** and
- **available-for-sale financial assets.**

Each classification depends on the purpose/intention for which the investment was acquired & at the time it was acquired.

Management determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

Mosman Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

Financial assets at fair value through profit or loss include financial assets that are "held for trading".

A financial asset is classified in the "held for trading" category if it is acquired principally for the purpose of selling in the short term.

Derivatives are classified as held for trading unless they are designated as hedges.

Assets in this category are primarily classified as current assets as they are primarily held for trading &/or are expected to be realised within 12 months of the balance sheet date.

(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.

They arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

In contrast to the "Loans & Receivables" classification, these investments are generally quoted in an active market.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Investments must be designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

Financial Assets – Reclassification

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Council may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

General Accounting & Measurement of Financial Instruments:**(i) Initial Recognition**

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at "fair value through profit or loss", directly attributable transactions costs

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

(ii) Subsequent Measurement

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as "**fair value through profit or loss**" category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as "**available-for-sale**" are recognised in equity in the available-for-sale investments revaluation reserve.

When securities classified as "**available-for-sale**" are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

If there is evidence of impairment for any of Council's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the income statement.

(iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

Investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the Local Government Investment Order.

Council maintains its investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Investment Order arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked notes), however they have been retained under grandfathering provisions of the Order.

Mosman Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

These will be disposed of when most financially advantageous to Council.

(g) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(h) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (ie. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Impairment losses are recognised in the Income Statement within other expenses.

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

Raw materials and stores, work in progress and finished goods in respect of business undertakings are all stated at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average costs.

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.

Mosman Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential.

Land Held for Resale/Capitalisation of Borrowing Costs

Land held for resale is stated at the lower of cost and net realisable value.

Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development.

When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made.

Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

(j) Infrastructure, Property, Plant and Equipment (I,PP&E)

Acquisition of assets

Council's non current assets are being progressively revalued to fair value in accordance with a staged implementation as advised by the Division of Local Government.

At balance date, the following classes of I,PP&E were stated at their Fair Value;

- **Investment Properties** – refer Note 1(p),
Operational Land (External Valuation)
- **Buildings – Specialised/Non Specialised**
(External Valuation)
- **Plant and Equipment** (as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths**
(External Valuation)
- **Drainage Assets** (External Valuation)

The only remaining asset class that is to be revalued in a future reporting period is;

- **2010/11:** Community land, land improvements, other structures and other assets

Until the designated future reporting periods, the above remaining asset class is stated at cost (or deemed cost) less accumulated depreciation and any accumulated impairment losses.

Initial Recognition

On initial recognition, an asset's cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value.

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Asset Revaluations (including Indexation)

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

- Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve.
- To the extent that the increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water Rates Reference Manual.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5 year cycle.

Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

Land

- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (purchases after 30/6/08)	100% Capitalised

Plant & Equipment

Office Furniture	> \$1,000
Office Equipment	> \$1,000
Other Plant & Equipment	> \$1,000

Buildings & Land Improvements

Park Furniture & Equipment	> \$2,000
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Building	
- construction/extensions	100% Capitalised
- renovations	> \$10,000

Other Structures	> \$2,000
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Stormwater Assets

Drains & Culverts	> \$2,000
Other	> \$2,000

Transport Assets

Road construction & reconstruction	> \$2,000
Reseal/Re-sheet & major repairs:	> \$2,000

Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

Estimated useful lives for Council's I,PP&E include the following however some assets within these categories have designated lives less those summarised as noted in Special Schedule 7 & attached to these accounts:

Plant & Equipment

- Office Equipment	5 to 10 years
- Office furniture	5 to 10 years
- Computer Equipment	4 years
- Other plant and equipment	5 to 10 years

Other Equipment

- Playground equipment	5 to 15 years
- Benches, seats etc	10 to 20 years

Buildings

- Buildings	50 to 100 years
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Stormwater Drainage

- Drainage Infrastructure	100 years
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Transportation Assets

- Sealed Roads : Surface	100 years
- Sealed Roads : Structure	100 years
- Unsealed roads	100 years
- Road Pavements	100 years
- Kerb, Gutter & Paths	100 years

Mosman Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

All asset residual values and useful lives are reviewed and adjusted (where appropriate), at each balance sheet date.

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 – refer Note 1(s) on Asset Impairment.

Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

(k) Land

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either Operational or Community.

This classification of Land is disclosed in Note 9(a).

(l) Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment.

Council will review the recognition of all land under roads when the valuation methodology has been determined by the industry and is, in the meantime, collecting the necessary physical data to undertake the valuation.

(m) Intangible Assets

Council's interest in Kimbriki Waste Services Access Rights is recognised as an Intangible Asset and will be amortised over the life of the asset.

(n) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating the reserves are recognised within Council's Income Statement.

Representations are currently being sought across State and Local Government to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

(o) Investment property

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both that is not occupied by Council.

Investment property is carried at fair value, representing an open-market value determined annually by external valuers.

Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of "Other Income".

Full revaluations are carried out every three years with an appropriate independent desktop valuation in alternate years.

The last full revaluation for Council's Investment Properties was dated 30/06/2008.

(p) Impairment of assets

All Council's I,PP&E is subject to an annual assessment of impairment.

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For non-cash generating assets of Council such as roads, drains, public buildings etc - value in use is represented by the "deprival value" of the asset which is approximated as it's written down replacement cost.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

(q) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(s) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

(t) Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:

- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

Mosman Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

(u) Employee benefits

(i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables..

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

(ii) Other Long Term Obligations

The liability for all long service and annual leave (which is not expected to be settled within the 12 months after the reporting period) are recognised in the provision for employee benefits in respect of services provided by employees up to the reporting date.

These liabilities are measured at the present value of the expected future payments to be made using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to

defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

(iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death.

Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B"

This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119.

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

Mosman Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Accordingly, Council's contributions to the scheme for the current reporting year have been recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a).

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities amounting to around \$286 million at 30 June 2010.

As a result, they have asked for significant increases in future contributions to recover that deficiency.

Council's share of that deficiency has been estimated at \$695K.

For this reason, no liability for the deficiency has been recognised in these financial statements.

Council has, however, disclosed a contingent liability in note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

Define Contribution Plans

Contributions to Defined Contribution Plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/10.

(v) Self insurance

Council does not self insure.

(w) Allocation between current and non-current assets & liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

In the case of inventories that are "held for trading", these are also classified as current even if not expected to be realised in the next 12 months.

(x) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

Goods & Services Tax (GST)

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

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Cash Flow Statement are on a gross basis, ie. they are inclusive of GST where applicable.

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

(y) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2010.

Council has not adopted any of these standards early.

Council's assessment of the impact of these new standards and interpretations is set out below.

Applicable to Local Government with implications:

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect Council's accounting for its financial assets.

The standard is not applicable until 1 January 2013 but is available for early adoption.

Council is yet to assess its full impact.

However, initial indications are that it may affect Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

Applicable to Local Government but no implications for Council;

AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions [AASB 2] (effective from 1 January 2010)

The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the group settles the transaction or whether the transaction is settled in shares or cash.

They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as an equity- or a cash-settled transaction.

AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (effective from 1 February 2010)

In October 2009 the AASB issued an amendment to AASB 132 Financial Instruments: Presentation which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer.

Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities.

The amendment must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (effective from 1 January 2011)

In December 2009, the AASB made an amendment to Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The amendment removes an unintended consequence of the interpretation related to voluntary

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme.

It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements.

Council does not make any such prepayments. The amendment is therefore not expected to have any impact on Council.

AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective from 1 July 2010)

AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap).

It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Applicable to Local Government but not relevant to Council at this stage;

None

Not applicable to Local Government per se;

Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively.

The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party.

(z) Rounding of amounts

Unless otherwise indicated, amounts in the financial statements have been rounded off to the nearest thousand dollars.

(aa) Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(ab) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 2(a). Council Functions / Activities - Financial Information

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations		Grants included in Income from Continuing		Total Assets held (Current & Non-current)		
	Original Budget 2010	Actual 2010	Actual 2009	Original Budget 2010	Actual 2010	Actual 2009	Original Budget 2010	Actual 2010	Actual 2009	Actual 2010	Actual 2009	Actual 2010	Actual 2009
Council, Community & Communication	1	-	1	1,152	1,120	1,133	(1,151)	(1,120)	(1,132)	-	-	-	-
Resource & Asset Management	2,967	7,327	4,110	6,415	7,070	8,957	(3,448)	257	(4,847)	-	-	71,436	64,986
Urban Planning	91	201	381	576	594	616	(485)	(393)	(235)	83	275	16	18
Built Environment	1,002	919	770	1,306	1,275	1,062	(304)	(356)	(292)	-	-	77	77
Environment Management & Health	5,361	5,940	4,921	8,161	10,858	7,439	(2,800)	(4,918)	(2,518)	917	101	21,158	23,337
Parks & Recreation	3,004	1,760	1,568	2,118	2,429	2,437	886	(669)	(869)	1,241	1,107	326,465	325,218
Community Safety	16	151	180	1,693	1,829	1,222	(1,677)	(1,678)	(1,042)	-	-	145	146
Community Services	1,439	1,544	1,375	2,131	2,374	2,256	(692)	(830)	(881)	697	601	2,050	1,824
Library and information	169	201	191	2,106	2,273	2,084	(1,937)	(2,072)	(1,893)	91	77	4,509	4,546
Cultural Development & Services	356	453	373	1,673	2,349	1,546	(1,317)	(1,896)	(1,173)	-	-	5,772	5,766
Transport & Traffic	3,929	4,375	3,531	4,302	4,022	3,979	(373)	353	(448)	256	469	155,177	84,017
Local & Regional Economy	3	20	16	213	231	204	(210)	(211)	(188)	-	-	-	-
Total Functions & Activities	18,338	22,891	17,417	31,846	36,424	32,935	(13,508)	(13,533)	(15,518)	3,285	2,630	586,805	509,935
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	75	13	-	-	-	-	75	13	-	-	497	423
General Purpose Income ¹	15,824	15,941	15,611	-	-	-	15,824	15,941	15,611	800	964	-	-
Operating Result from Continuing Operations	34,162	38,907	33,041	31,846	36,424	32,935	2,316	2,483	106	4,085	3,594	587,302	510,358

1. Includes: Rates & Annual Charges (incl. Ex-Gratia), Unfunded General Purpose Grants & Unrestricted Interest & Investment Income.

Mosman Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 2(b). Council Functions / Activities - Component Descriptions

Details relating to the Council's functions / activities as reported in Note 2(a) are as follows:

COUNCIL, COMMUNITY AND COMMUNICATION

Council Secretariat & Civic Involvement, Governance & Communication.

