

# Mosman Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2011

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*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 2011

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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 politic 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 Paragraph 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 05/10/11. Council has the power to amend and reissue the financial statements.
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# Mosman Council

## General Purpose Financial Statements

for the financial year ended 30 June 2011

### 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:**

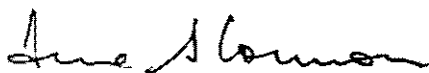
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

**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.

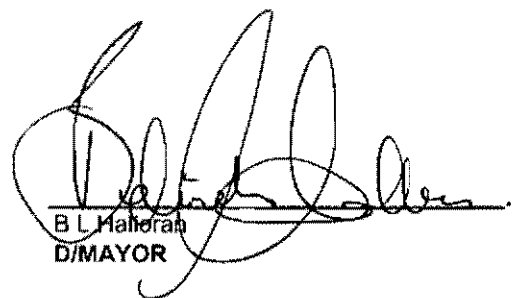
**We are not aware of any matter that would render the Reports false or misleading in any way.**

**Signed in accordance with a resolution of Council made on 4 October 2011**



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A S Connon  
MAYOR



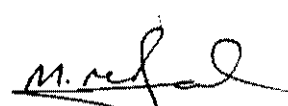
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B L Mahorah  
D/MAYOR



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M N Clyde  
A/GENERAL MANAGER



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M McDonald  
RESPONSIBLE ACCOUNTING OFFICER

## Mosman Council

## Income Statement

for the financial year ended 30 June 2011

Budget <sup>(1)</sup> 2011 \$ '000		Notes	Actual 2011	Actual 2010
<b>Income from Continuing Operations</b>				
<b>Revenue:</b>				
20,445	Rates & Annual Charges	3a	20,509	19,755
5,712	User Charges & Fees	3b	7,028	6,447
310	Interest & Investment Revenue	3c	397	296
5,008	Other Revenues <sup>(2)</sup>	3d	4,139	6,888
1,770	Grants & Contributions provided for Operating Purposes	3e,f	2,330	2,088
1,070	Grants & Contributions provided for Capital Purposes	3e,f	1,796	3,287
<b>Other Income:</b>				
-	Net gains from the disposal of assets	5	-	71
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	90	75
<b>34,315</b>	<b>Total Income from Continuing Operations</b>		<b>36,289</b>	<b>38,907</b>
<b>Expenses from Continuing Operations</b>				
13,739	Employee Benefits & On-Costs	4a	13,719	13,365
814	Borrowing Costs	4b	615	480
10,025	Materials & Contracts	4c	9,258	8,628
4,800	Depreciation & Amortisation	4d	7,847	4,251
-	Impairment	4d	16	16
4,950	Other Expenses <sup>(3)</sup>	4e	8,624	9,684
-	Net Losses from the Disposal of Assets	5	244	-
<b>34,328</b>	<b>Total Expenses from Continuing Operations</b>		<b>40,323</b>	<b>36,424</b>
<b>(13)</b>	<b>Operating Result from Continuing Operations</b>		<b>(4,034)</b>	<b>2,483</b>
<b>(13)</b>	<b>Net Operating Result for the Year</b>		<b>(4,034)</b>	<b>2,483</b>
(13)	Net Operating Result attributable to Council		(4,034)	2,483
-	Net Operating Result attributable to Minority Interests		-	-
<b>(1,083)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>(5,830)</b>	<b>(804)</b>

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

(2) Actual in 2011 includes Fair Value Adjustment on Investment Properties of \$618K

(3) Actual in 2011 includes Fair Value Decrement on Marine Structures of \$3.225M

## Mosman Council

## Statement of Comprehensive Income

for the financial year ended 30 June 2011

\$ '000	Notes	Actual 2011	Actual 2010
Net Operating Result for the year (as per Income statement)		<b>(4,034)</b>	<b>2,483</b>
<b>Other Comprehensive Income</b>			
Gain (loss) on revaluation of I,PP&E	20b (ii)	5,641	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)	-	-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-
<b>Total Other Comprehensive Income for the year</b>		<b>5,641</b>	<b>71,993</b>
<b>Total Comprehensive Income for the Year</b>		<b>1,607</b>	<b>74,476</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>1,607</b>	<b>74,476</b>
<b>Total Comprehensive Income attributable to Minority Interests</b>		<b>-</b>	<b>-</b>

## Mosman Council

## Balance Sheet

as at 30 June 2011

\$ '000	Notes	Actual 2011	Actual 2010	Actual 2009
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents	6a	4,359	5,754	5,013
Investments	6b	1,000	1,000	500
Receivables	7	2,461	2,345	2,820
Inventories	8	160	139	115
Other	8	87	267	150
Non-current assets classified as 'held for sale'	22	-	-	-
<b>Total Current Assets</b>		<b>8,067</b>	<b>9,505</b>	<b>8,598</b>
<b>Non-Current Assets</b>				
Receivables	7	80	80	101
Infrastructure, Property, Plant & Equipment	9	432,618	429,933	464,627
Investments accounted for using the equity method	19	555	497	423
Investment Property	14	40,909	40,233	36,609
Intangible Assets	25	360	376	-
Other	8	-	-	-
<b>Total Non-Current Assets</b>		<b>474,522</b>	<b>471,119</b>	<b>501,760</b>
<b>TOTAL ASSETS</b>		<b>482,589</b>	<b>480,624</b>	<b>510,358</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	10	6,620	6,846