RESOURCE & ASSET MANAGEMENT

Finance & Corporate Assets, Information & Communication Systems, Insurance & Risk Management, Human Resources, Strategic Asset & Property Management.

URBAN PLANNING

Zoning Framework, Planning Policy Development, Heritage Planning, Land Use Management Planning, Strategy.

BUILT ENVIRONMENT

Development Assessment & Regulation.

ENVIRONMENT MANAGEMENT & HEALTH

Atmospheric Environment, Water Cycle Management, Biodiversity, Trees, Land & Coastal Management, Environmental/Sustainability Education, Environmental Health, Waste Management & Cleaning & Services.

PARKS & RECREATION

Parks, Gardens, Playgrounds & Civic Spaces, Recreational Facilities, Beaches, Sea Pools & Foreshores.

COMMUNITY SAFETY

Combating Offences & Crime, Event Management-Safety & Traffic Aspects, Emergency Management, Safe Communities & Companion Animals.

COMMUNITY SERVICES

Community Connection & Volunterraing, Children/Family, Youth, Older People, People with a disability, Healthy Lifestyle & Fitness, Aboriginal Culture, Heritage & Reconciliation & Culturally & Linguistically Diverse People.

LIBRARY & INFORMATION

Library Resources, Library Services, Information Technology, Building Education, Local Studies, Website.

CULTURAL DEVELOPMENT & SERVICES

ultural Development, Gallery, Community Arts & Crafts, Civic Events, Friendship Agreements.

TRANSPORT & TRAFFIC

Roads, Facilities, Traffic Management, Pedestrians, BiCycles, Public Transport.

LOCAL AND REGIONAL ECONOMY

Business & Employment, Marketing Mosman, Regional Economic Development.

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2010	Actual 2009
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		13,452	12,931
Business		1,418	1,389
Other		-	-
Total Ordinary Rates		14,870	14,320
Special Rates			
Nil			
Annual Charges (pursuant to s.496 & s.501)			
Domestic Waste Management Services		4,865	4,631
Total Annual Charges		4,865	4,631
TOTAL RATES & ANNUAL CHARGES		19,735	18,951

Council has used 2008 year valuations provided by the NSW Valuer General in calculating its rates.

(b). User Charges & Fees

Specific User Charges (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		43	39
Total User Charges		43	39
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s608, 610A & 611)			
Planning & Building Regulation		835	692
Regulatory Fees		77	76
Section 149 Certificates (EPA Act)		139	124
Section 603 Certificates		54	47
Section 611 Charges		20	21
Other		44	33
Total Fees & Charges - Statutory/Regulatory		1,169	993

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(b). User Charges & Fees			
(ii) Fees & Charges - Other (incl. General User Charges) (per s.610C)			
Art Prize Fees		37	27
Children's Leisure & Learning		11	11
Community Restaurant		33	31
Cultural Centre		112	100
Dinghy Storage Racks		24	29
Family Day Care Parent Levy		27	25
Filming Permits		-	1
Footpath Occupation		96	95
Hoarding Fees		125	172
Kidzone - Vacation		36	7
Lease Rentals (Property)		822	919
Leaseback Fees - Council Vehicles		52	59
Market Days (Stall Holders)		89	95
Meals on Wheels		133	122
Mini Skips		27	27
Mosman Occasional Child Care		248	256
Occasional Child Care		8	10
Out of School Care		216	184
Oval Rents		80	104
Parking Fees - On Street		910	-
Parking Fees - Foreshore		726	567
Parking Fees - Foreshore - Stickers		111	50
Parking Fees - Resident Parking Scheme Permits		37	14
Photocopying - Civic Centre		5	4
Photocopying - Library		13	12
Reserve Rents		128	86
Restoration Charges		398	603
Section 153 Land Leases		95	116
Stand Plant Permits		70	100
Trading Rights - Foreshore		14	10
Vacation Care		73	61
Vehicular Crossing		17	11
Vehicular Crossing - Inspection Fees		13	12
Work Zone Fees		91	56
Other		378	316
Total Fees & Charges - Other		5,255	4,292
TOTAL USER CHARGES & FEES		6,467	5,324

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		33	51
- Interest earned on Investments (interest & coupon payment income)		263	288
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>296</u>	<u>339</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges		33	51
General Council Cash & Investments		238	276
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		25	12
Total Interest & Investment Revenue Recognised		<u>296</u>	<u>339</u>
(d). Other Revenues			
Fair Value Adjustments - Investment Properties	14	3,356	-
Rental Income - Investment Properties	14	1,812	1,832
Fines		1,548	1,482
Commissions & Agency Fees		25	26
Other		147	105
<u>TOTAL OTHER REVENUE</u>		<u>6,888</u>	<u>3,445</u>

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	2010 Operating	2009 Operating	2010 Capital	2009 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance	-	-	-	-
Financial Assistance - General Component	535	658	-	-
Financial Assistance - Local Roads Component	200	244	-	-
Pensioners' Rates Subsidies - General Component	65	62	-	-
Other Grants	-	-	-	-
Total General Purpose	800	964	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Domestic Waste Management	27	21	-	-
Aged Care	459	421	-	-
Child Care	235	178	-	-
Community Care	-	1	-	-
Environmental Protection	11	-	100	-
Environmental Protection - Coastal Care	-	13	-	-
Environmental protection - Marine Structures	-	-	679	138
Environmental Protection - Stormwater Devices	-	-	140	227
Excess Weight Subsidy	12	17	-	-
Housing & Community Amenities	107	67	62	48
Library	91	77	-	-
Recreation & Culture	-	-	1,096	1,107
Traffic Route Subsidy	70	68	-	-
Transport (Roads to Recovery)	-	-	112	69
Transport (Other Roads & Bridges Funding)	-	-	-	177
Youth Care	1	1	-	-
Other (Planning Reform Grant)	60	-	-	-
Other (Reserves Plan of Management)	23	-	-	-
Total Specific Purpose	1,096	864	2,189	1,766
Total Grants	1,896	1,828	2,189	1,766
Grant Revenue is attributable to:				
- Commonwealth Funding	735	902	1,174	1,246
- State Funding	1,161	926	1,015	520
- Other Funding	-	-	-	-
	1,896	1,828	2,189	1,766

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	2010 Operating	2009 Operating	2010 Capital	2009 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
Nil				
S 94 - Contributions towards amenities/services	-	-	116	127
S 94A - Fixed Development Consent Levies	-	-	902	884
Total Developer Contributions 17	-	-	1,018	1,011
Other Contributions:				
Heritage/Cultural	1	-	-	-
Recreation & Culture	13	19	50	15
Roads & Bridges	-	13	20	132
RTA Contributions (Regional/Local, Block Grant)	166	152	-	19
Youth Programs	12	14	-	-
Other (Stormwater Device Other Council)	-	-	10	-
Total Other Contributions	192	198	80	166
Total Contributions	192	198	1,098	1,177
TOTAL GRANTS & CONTRIBUTIONS	2,088	2,026	3,287	2,943

\$ '000	Actual 2010	Actual 2009
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(g). Restrictions relating to Grants and Contributions

Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:

Unexpended at the Close of the Previous Reporting Period	1,609	887
add: Grants & contributions recognised in the current period but unspent	478	1,574
less: Grants & contributions recognised in a previous reporting period now spent	(1,156)	(852)
Net Increase (Decrease) in Restricted Assets during the Period	(678)	722
Unexpended at the Close of this Reporting Period and held as Restricted Assets	931	1,609
Comprising:		
- Specific Purpose Unexpended Grants	356	1,181
- Developer Contributions	575	428
	931	1,609

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2010	Actual 2009
(a) Employee Benefits & On-Costs			
Salaries and Wages		10,215	9,509
Travelling		160	116
Employee Leave Entitlements (ELE)		1,436	1,473
Superannuation - Defined Contribution Plans		930	854
Superannuation - Defined Benefit Plans		261	172
Workers' Compensation Insurance		157	152
Fringe Benefit Tax (FBT)		46	14
Training Costs (other than Salaries & Wages)		147	116
Other		13	11
Total Employee Costs		13,365	12,417
less: Capitalised Costs		-	-
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>13,365</u>	<u>12,417</u>
Number of "Equivalent Full Time" Employees at year end		166	164
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Overdraft		1	-
Interest on Loans		473	360
Other Debts		6	18
Total Interest Bearing Liability Costs		480	378
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		480	378
(ii) Other Borrowing Costs			
Nil			
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>480</u>	<u>378</u>

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(c) Materials & Contracts			
Raw Materials & Consumables		204	212
Contractor & Consultancy Costs		-	-
- Aged Services		160	144
- Bushcare		423	397
- Cleansing		1,840	1,731
- Consultancies		224	176
- Infrastructure		410	1,026
- Parks, Gardens & Civic Spaces		504	494
- Plant Running		132	138
- Recreational Facilities		515	349
- Structures		434	503
- Tree Pruning/Removal		205	202
- Waste Management		2,293	2,190
- Other Contractor & Consultancy Costs		710	1,123
Auditors Remuneration			
i. Audit Services - Council's Auditor		32	38
ii. Other Services - Council's Auditor (provide details)		10	-
Legal Expenses:			
- Legal Expenses - Planning & Development		183	156
- Legal Expenses - Other		72	48
Operating Leases:			
Operating Lease Rentals - Minimum Lease Payments (1)		133	114
Printing		144	150
Total Materials & Contracts		8,628	9,191
less: Capitalised Costs		-	-
TOTAL MATERIALS & CONTRACTS		8,628	9,191
1. Operating Lease Payments are attributable to:			
- Other		133	114
		133	114

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2010	Actual 2009	Actual 2010	Actual 2009
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	169	143
Office Equipment		-	-	99	84
Furniture & Fittings		-	-	15	20
Land Improvements (depreciable)		-	-	460	387
Buildings - Non Specialised		-	-	499	492
Buildings - Specialised		-	-	400	384
Other Structures		-	-	8	7
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	1,607	1,586
- Stormwater Drainage		-	-	508	500
Other Assets					
- Heritage Collections		-	-	2	1
- Library Books		-	-	159	156
- Other		-	-	325	336
Intangible Assets	25	-	-	16	-
Total Depreciation & Impairment Costs		-	-	4,267	4,096
less: Capitalised Costs		-	-	-	-
less: Impairments offset in ARR (Equity)	9a	-	-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	4,267	4,096

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		166	174
Bad & Doubtful Debts		-	44
Bank Charges		68	51
Catering		79	77
Computer Software Charges		497	491
Contributions/Levies to Other Levels of Government			
- NSW Fire Brigade Levy		946	870
- Department of Planning Levy		136	133
- Local Government & Shires Association		29	27
Councillor Expenses - Mayoral Fee		34	33
Councillor Expenses - Councillors' Fees		140	147
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		55	64
Donations, Contributions & Assistance to other organisations (Section 356)		377	377
Election Expenses		-	152
Electricity & Heating		286	222
Equipment Maintenance		130	93
Insurance		698	675
Leases - Photocopiers		47	48
Leases - Property		41	40
Postage		76	67
Revaluation Decrements (Fair Valuation of I,PP&E Assets)	9(a)	4,572	-
Revaluation Decrements (Fair Valuation of Investment Properties)	14	-	1,650
Section 94 Contribution Refund		-	124
Street Lighting		456	453
Subscriptions & Publications		61	78
Telephone & Communications		105	125
Waste Disposal & Recycling Centre		363	279
Water		106	88
Other		216	232
Total Other Expenses		9,684	6,814
less: Capitalised Costs		-	-
TOTAL OTHER EXPENSES		9,684	6,814

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2010	Actual 2009
Property (excl. Investment Property)			
Proceeds from Disposal		242	-
less: Carrying Amount of Property Assets Sold		(154)	-
Net Gain/(Loss) on Disposal		88	-
Plant & Equipment			
Proceeds from Disposal		90	140
less: Carrying Amount of P&E Assets Sold		(107)	(179)
Net Gain/(Loss) on Disposal		(17)	(39)
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>71</u>	<u>(39)</u>

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 6a. - Cash Assets and Note 6b. - Investment Securities

		2010	2010	2009	2009
\$ '000	Notes	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		254	-	263	-
Cash-Equivalent Assets ¹					
- Deposits at Call		-	-	1,250	-
- Short Term Deposits		5,500	-	3,500	-
Total Cash & Cash Equivalents		5,754	-	5,013	-
Investment Securities (Note 6b)					
- Long Term Deposits		1,000	-	500	-
Total Investment Securities		1,000	-	500	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		6,754	-	5,513	-

¹ Those Investments where time to maturity (from date of purchase) is < 3 mths.

**Cash, Cash Equivalents & Investments were
classified at year end in accordance with
AASB 139 as follows:**

Cash & Cash Equivalents					
a. "At Fair Value through the Profit & Loss"		5,754	-	5,013	-
Investments					
a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	-	-	-	-
- "Designated at Fair Value on Initial Recog"	6(b-i)	-	-	-	-
b. "Held to Maturity"	6(b-ii)	1,000	-	500	-
c. "Loans & Receivables"	6(b-iii)	-	-	-	-
d. "Available for Sale"	6(b-iv)	-	-	-	-
Investments		1,000	-	500	-

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 6b. Investments (continued)

	2010	2010	2009	2009
	Actual	Actual	Actual	Actual
\$ '000	Current	Non Current	Current	Non Current

Note 6(b-i)
Reconciliation of Investments classified as
"At Fair Value through the Profit & Loss"
 Nil

Note 6(b-ii)
Reconciliation of Investments
classified as "Held to Maturity"

Balance at the Beginning of the Year	500	-	-	-
Additions	1,000	-	500	-
Disposals (sales & redemptions)	(500)	-	-	-
Balance at End of Year	1,000	-	500	-

Comprising:

- Long Term Deposits	1,000	-	500	-
Total	1,000	-	500	-

Note 6(b-iii)
Reconciliation of Investments
classified as "Loans & Receivables"
 Nil

Note 6(b-iv)
Reconciliation of Investments
classified as "Available for Sale"
 Nil

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 6c. Restricted Cash, Cash Equivalents & Investments

\$ '000	2010	2010	2009	2009
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	6,754	-	5,513	-
attributable to:				
External Restrictions (refer below)	931	-	1,863	-
Internal Restrictions (refer below)	5,162	-	3,221	-
Unrestricted	661	-	429	-
	6,754	-	5,513	-

2010 \$ '000	Opening Balance	transfers to restrictions	transfers from restrictions	Closing Balance
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Details of Restrictions

External Restrictions - Included in Liabilities

Nil

External Restrictions - Other

Developer Contributions - General (D)	428	1,067	(920)	575
Specific Purpose Unexpended Grants (F)	1,181	335	(1,160)	356
Community Environmental Contract (G)	102	-	(102)	-
Infrastructure Levy (G)	152	-	(152)	-
External Restrictions - Other	1,863	1,402	(2,334)	931
Total External Restrictions	1,863	1,402	(2,334)	931

D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)

G Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 6c. Restricted Cash, Cash Equivalents & Investments (continued)

2010 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	70	20	-	90
Infrastructure Works	301	-	(301)	-
Employees Leave Entitlement	500	50	-	550
Carry Over Works	394	444	(394)	444
Deposits, Retentions & Bonds	1,350	650	-	2,000
Drill Hall Common	114	1,500	-	1,614
Swim Centre	106	218	(52)	272
Other/C/Centre	34	(34)	-	-
Financial Assistance Grant	182	192	(182)	192
PABX	95	-	(95)	-
Grand Hall Mechanical Ventilation	75	-	(75)	-
Total Internal Restrictions	3,221	3,040	(1,099)	5,162
TOTAL RESTRICTIONS	5,084	4,442	(3,433)	6,093

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 7. Receivables

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		242	80	287	101
Interest & Extra Charges		11	-	29	-
User Charges & Fees		996	-	1,662	-
Accrued Revenues					
- Interest on Investments		24	-	19	-
- Other Income Accruals		853	-	798	-
Government Grants & Subsidies		261	-	179	-
Net GST Receivable		252	-	275	-
Other Debtors		113	-	109	-
Total		2,752	80	3,358	101
less: Provision for Impairment					
User Charges & Fees		(356)	-	(493)	-
Other Debtors		(51)	-	(45)	-
Total Provision for Impairment - Receivables		(407)	-	(538)	-
TOTAL NET RECEIVABLES		2,345	80	2,820	101
Externally Restricted Receivables					
Domestic Waste Management		83	-	103	-
Total External Restrictions		83	-	103	-
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		2,262	80	2,717	101
TOTAL NET RECEIVABLES		2,345	80	2,820	101

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest is charged on overdue rates & charges at 9.00% (2009 10.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 8. Inventories & Other Assets

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		91	-	68	-
Trading Stock		48	-	47	-
Total Inventories		139	-	115	-
Other Assets					
Prepayments		267	-	150	-
Total Other Assets		267	-	150	-
<u>TOTAL INVENTORIES & OTHER ASSETS</u>		406	-	265	-
(i) Externally Restricted Assets					
Nil					
Total Externally Restricted Assets		-	-	-	-
Total Internally Restricted Assets		-	-	-	-
Total Unrestricted Assets		406	-	265	-
TOTAL INVENTORIES & OTHER ASSETS		406	-	265	-

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2009				Asset Movements during the Reporting Period						as at 30/6/2010			
	At Cost	At Fair Value	Accumulated Deprec.	Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Trs from/to Inv. Properties	Revaluation Decrements to P&L	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated Dep'n	Carrying Value
Capital Work in Progress	125	-	-	125	2,168	-	-	-	-	-	2,293	-	-	2,293
Plant & Equipment	-	1,991	1,082	909	525	(107)	(169)	-	-	-	-	2,336	1,178	1,158
Office Equipment	-	3,022	2,723	299	150	-	(99)	-	-	-	-	3,172	2,822	350
Furniture & Fittings	-	1,014	553	461	50	-	(15)	-	-	-	-	1,064	568	496
Land:														
- Operational Land	-	103,168	-	103,168	-	-	-	-	-	-	-	103,168	-	103,168
- Community Land	216,643	-	-	216,643	-	(154)	-	-	-	-	216,489	-	-	216,489
Land Improvements - non depreciable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Improvements - depreciable	11,598	-	4,250	7,348	663	-	(460)	-	-	-	12,262	-	4,711	7,551
Buildings - Non Specialised	-	32,358	12,061	20,297	202	-	(499)	-	-	-	-	32,560	12,560	20,000
Buildings - Specialised	-	17,119	6,180	10,939	729	-	(400)	(100)	-	-	-	17,747	6,579	11,168
Other Structures	154	-	104	50	-	-	(8)	-	-	-	154	-	112	42
Infrastructure:														
- Roads, Bridges, Footpaths	158,546	-	79,026	79,520	2,257	-	(1,607)	-	-	71,993	-	304,723	152,560	152,163
- Stormwater Drainage	50,430	-	28,655	21,775	865	-	(508)	-	(4,572)	-	-	40,699	23,139	17,560
Other Assets:														
- Heritage Collections	16	-	3	13	-	-	(2)	-	-	-	16	-	5	11
- Library Books	3,259	-	2,712	547	176	-	(159)	-	-	-	3,417	-	2,853	564
- Other	5,337	-	2,804	2,533	1,390	-	(325)	-	-	-	6,738	-	3,140	3,598
TOTAL INFRASTRUCTURE,	446,108	158,672	140,153	464,627	9,175	(261)	(4,251)	(100)	(4,572)	71,993	241,369	505,469	210,227	536,611
PROPERTY, PLANT & EQUIP.														

Mosman Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 9b. Externally Restricted Infrastructure, Property, Plant & Equipment

\$ '000

Council has no Externally Restricted Infrastructure, Property, Plant & Equipment.

Note 9c. Infrastructure, Property, Plant & Equipment - Current Year Impairments

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		1,640	-	1,153	-
Goods & Services - capital expenditure		550	-	716	-
Payments Received In Advance		116	-	14	-
Accrued Expenses:					
- Borrowings		69	-	55	-
Security Bonds, Deposits & Retentions		4,471	-	4,482	-
Total Payables		6,846	-	6,420	-
Borrowings					
Loans - Secured ¹		1,789	7,546	1,453	5,786
Deferred Payment Liabilities		130	390	323	520
Total Borrowings		1,919	7,936	1,776	6,306
Provisions					
Employee Benefits;					
Annual Leave		1,401	-	1,285	-
Long Service Leave		1,912	100	1,743	116
Sub Total - Aggregate Employee Benefits		3,313	100	3,028	116
Total Provisions		3,313	100	3,028	116
Total Payables, Borrowings & Provisions		12,078	8,036	11,224	6,422

(i) Liabilities relating to Restricted Assets

	2010		2009	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Domestic Waste Management	83	-	103	-
Other	324	-	506	-
Liabilities relating to externally restricted assets	407	-	609	-
Internally Restricted Assets				
Nil				
Total Liabilities relating to restricted assets	407	-	609	-

¹. Loans are secured over the General Rating Income of Council

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 10a. Payables, Borrowings & Provisions (continued)

\$ '000	2010	2009
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(ii) Current Liabilities not anticipated to be settled within the next 12 months

The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.

Provisions - Employees Benefits	1,972	1,783
Payables - Security Bonds, Deposits & Retentions	4,124	4,082
	6,096	5,865

Note 10b. Description of and movements in Provisions

Class of Provision	2009			2010		Closing Balance as at 30/6/10
	Opening Balance as at 1/7/09	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	1,285	1,001	(885)	-	-	1,401
Long Service Leave	1,859	435	(282)	-	-	2,012
TOTAL	3,144	1,436	(1,167)	-	-	3,413

- a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2010	Actual 2009
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	5,754	5,013
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		5,754	5,013
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		2,483	106
Adjust for non cash items:			
Depreciation & Amortisation		4,267	4,096
Net Losses/(Gains) on Disposal of Assets		(71)	39
Non Cash Capital Grants and Contributions		(10)	(15)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investment Properties		(3,356)	1,650
- Write Offs relating to the Fair Valuation of I,PP&E		4,572	-
Share of Net (Profits) or Losses of Associates/Joint Ventures		(75)	(13)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		627	(59)
Increase/(Decrease) in Provision for Doubtful Debts		(131)	22
Decrease/(Increase) in Inventories		(24)	(12)
Decrease/(Increase) in Other Current Assets		(117)	102
Increase/(Decrease) in Payables		487	(587)
Increase/(Decrease) in accrued Interest Payable		14	20
Increase/(Decrease) in Other Current Liabilities		91	(178)
Increase/(Decrease) in Employee Leave Entitlements		269	290
Increase/(Decrease) in Other Provisions		-	-
NET CASH PROVIDED FROM/(USED IN)		9,026	5,461
OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS			

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 11. Statement of Cash Flows - Additional Information (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(c) Non-Cash Investing & Financing Activities			
Other Non Cash Items		10	15
Total Non-Cash Investing & Financing Activities		10	15
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		90	90
Credit Cards / Purchase Cards		32	32
Total Financing Arrangements		122	122
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		-	-
Total Financing Arrangements Utilised		-	-

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

(ii) Secured Loan Liabilities

Loans are secured by a mortgage over future years Rate Revenue only.

(e) Net Cash Flows Attributable to Discontinued Operations

Please refer to Note 24 for details of Cash Flows that relate to Discontinued Operations

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2010	Actual 2009
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		3,857	3,500
Total Commitments		3,857	3,500
These expenditures are payable as follows:			
Within the next year		3,857	3,000
Later than one year and not later than 5 years		-	500
Later than 5 years		-	-
Total Payable		3,857	3,500
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		-	-
Future Grants & Contributions		-	1,000
Sec 94 Funds/Reserves		-	1,500
Unexpended Grants		107	1,000
Internally Restricted Reserves		1,500	-
Future Loans		2,250	-
Total Sources of Funding		3,857	3,500
(b) Other Expenditure Commitments (exclusive of GST)			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
DWM & Recycling Services		4,542	6,814
Audit Services		100	132
Other		806	1,271
Total Commitments		5,448	8,217
These expenditures are payable as follows:			
Within the next year		3,110	3,095
Later than one year and not later than 5 years		2,338	5,122
Later than 5 years		-	-
Total Payable		5,448	8,217

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2010	Actual 2009
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(c) Finance Lease Commitments

Nil

(d) Operating Lease Commitments (Non Cancellable)

**a. Commitments under Non Cancellable Operating Leases at the
Reporting date, but not recognised as Liabilities are payable:**

Within the next year	182	132
Later than one year and not later than 5 years	248	179
Later than 5 years	-	-
Total Non Cancellable Operating Lease Commitments	430	311

Conditions relating to Operating Leases:

- All Operating Lease Agreements are secured only against the Leased Asset.
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

(e) Investment Property Commitments

Nil

(f) Remuneration Commitments

Commitments for the payment of salaries & other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities are payable:

Within the next year	778	768
Later than one year and not later than 5 years	2,234	1,635
Later than 5 years	-	-
Total Payable	3,012	2,403

(g) Investment in Associates / Joint Ventures - Commitments

For Capital Commitments and Other Commitments relating to Investments in Associates & Joint Ventures, refer to Note 19 (b)

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 13. Statement of Performance Measurement - Indicators (Consolidated)

\$ '000	Amounts 2010	Indicator 2010	Prior Periods 20092008	
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	<u>8,491</u>	1.52 : 1	1.40	1.49
Current Liabilities less Specific Purpose Liabilities ^(2,3)	<u>5,575</u>			
2. Debt Service Ratio				
Debt Service Cost	<u>2,452</u>	7.14%	6.10%	4.74%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>34,332</u>			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	<u>19,735</u>	50.72%	57.36%	44.47%
Revenue from Continuing Operations	<u>38,907</u>			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	<u>333</u>	1.65%	2.15%	1.97%
Rates, Annual & Extra Charges Collectible	<u>20,185</u>			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾ [Buildings & Infrastructure]	<u>4,051</u>	134.41%	98.01%	85.00%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	<u>3,014</u>			

Notes

⁽¹⁾ Refer Notes 6-8 inclusive.

Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

⁽²⁾ Refer to Note 10(a).⁽³⁾ Refer to Note 10(c) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).⁽⁴⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity or performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 14. Investment Properties

\$ '000	Notes	Actual 2010	Actual 2009
(a) Investment Properties at Fair value			
<u>Investment Properties on Hand</u>		<u>40,233</u>	<u>36,609</u>
Reconciliation of Annual Movement:			
Opening Balance		36,609	38,237
- Capitalised Expenditure - this year		168	22
- Net Gain/(Loss) from Fair Value Adjustments		3,356	(1,650)
- Transfers from/(to) Owner Occupied (Note 9)		100	-
CLOSING BALANCE - INVESTMENT PROPERTIES		40,233	36,609

(b) Valuation Basis

The basis of Valuation of Investment Properties is Fair Value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The 2010 revaluations were based on Independent Assessments made by:
Scott Fullarton Valuations Pty Ltd Valuation No. MKT5060

(c) Investment Property Income & Expenditure - summary

Rental Income from Investment Properties:			
- Minimum Lease Payments		1,812	1,832
Direct Operating Expenses on Investment Properties:			
- that generated rental income		(28)	(83)
Net Revenue Contribution from Investment Properties		1,784	1,749
plus:			
Fair Value Movement for year		3,356	(1,650)
Total Income attributable to Investment Properties		5,140	99

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 15. Financial Risk Management

\$ '000

Risk Management

Council's activities expose it to a variety of financial risks including (1) price risk, (2) credit risk, (3) liquidity risk and (4) interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

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

Financial risk management is carried out by Council's Finance Section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2010	2009	2010	2009
Financial Assets				
Cash and Cash Equivalents	5,754	5,013	5,754	5,013
Investments				
- "Held to Maturity"	1,000	500	1,000	500
Receivables	2,425	2,921	2,425	2,921
Total Financial Assets	9,179	8,434	9,179	8,434
Financial Liabilities				
Payables	6,730	6,406	6,730	6,406
Loans / Advances	9,855	8,082	9,855	8,082
Total Financial Liabilities	16,585	14,488	16,585	14,488

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) "at fair value through profit & loss" or (ii) **Available for Sale** - are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 15. Financial Risk Management (continued)

\$ '000

(a) Cash & Cash Equivalents, Financial assets "at fair value through the profit & Loss",
"Available-for-sale" financial assets & "Held-to-maturity" Investments

Council's objective is to maximise its return on cash & investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's Finance Section manages it's Cash & Investments portfolio with the assistance of independent advisors.

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and it's staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

Cash & Investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns and income.

A further risk associated with Cash & Investments is credit risk - the risk that the counterparty (to an investment) will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

Council also seeks advice from independent advisers before placing any funds in Cash Equivalents & Investments.

The following represents a summary of the sensitivity of Council's Income Statement and Accumulated Surplus (during the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2010				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	68	68	(68)	(68)
2009				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	55	55	(55)	(55)

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

Council's major receivables comprise (i) Rates & Annual charges and (ii) User Charges & Fees.

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

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

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

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

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

A profile of Council's receivables credit risk at balance date follows:

	2010 Rates & Annual Charges	2010 Other Receivables	2009 Rates & Annual Charges	2009 Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	242	1,775	291	2,303
Overdue	80	735	97	768
	322	2,510	388	3,071
(ii) Movement in Provision for Impairment of Receivables			2010	2009
Balance at the beginning of the year			538	516
+ new provisions recognised during the year			-	44
- amounts already provided for & written off this year			(131)	(22)
Balance at the end of the year			407	538

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

Payables & Borrowings are both subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

As well, payment terms can (in extenuating circumstances) be extended & overdraft facilities can be drawn down.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the Liquidity Table below:

\$ '000	Subject to no maturity	payable in:						Total	Actual
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs	Cash Outflows	Carrying Values
2010									
Trade/Other Payables	4,471	2,259	-	-	-	-	-	6,730	6,730
Loans & Advances	-	1,919	1,589	1,187	1,118	889	3,153	9,855	9,855
Total Financial Liabilities	4,471	4,178	1,589	1,187	1,118	889	3,153	16,585	16,585
2009									
Trade/Other Payables	4,482	1,924	-	-	-	-	-	6,406	6,406
Loans & Advances	-	1,776	1,580	1,244	812	707	1,963	8,082	8,082
Total Financial Liabilities	4,482	3,700	1,580	1,244	812	707	1,963	14,488	14,488

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs & debt servicing requirements. Council manages this risk through the diversification of borrowing types, maturities & interest rate structures.

The following interest rates were applicable to Council's Borrowings at balance date:

	2010		2009	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	6,730	0.0%	6,406	0.0%
Loans & Advances - Fixed Interest Rate	9,855	6.8%	8,082	6.5%
	<u>16,585</u>		<u>14,488</u>	

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 09/10 was incorporated as part of its Management Plan.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act requires Council to review its Financial Budget on a Quarterly Basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual results for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

Material Variations represent those variances that amount to 10% or more of the original budgeted figure.

Note that for Variations: F = Favourable Budget Variation, U = Unfavourable Budget Variation

\$ '000	2010 Budget	2010 Actual	2010 Variance*		
REVENUES					
Rates & Annual Charges	19,673	19,735	62	0%	F
User Charges & Fees	4,969	6,467	1,498	30%	F
The favourable variance can in the main be attributed to \$822K in lease rental (property) revenue allocated to User Charges, with the original budget of \$922K included in Other Revenues and Foreshore Parking Sticker revenues exceeding original budget by \$61K					
Interest & Investment Revenue	300	296	(4)	(1%)	U
Other Revenues	4,804	6,888	2,084	43%	F
The favourable variance can in the main be attributed to an unbudgeted Investment Property Fair Valuation adjustment of \$3.356M. As detailed above the original budget of lease rental (property) revenue of \$922K was included in this line item but allocated to User Charges and Fees					
Operating Grants & Contributions	1,562	2,088	526	34%	F
The favourable variation can be attributed to Children Services funding exceeding budget by \$87K, Aged Services funding exceeding original budget by \$87K, unbudgeted funding received from NSW Planning \$60K and Waste Performance Improvement payment exceeding original budget by \$40K					
Capital Grants & Contributions	2,854	3,287	433	15%	F
This favourable variance can in the main be attributed to an additional \$418K to budget in S94 contributions					
Net Gains from Disposal of Assets	-	71	71	0%	F
Share of Net Profits - Joint Ventures & Associates	-	75	75	0%	F

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 16. Material Budget Variations (continued)

\$ '000	2010 Budget	2010 Actual	2010 Variance*		
EXPENSES					
Employee Benefits & On-Costs	12,833	13,365	(532)	(4%)	U
Borrowing Costs	431	480	(49)	(11%)	U
The unfavourable variance can be attributed to the requirement to take up loans earlier than predicated which resulted in a greater than anticipated accrued interest expense					
Materials & Contracts	9,568	8,628	940	10%	F
Depreciation & Amortisation	4,200	4,267	(67)	(2%)	U
Impairment Expenses	-	-	-	0%	F
Other Expenses	4,814	9,684	(4,870)	(101%)	U
Unfavourable variance can be attributed to a \$4.572M revaluation decrement as a result from the Fair Value of Stormwater Assets					

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 17. Statement of Developer Contributions

\$ '000

Council recovers contributions, raises levies & enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions & levies and the value of all remaining funds which are "restricted" in their future use.

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	94	-	-	(94)	-	-	-	-	-	-
Open Space	-	22	-	-	(22)	-	-	360	(267)	93	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
S94 Contributions - under a Plan	-	116	-	-	(116)	-	-	360	(267)	93	-
S94A Levies - under a Plan	428	926	-	25	(804)	-	575				-
Total S94 Revenue Under Plans	428	1,042	-	25	(920)	-	575				-
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	-	-	-	-	-	-	-				-
S64 Contributions	-	-	-	-	-	-	-				-
Total Contributions	428	1,042	-	25	(920)	-	575	360	(267)	93	-

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	94	-	-	(94)	-	-	-	-	-	-
Open Space	-	22	-	-	(22)	-	-	360	(267)	93	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total	-	116	-	-	(116)	-	-	360	(267)	93	-

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN - OPEN SPACE & CAR PARKING

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	428	926	-	25	(804)	-	575	6 840	(5 089)	2 326	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total	428	926	-	25	(804)	-	575	6 840	(5 089)	2 326	-

Mosman Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but their knowledge & disclosure is considered relevant to the users of Council's Financial Report.

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

Council participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

Member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category & that member Councils will need to make significantly higher contributions from 2009/10 & beyond.

The Local Government Superannuation Scheme has provided Council with its estimated share of the net deficit which totals \$695,478 of \$286.059M however Council has not recorded any net liability from its Defined Benefit Scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable - similar to the accounting for Defined Contributions Plans.

(ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to Local Government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the Net Assets or Liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the Fund Years.

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the Company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements of APRA.

These future equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

(iv) Other Guarantees

Council has provided no other Guarantees other than those listed above.

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

LIABILITIES NOT RECOGNISED (continued):**2. Other Liabilities****(i) Third Party Claims**

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its Insurance Coverage and does not expect any material liabilities to eventuate.

(ii) S94 Plans

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's General Funds.

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Council's intention to spend funds in the manner and timing set out in those Plans.

ASSETS NOT RECOGNISED:**(i) Land Under Roads**

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30/6/08.

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

\$ '000

Council's objectives can and in some cases are best met through the use of separate entities & operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils, Bodies and other Outside Organisations.

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of Councils (i) interest and (ii) control and the type (form) of entity/operation, as follows;

Subsidiaries**Note 19(a)**

Operational Arrangements where Councils Control (but not necessarily Interest) exceeds 50%

Associated Entities & Joint Venture Entities**Note 19(b)(i)&(ii)**

Arrangements in the form of a Separate Entity that deploys the resources of the operation itself.

Under Associated Entities, Council significantly influences the operations (but does not control them, whilst for JV Entities, Council Jointly Controls the Operations with other parties.

Joint Venture Operations**Note 19(c)**

Arrangements that do not comprise an actual individual entity which can deploy the resources of the individual participants. Under JV Operations, Council Jointly Controls the operations with the Other Parties involved.

Subsidiaries, Associated Entities and Joint Ventures Not Recognised**Note 19(d)****Accounting Recognition:**

(i) **Subsidiaries** disclosed under Note 19(a), and **Joint Venture Operations** disclosed at Note 19(c), are accounted for on a Line by Line Consolidation basis within the Income Statement and Balance Sheet.

(ii) **Associated Entities and Joint Venture Entities** as per Notes 19(b)(i) & (ii) are accounted for using the Equity Accounting Method - and are disclosed as a 1 line entry in both the Income Statement and Balance Sheet.

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2010	Actual 2009	Actual 2010	Actual 2009
Associated Entities	92	25	466	375
Joint Venture Entities	(17)	(12)	31	48
Total	75	13	497	423

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

\$ '000

19(a) Subsidiaries (ie. Entities & Operations controlled by Council)

Council has no interest in any Subsidiaries.

19(b) Associated Entities & Joint Venture Entities

(i) ASSOCIATED ENTITIES

(a) Net Carrying Amounts - Council's Share

Name of Entity	Principal Activity	2010	2009
Kimbriki Environmental Enterprises Pty Ltd	Waste Management & Disposal	466	375
Total Carrying Amounts - Associated Entities		466	375

(b) Relevant Interests		Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
Name of Entity		2010	2009	2010	2009	2010	2009
Kimbriki Environmental Enterprises Pty Ltd		4%	4%	4%	4%	4%	4%

(c) Movement in Carrying Amounts of Council's Equity Interest

	Kimbriki Environmental Enterprises Pty Ltd	
	2010	2009
Opening Balance	375	350
Share in Operating Result	92	25
New Capital Contributions	18	-
Distributions Received	(19)	-
Council's Equity Share in the Joint Venture Entity	466	375

(d) Summarised Financial Information of Associated Entities - Council's Share

2010	Assets	Liabilities	Net Assets	Revenues	Profit
Kimbriki Environmental Enterprises Pty Ltd	536	70	466	598	92
Totals	536	70	466	598	92
2009	Assets	Liabilities	Net Assets	Revenues	Profit
Kimbriki Environmental Enterprises Pty Ltd	461	86	375	545	25
Totals	461	86	375	545	25

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

\$ '000

19(b) Associated Entities & Joint Venture Entities (continued)

(e) Share of Associated Entities Expenditure Commitments	2010	2009
Capital Commitments	-	-
Other Expenditure Commitments	-	-
Lease Commitments	-	-
	-	-

(f) Contingent Liabilities of Associates	2010	2009
Share of Contingent Liabilities incurred jointly with other investors	-	-
Share of Contingent Liabilities for which Council is severally liable	-	-

(ii) JOINT VENTURE ENTITIES**(a) Carrying Amounts**

Name of Entity	Principal Activity	2010	2009
Shorelink Library Network	Sharing of Library Infrastructure	31	48
Total Carrying Amounts - Joint Venture Entities		31	48

(b) Relevant Interests	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
Name of Entity	2010	2009	2010	2009	2010	2009
Shorelink Library Network	13%	13%	17%	17%	20%	20%

(c) Movement in Carrying Amounts

	Shorelink Library Network	
	2010	2009
Opening Balance	48	60
Share in Operating Result	(17)	(12)
Councils Equity Share in the Joint Venture Entity	31	48

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

\$ '000

19(b) Associated Entities & Joint Venture Entities (continued)

(ii) JOINT VENTURE ENTITIES (continued)

(d) Share of Joint Ventures Assets & Liabilities

	Assets		Liabilities		Net Assets
	Current	Non Current	Current	Non Current	
2010					
Shorelink Library Network	33	5	7	-	31
Totals	33	5	7	-	31
2009					
Shorelink Library Network	40	13	5	-	48
Totals	40	13	5	-	48

(e) Share of Joint Ventures Revenues, Expenses & Results

	2010			2009		
	Revenues	Expenses	Result	Revenues	Expenses	Result
Shorelink Library Network	74	91	(17)	72	84	(12)
Totals	74	91	(17)	72	84	(12)

(f) Share of Joint Venture Entities Expenditure Commitments

	2010	2009
Capital Commitments	-	-
Other Expenditure Commitments	-	-
Lease Commitments	-	-

(g) Contingent Liabilities of Joint Venture Entities

	2010	2009
Share of Contingent Liabilities incurred jointly with other Participants	-	-
Share of Contingent Liabilities for which Council is severally liable	-	-

19(c) Joint Venture Operations

Council has no interest in any Joint Venture Operations.

19(d) Subsidiaries, Associated Entities & Joint Venture Operations Not Recognised

All Subsidiaries, Associated Entities & JV's have been recognised in this Financial Report as required.

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2010	Actual 2009
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		419,569	419,463
a. Correction of Prior Period Errors	20 (c)	(35,512)	(35,512)
b. Changes in Accounting Policies (Prior Period Effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		2,483	106
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
g. Other Changes		-	-
Balance at End of the Reporting Period		<u>386,540</u>	<u>384,057</u>

b. Reserves**(i) Reserves are represented by:**

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	180,648	108,655
Total	<u>180,648</u>	<u>108,655</u>

(ii). Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		108,655	108,655
- Revaluations for the year	9(a)	71,993	-
- Balance at End of Year		<u>180,648</u>	<u>108,655</u>
TOTAL VALUE OF RESERVES		<u>180,648</u>	<u>108,655</u>

(iii). Nature & Purpose of Reserves**Infrastructure, Property, Plant & Equipment Revaluation Reserve**

- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

\$ '000	Notes	Actual 2010	Actual 2009
---------	-------	----------------	----------------

c. Correction of Error/s relating to a Previous Reporting Period

As part of Council's transition to measuring all its I,PP&E at Fair Values, Council this year reviewed and brought to account Fair Values for the following Asset Classes:

- Roads, Bridges, Footpaths
- Stormwater Drainage

As part of that evaluation & measurement process, the remaining useful life of each asset has been reassessed to actual.

This reassessment has resulted in a material difference as to where some assets actually sit in relation to their asset life cycle relative to what the value of accumulated depreciation in Council's Financial Reports had previously indicated.

Council does not have sufficient and reliable information that will allow the restatement of information prior to 30/6/09 (the closing date for the comparative figures in this report).

As a result, Council has adjusted the accumulated depreciation for the following asset classes as at 30/6/09 to reflect the correct value of accumulated depreciation;

- Roads, Bridges, Footpaths	(30,632)
- Stormwater Drainage	(4,880)

This adjustment resulted in net increase / (decrease) in Council's Accumulated Surplus as at 30/6/09.

In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.

These amounted to the following Equity Adjustments:

- Adjustments to Opening Equity - 1/7/08 (relating to adjustments for the 30/6/08 reporting year end and prior periods)	-	-
- Adjustments to Closing Equity - 30/6/09 (relating to adjustments for the 30/6/09 year end)	(35,512)	-
Total Prior Period Adjustments - Prior Period Errors	(35,512)	-

d. Voluntary Changes in Accounting Policies

Council made no voluntary changes in any accounting policies during the year.

Mosman Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 21. Financial Result & Financial Position by Fund

\$ '000

Council operates only a General Fund.

Note 22. "Held for Sale" Non Current Assets & Disposal Groups

Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

Note 23. Events occurring after Balance Sheet Date

Events that occur after the reporting date of 30 June 2010, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 07/10/10.

Events that occur after the Reporting Date represent one of two types:

(i) Events that have provided evidence of conditions that existed at the Reporting Date

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2010.

(ii) Events that have provided evidence of conditions that arose after the Reporting Date

These financial statements (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2010 and which are only indicative of conditions that arose after 30 June 2010.

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 24. Discontinued Operations

\$ '000

Council has not classified any of its Operations as "Discontinued".

Note 25. Intangible Assets

Intangible Assets represent identifiable non-monetary asset without physical substance.

	Actual 2010 Carrying Amount	Actual 2009 Carrying Amount
Intangible Assets are as follows;		
Opening Values:		
Gross Book Value (1/7)	-	-
Accumulated Amortisation & Impairment	-	-
Net Book Value - Opening Balance	-	-
Movements for the year		
- Purchases	392	-
- Amortisation charges	(16)	-
Closing Values:		
Gross Book Value (30/6)	392	-
Accumulated Amortisation & Impairment	(16)	-
<u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE ¹</u>	<u>376</u>	<u>-</u>

¹ The Net Book Value of Intangible Assets represent:

- Rights to participate in Kimbriki Environmental Enterprises Pty Ltd	376	-
	<u>376</u>	<u>-</u>

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

Council has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets/operations.

Mosman Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 27. Additional Council Disclosures - Council Information

Principal Place of Business:

Civic Centre
Mosman Square, Spit Junction, 2088

Contact Details**Mailing Address:**

PO Box 211
SPIT JUNCTION NSW 2088

Telephone: 02 9978 4000

Facsimile: 02 9978 4132

Opening Hours

Monday to Friday 8.30am to 5pm

Internet: www.mosmancouncil.nsw.gov.au

Email: council@mosman.nsw.gov.au

Officers**GENERAL MANAGER**

V H R May (PSM)

RESPONSIBLE ACCOUNTING OFFICER

M McDonald

PUBLIC OFFICER

M Glyde

AUDITORS

Hill Rogers Spencer Steer
Level 5
1 Chifley Square
SYDNEY NSW 2000

Elected Members**MAYOR**

A S Connon

COUNCILLORS

P S Menzies
B Halloran
D J Lopez (OAM)
T Sherlock
L Moline
J Reid
D Wilton
W Yates

Other Information

ABN: 94 414 022 939

Hill Rogers
Spencer Steer

MOSMAN COUNCIL
GENERAL PURPOSE FINANCIAL STATEMENTS
INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying *general purpose financial statements* of *Mosman Council*, which comprises the Balance Sheet as at 30 June 2010, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

Responsibility of Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1993. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. Our audit responsibility does not extend to the original budget information disclosed in the Income Statement, Statement of Cash Flows, and Note 2(a) or the budget variation explanations disclosed in Note 16. Nor does our responsibility extend to the projected future developer contributions and costs disclosed in Note 17. Accordingly, no opinion is expressed on these matters.

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

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Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion,

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13 part 3 Division 2; and
- (b) the financial statements:
 - (i) have been presented in accordance with the requirements of this Division;
 - (ii) are consistent with the Council's accounting records;
 - (iii) present fairly the Council's financial position, the results of its operations and its cash flows; and
 - (iv) are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that we have become aware of during the course of the audit.

HILL ROGERS SPENCER STEER

B. Hanger

BRETT HANGER
Partner

Dated at Sydney this 7th day of October 2010

Hill Rogers
Spencer Steer

7 October 2010

The Mayor
Mosman Council
PO Box 211
SPIT JUNCTION NSW 2088

Mayor,

Audit Report - Year Ended 30 June 2010

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2010 and that all information required by us was readily available. We have signed our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General and Special Purpose Financial Statements.

Our audit has been conducted in accordance with Australian Auditing Standards so as to express an opinion on both the General and Special Purpose Financial Statements of the Council. We have ensured that the accounts have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) and the Local Government Code of Accounting Practice and Financial Reporting.

This report on the conduct of the audit is also issued under Section 417(1) and we now offer the following comments on the financial statements and the audit;

1. RESULTS FOR THE YEAR

1.1 Operating Result

The operating result for the year was a surplus of \$2.483 million as compared with \$106,000 in the previous year.

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The following table sets out the results for the year and the extent (%) that each category of revenue and expenses contributed to the total.

	2010 \$000	% of Total	2009 \$000	% of Total	Increase (Decrease) \$000
Revenues before capital items					
Rates & annual charges	19,735	55%	18,951	63%	784
User charges, fees & other revenues	13,501	38%	8,782	29%	4,719
Grants & contributions provided for operating purposes	2,088	6%	2,026	7%	62
Interest & investment revenue	296	1%	339	1%	(43)
	35,620	100%	30,098	100%	5,522
Expenses					
Employee benefits & costs	13,365	37%	12,417	38%	948
Materials, contracts & other expenses	18,312	50%	16,044	49%	2,268
Depreciation, amortisation & impairment	4,267	12%	4,096	12%	171
Borrowing costs	480	1%	378	1%	102
	36,424	100%	32,935	100%	3,489
Surplus(Deficit) before capital items	(804)		(2,837)		2,033
Grants & contributions provided for capital purposes	3,287		2,943		344
Net Surplus(Deficit) for the year	2,483		106		2,377

The table above shows an overall increase over the previous year of \$2.377 million. Other expenses include a fair valuation decrement in respect to stormwater drainage assets. This was the result of the revaluation of these assets to depreciated replacement costs and amounted to \$4.572 million. Offsetting this was increase in the fair valuation of investment properties of \$3.356 million compared to a decrease of \$1.650 million in the previous year.

1.2 Funding Result

The operating result does not take into account all revenues and all expenditures and in reviewing the overall financial performance of Council it is useful to take into account the total source of revenues and where they were spent during the year which is illustrated in the table below.

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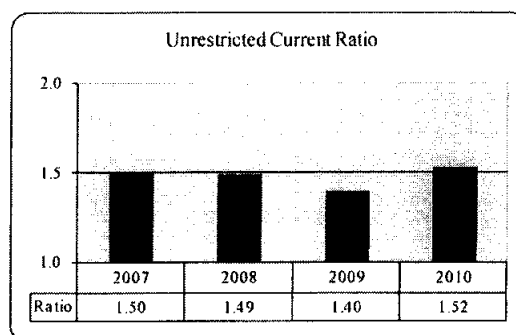
	2010 \$000	2009 \$000
Funds were provided by:-		
Operating Result (as above)	2,483	106
Add back non funding items:-		
- Depreciation, amortisation & impairment	4,267	4,096
- Revaluation Decrements (Fair valuation of I,P,P&E)	4,572	0
- Book value of non current assets sold	261	179
- (Gain)Loss of fair value to investment properties	(3,356)	1,650
- (Surplus)Deficit in joint ventures	(75)	(13)
	<u>8,152</u>	<u>6,018</u>
Decrease/Redemption in Non Current Investments	0	0
New loan borrowings	3,745	2,990
Transfers from externally restricted assets (net)	750	0
Transfers from internal reserves (net)	0	390
Distributions from joint ventures	19	0
Net Changes in current/non current assets & liabilities	<u>279</u>	<u>116</u>
	<u>12,945</u>	<u>9,514</u>
Funds were applied to:-		
Purchase and construction of assets	(9,735)	(6,998)
Principal repaid on loans	(1,972)	(1,394)
Transfers to externally restricted assets (net)	0	(795)
Transfers to internal reserves (net)	(1,941)	0
Capital contributions to joint ventures	(18)	0
	<u>(13,666)</u>	<u>(9,187)</u>
Increase(Decrease) in Available Working Capital	(721)	327

2. FINANCIAL POSITION

2.1 Unrestricted Current Ratio

The Unrestricted Current Ratio is a financial indicator specific to local government and represents Council's ability to meet its debts and obligations as they fall due.

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to \$2.916 million representing a factor of 1.52 to 1.



2.2 Available Working Capital – (Working Funds)

A more meaningful financial indicator specific to local government is the level of **Available Working Capital**. Net Current Assets are adjusted by eliminating both external and internal reserves held for future purposes.

Hill Rogers
Spencer Steer

At the close of the year the Available Working Capital of Council stood at \$1.361 million as detailed below;

	2010 \$000	2009 \$000	Change \$000
Net Current Assets (Working Capital) as per Accounts	(2,573)	(2,626)	53
<i>Add:</i> Payables & provisions not expected to be realised in the next 12 months included above	6,096	5,865	231
Adjusted Net Current Assets	3,523	3,239	284
<i>Add:</i> Budgeted & expected to pay in the next 12 months			
- Borrowings	1,919	1,776	143
- Employees leave entitlements	1,341	1,245	96
- Deposits & retention moneys	347	400	(53)
<i>Less:</i> Externally restricted assets	(607)	(1,357)	750
<i>Less:</i> Internally restricted assets	(5,162)	(3,221)	(1,941)
Available Working Capital as at 30 June	1,361	2,082	(721)

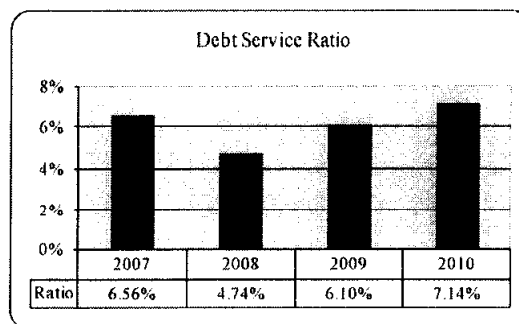
The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures. Taking into consideration the nature and level of the internally restricted assets (Reserves) set aside we are of the opinion that Available Working Capital as at 30 June 2010 was adequate.

2.3 Debt

Operating revenue (excluding special purpose grants and contributions) required to service debt (loan repayments) was 7.14%.

New loans of \$3.745 million were taken up during the year.

Principal and interest paid was \$2.452 million leaving total debt as at 30 June 2010 at \$9.855 million.



2.4 Summary

Council's overall financial position, when taking into account the above financial indicators is, in our opinion, satisfactory.

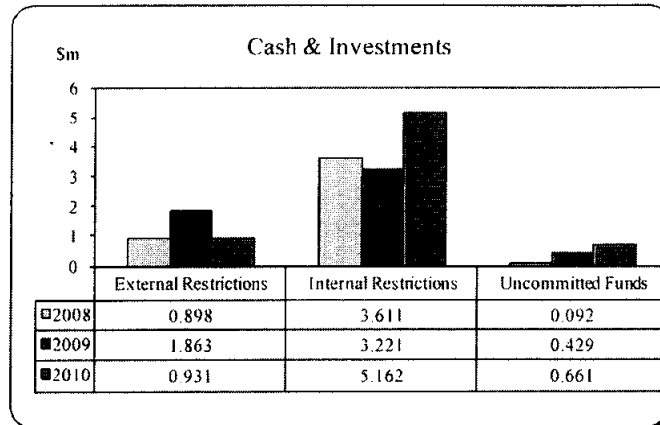
Hill Rogers
Spencer Steer

3. CASH ASSETS

3.1 Cash & Investments

Cash and investments held at the close of the year amounted to \$6.754 million as compared with \$5.513 million and \$4.60 million at the close of financial years 2009 and 2008 respectively.

The chart alongside summarises the purposes for which cash and investments were held.



Externally restricted cash and investments are restricted in their use by externally imposed requirements and consist of unexpended development contributions under Section 94 (\$575,000) and specific purpose grants (\$356,000).

Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's "**Reserves**". These Reserves totalled \$5.162 million and their purposes are more fully disclosed in Notes 6 of the financial statements.

Unrestricted cash and investments amounted to \$661,000, which is available to provide liquidity for day to day operations.

3.2 Cash Flows

The Statement of Cash Flows illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that Cash Assets increased by \$741,000 to \$5.754 million at the close of the year.

In addition to operating activities which contributed net cash of \$9.026 million were the proceeds from the sale of assets (\$332,000), redemption of investments (\$500,000), distributions from joint ventures (\$19,000) and new loans (\$3.745 million). Cash outflows other than operating activities were used to repay loans (\$1.972 million), purchase investments (\$1 million), make contributions to joint ventures (\$18,000) and to purchase and construct assets (\$9.891 million).

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Spencer Steer

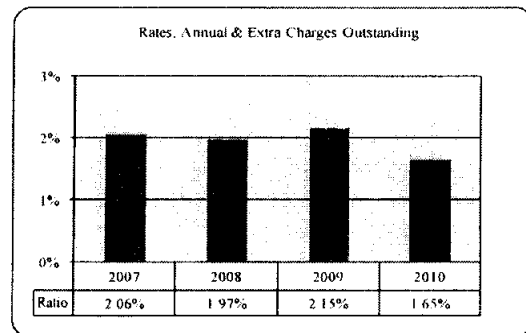
4. RECEIVABLES

4.1 Rates & Annual Charges (excluding interest & extra charges)

Net rates and annual charges levied during the year totalled \$19.735 million and represented 50.72% of Council's total revenues. Including arrears, the total rates and annual charges collectible was \$20.123 million of which \$19.801 million (98.40%) was collected.

4.2 Rates, Annual & Extra Charges

Arrears of rates, annual & extra charges stood at \$333,000 at the end of the year and represented 1.65% of those receivables.



4.3 Other Receivables

Receivables (other than Rates & Annual Charges) totalled \$2.499 million and mainly consisted of user charges, fees and revenue accruals (\$1.873 million). Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$407,000.

5. PAYABLES

5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$3.413 million. A cash reserve of \$550,000 was held at year end representing 16.11% of this liability.

5.2 Deposits, Retentions & Bonds

Deposits, retentions and bonds held at year end amounted to \$4.471 million and a cash reserve was held amounting to \$2.000 million representing 44.73% of this liability and was sufficient to meet anticipated repayments in the near future.

Hill Rogers
Spencer Steer

6. REVALUATION OF ASSETS

The valuation at 'fair value' of Council's infrastructure, property, plant and equipment is being introduced in a staged approach. In previous years several asset categories, including operational land and buildings, water and sewerage assets, plant and equipment have been valued.

This year saw the revaluation of roads, bridges, footpaths and drainage. The revaluation process resulted in a net increase to the asset revaluation reserve of \$71.993 million and was credited directly to Equity. Notes 1(j) & 9 of the financial statements provide further details.

Fair valuation of the remaining asset categories, including community land and other structures, will be required in the 2010/11 financial year.

7. CONCLUSION

We wish to record our appreciation to your General Manager and his staff for their ready co-operation and the courtesies extended to us during the conduct of the audit.

Yours faithfully,
HILL ROGERS SPENCER STEER



BRETT HANGER
Partner

Mosman Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2010

*Proud to be Mosman
Protecting our Heritage
Planning our Future
Involving our Community*

Mosman
COUNCIL

Mosman Council

Special Purpose Financial Statements

for the financial year ended 30 June 2010

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2. Special Purpose Financial Statements:	
- Income Statement of Other Business Activities	3
- Balance Sheet of Other Business Activities	5
3. Notes to the Special Purpose Financial Statements	7
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Background

(i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.

(ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

(iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

(iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).

Mosman Council

Special Purpose Financial Statements

for the financial year ended 30 June 2010

Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

The attached Special Purpose Financial Statements have been prepared in accordance with:

- The NSW Government Policy Statement "Application of National Competition Policy to Local Government"
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality"
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".

To the best of our knowledge and belief, these Financial Statements:

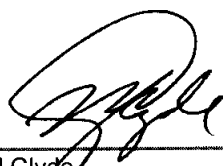
- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

We are not aware of any matter that would render these Statements false or misleading in any way.

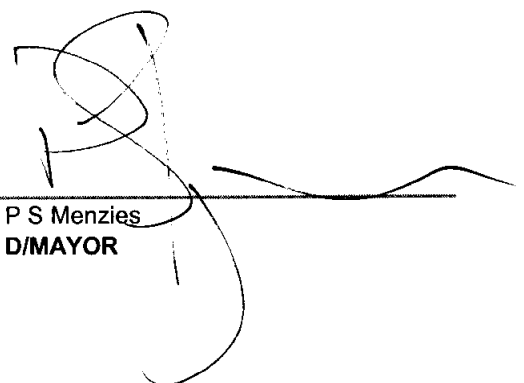
Signed in accordance with a resolution of Council made on 5 October 2010



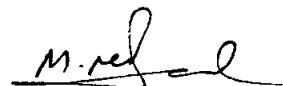
A S Connon
MAYOR



M N Glyde
A/GENERAL MANAGER



P S Menzies
D/MAYOR



M McDonald
RESPONSIBLE ACCOUNTING OFFICER

Mosman Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2010

	Commercial Property Management		Development Approvals	
	Actual 2010	Actual 2009	Actual 2010	Actual 2009
\$ '000				
Income from continuing operations				
Access charges	-	-	-	-
User charges	821	919	753	630
Fees	-	-	-	-
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	5,168	1,832	-	-
Total income from continuing operations	5,989	2,751	753	630
Expenses from continuing operations				
Employee benefits and on-costs	56	55	597	636
Borrowing costs	-	-	-	-
Materials and contracts	26	83	3	3
Depreciation and impairment	152	152	-	-
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	150	116	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	-	1,650	234	180
Total expenses from continuing operations	384	2,056	834	819
Surplus (deficit) from Continuing Operations before capital amounts	5,605	695	(81)	(189)
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	5,605	695	(81)	(189)
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	5,605	695	(81)	(189)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(1,682)	(209)	-	-
SURPLUS (DEFICIT) AFTER TAX	3,924	487	(81)	(189)
plus Opening Retained Profits	43,026	43,727	(178)	(213)
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	150	116	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	1,682	209	-	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	41	224
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	(2,283)	(1,512)	-	-
Closing Retained Profits	46,498	43,026	(218)	(178)
Return on Capital %	89.5%	10.8%	n/a	n/a
Subsidy from Council	-	-	81	189

Mosman Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2010

	Core Group (Private Works)	
	Actual 2010	Actual 2009
\$ '000		
Income from continuing operations		
Access charges	-	-
User charges	-	-
Fees	-	-
Interest	-	-
Grants and contributions provided for non capital purposes	-	-
Profit from the sale of assets	-	-
Other income	426	288
Total income from continuing operations	426	288
Expenses from continuing operations		
Employee benefits and on-costs	270	239
Borrowing costs	-	-
Materials and contracts	112	102
Depreciation and impairment	66	60
Loss on sale of assets	-	-
Calculated taxation equivalents	28	20
Debt guarantee fee (if applicable)	-	-
Other expenses	-	7
Total expenses from continuing operations	476	428
Surplus (deficit) from Continuing Operations before capital amounts	(50)	(140)
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(50)	(140)
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	(50)	(140)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	(50)	(140)
plus Opening Retained Profits	1,416	1,536
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	28	20
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
add:		
- Subsidy Paid/Contribution To Operations	-	-
less:		
- TER dividend paid	-	-
- Dividend paid	-	-
Closing Retained Profits	1,394	1,416
Return on Capital %	-3.9%	-11.4%
Subsidy from Council	116	208

Mosman Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2010

	Commercial Property Management Category 1		Development Approvals Category 2	
\$ '000	Actual 2010	Actual 2009	Actual 2010	Actual 2009
ASSETS				
Current Assets				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Receivables	86	547	-	-
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	86	547	-	-
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	6,265	6,417	-	-
Investments accounted for using equity method	-	-	-	-
Investment property	40,233	36,609	-	-
Other	-	-	-	-
Total Non-Current Assets	46,498	43,026	-	-
TOTAL ASSETS	46,584	43,573	-	-
LIABILITIES				
Current Liabilities				
Payables	86	547	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	67	47
Total Current Liabilities	86	547	67	47
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	151	131
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	-	-	151	131
TOTAL LIABILITIES	86	547	218	178
NET ASSETS	46,498	43,026	(218)	(178)
EQUITY				
Retained earnings	46,498	43,026	(218)	(178)
Revaluation reserves	-	-	-	-
Council equity interest	46,498	43,026	(218)	(178)
Minority equity interest	-	-	-	-
TOTAL EQUITY	46,498	43,026	(218)	(178)

Mosman Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2010

	Core Group (Private Works)	
	Category 2	
\$ '000	Actual 2010	Actual 2009
ASSETS		
Current Assets		
Cash and cash equivalents	-	-
Investments	-	-
Receivables	85	233
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	85	233
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	91	68
Infrastructure, property, plant and equipment	1,291	1,229
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total Non-Current Assets	1,382	1,297
TOTAL ASSETS	1,467	1,530
LIABILITIES		
Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	33	33
Total Current Liabilities	33	33
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	40	81
Other Liabilities	-	-
Total Non-Current Liabilities	40	81
TOTAL LIABILITIES	73	114
NET ASSETS	1,394	1,416
EQUITY		
Retained earnings	1,394	1,416
Revaluation reserves	-	-
Council equity interest	1,394	1,416
Minority equity interest	-	-
TOTAL EQUITY	1,394	1,416

Mosman Council

Special Purpose Financial Statements for the financial year ended 30 June 2010

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
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Mosman Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2010

Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Division of Local Government.

For the purposes of these statements, the Council's business activities (reported herein) are not reporting entities.

These special purpose financial statements, unless otherwise stated, have been prepared in accordance with;

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Australian Accounting Interpretations,
- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis. They are based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the Division of Local Government in July 1997 has also been adopted.

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These

disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

Declared Business Activities

In accordance with *Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

Category 1

(where gross operating turnover is over \$2 million)

a. Commercial Property Management

Takes into account Council's Commercial Property portfolio and includes properties such as Mosman Square & Library Walk shops, Boronia House, Library Walk flats and Balmoral Bathers.

Category 2

(where gross operating turnover is less than \$2 million)

a. Development Approvals

Takes into account the development approvals process within Council.

b. Core Group

Represents Council's core outdoor staff and the various contracts undertaken by the group during the financial year.

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars.

(i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

Mosman Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2010

Note 1. Significant Accounting Policies (continued)

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all council nominated business activities (this does not include council's non-business activities):

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first **\$376,000** of combined land values attracts **0%**. From \$376,001 to \$2,299,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,299,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.65%** on the value of taxable salaries and wages in excess of \$638,000.

Income Tax

An income tax equivalent has been applied on the profits of the business.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved.

Since this taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's GPFS.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

Local Government Rates & Charges

A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face "true" commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

(ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed.

Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations.

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of Business Activities.

(iii) Return on Investments (Rate of Return)

The Policy statement requires that councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is

Mosman Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2010

Note 1. Significant Accounting Policies (continued)

comparable to rates of return for private businesses operating in a similar field".

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

Written Down Value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 5.10% at 30/6/10.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

(iv) Dividends

Council is not required to pay dividends to either itself as owner of a range of businesses or to any external entities.

Hill Rogers
Spencer Steer

MOSMAN COUNCIL

SPECIAL PURPOSE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying *special purpose financial statements* of **Mosman Council**, which comprises the Balance Sheet as at 30 June 2010, Income Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

Responsibility of Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993 and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial statements, are appropriate to meet the financial reporting requirements of the Division of Local Government. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

The financial statements have been prepared for distribution to the Council and the Division of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the

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Steer Assurance Partners

ABN 56 435 338 966

Hill Rogers
Spencer Steer

Division of Local Government, or for any purpose other than that for which they were prepared.

Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the special purpose financial statements of the Council are presented fairly in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

HILL ROGERS SPENCER STEER

B. Hanger

BRETT HANGER
Partner

Dated at Sydney this 7th day of October 2010

Mosman Council

SPECIAL SCHEDULES
for the year ended 30 June 2010

*Proud to be Mosman
Protecting our Heritage
Planning our Future
Involving our Community*

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COUNCIL

Mosman Council

Special Schedules

for the financial year ended 30 June 2010

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¹ Special Purpose Schedules are not audited.

Background

(i) These Special Schedules have been designed to meet the requirements of special purpose users such as;

- the NSW Grants Commission
- the Australian Bureau of Statistics (ABS),
- the NSW Office of Water,
- the Department of Environment, Climate Change and Water, and
- the Division of Local Government (DLG).

(ii) The financial data is collected for various uses including;

- the allocation of Financial Assistance Grants,
- the incorporation of Local Government financial figures in national statistics,
- the monitoring of loan approvals,
- the allocation of borrowing rights, and
- the monitoring of the financial activities of specific services.

Mosman Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2010

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Administration	7,527	152	-	(7,375)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	946	-	-	(946)
Beach Control	75	26	-	(49)
Enforcement of Local Govt Regs	330	147	-	(183)
Animal Control	26	27	-	1
Other	30	125	-	95
Total Public Order & Safety	1,407	325	-	(1,082)
Health	229	40	-	(189)
Environment				
Noxious Plants and Insect/Vermin Control	35	-	-	(35)
Other Environmental Protection	939	13	436	(490)
Solid Waste Management	5,139	5,053	-	(86)
Street Cleaning	1,013	-	-	(1,013)
Drainage	5,163	-	150	(5,013)
Stormwater Management	31	-	-	(31)
Total Environment	12,320	5,066	586	(6,668)
Community Services and Education				
Administration & Education	464	-	-	(464)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	683	706	-	23
Childrens Services	1,013	826	-	(187)
Total Community Services & Education	2,160	1,532	-	(628)
Housing and Community Amenities				
Public Cemeteries	-	-	-	-
Public Conveniences	255	-	-	(255)
Street Lighting	463	70	-	(393)
Town Planning	1,349	1,019	-	(330)
Other Community Amenities	60	25	924	889
Total Housing and Community Amenities	2,127	1,114	924	(89)
Water Supplies	-	-	-	-
Sewerage Services	-	-	-	-

Mosman Council

Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2010

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	2,080	201	-	(1,879)
Museums	-	-	-	-
Art Galleries	377	112	10	(255)
Community Centres and Halls	161	112	-	(49)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	621	122	-	(499)
Sporting Grounds and Venues	918	98	1,034	214
Swimming Pools	315	172	-	(143)
Parks & Gardens (Lakes)	1,702	156	202	(1,344)
Other Sport and Recreation	99	-	-	(99)
Total Recreation and Culture	6,273	973	1,246	(4,054)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	764	82	-	(682)
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	764	82	-	(682)
Transport and Communication				
Urban Roads (UR) - Local	1,868	714	194	(960)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	-	-	-	-
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	726	3,279	94	2,647
Footpaths	312	109	-	(203)
Aerodromes	-	-	-	-
Other Transport & Communication	436	-	243	(193)
Total Transport and Communication	3,342	4,102	531	1,291
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	275	6,218	-	5,943
Total Economic Affairs	275	6,218	-	5,943
Totals – Functions	36,424	19,604	3,287	(13,533)
General Purpose Revenues⁽¹⁾		15,941	-	15,941
Share of interests - joint ventures & associates using the equity method	-	75		75
NET OPERATING RESULT FOR YEAR	36,424	35,620	3,287	2,483

(1) Includes: Rates & Annual Charges (incl. Ex Gratia), Untied General Purpose Grants & Interest on Investments (excl. Restricted Assets)

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)
for the financial year ended 30 June 2010

\$,000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year	
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current
Loans (by Source)										
Commonwealth Government	-	-	-							-
Treasury Corporation	-	-	-							-
Other State Government	-	-	-							-
Public Subscription	-	-	-							-
Financial Institutions	1,453	5,786	7,239	3,745	1,649	-	-	480	1,789	7,546
Other	-	-	-							-
Total Loans	1,453	5,786	7,239	3,745	1,649	-	-	480	1,789	7,546
										9,335
Other Long Term Debt										
Ratepayers Advances	-	-	-							-
Government Advances	-	-	-							-
Finance Leases	-	-	-							-
Deferred Payments	323	520	843	-	323	-	-	-	130	390
Total Long Term Debt	323	520	843	-	323	-	-	-	130	390
										520
Total Debt	1,776	6,306	8,082	3,745	1,972	-	-	480	1,919	7,936
										9,855

Notes: Excludes (i) Internal Loans and (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the Face Value of debt obligations, rather than Fair Value (as per the GPFS's).

Special Schedule No. 7 - Condition of Public Works (continued)
as at 30 June 2010

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ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n. Expense (\$)	Cost	Valuation	Accumulated Depreciation & Impairment	Carrying Amount (WDV)	Asset Condition [#]	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual M'ntce	Current ⁽³⁾ Annual M'ntce
		per Note 1	per Note 4	<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<							

Special Schedule No. 7 - Condition of Public Works (continued)
as at 30 June 2010

\$,000

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n. Expense (\$)	Cost	Valuation	Accumulated Depreciation & Impairment	Carrying Amount (WDV)	Asset Condition*	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual M'tnce	Current ⁽³⁾ Annual M'tnce
		per Note 1	per Note 4	<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<&							

Notes:

- (1). Satisfactory refers to estimated cost to bring the asset to a satisfactory condition as deemed by Council. It does not include any planned enhancements to the existing asset.
- (2). Required Annual Maintenance is what should be spent to maintain assets in a satisfactory standard.
- (3). Current Annual Maintenance is what has been spent in the current year to maintain assets.

Asset Condition "Key" - as per NSW Local Government Asset Accounting Manual

1	Near Perfect - Ranges from New or Good	5	Asset Unserviceable - Critical, Beyond Repair
2	Superficial Deterioration - Ranges from Generally Good to Fair		
3	Deterioration Evident - Ranges from Fair to Marginal		
4	Requires Major Reconstruction - Ranges from Poor to Critical		

Mosman Council

Special Schedule No. 8 - Financial Projections
as at 30 June 2010

\$'000	Actual ⁽¹⁾ 09/10	Forecast 10/11	Forecast 11/12	Forecast ⁽³⁾ 12/13	Forecast ⁽³⁾ 13/14
(i) RECURRENT BUDGET					
Income from continuing operations	38,907	34,315	34,714	35,585	36,589
Expenses from continuing operations	36,424	34,328	35,286	36,338	37,133
Operating Result from Continuing Operations	2,483	(13)	(572)	(753)	(544)
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾	5,709	2,804	-	-	-
Replacement/Refurbishment of Existing Assets	3,466	5,256	3,157	3,045	3,286
Total Capital Budget	9,175	8,060	3,157	3,045	3,286
Funded by:					
- Loans	2,050	2,750	-	-	-
- Asset sales	90	-	160	-	160
- Reserves	772	1,995	205	211	217
- Grants/Contributions	3,475	1,070	600	600	600
- Recurrent revenue	2,763	2,245	2,192	2,234	2,309
- Other	25	-	-	-	-
	9,175	8,060	3,157	3,045	3,286

Notes:

(1) From 09/10 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

(3) If Council has only adopted 3 years of projections then only show 3 years.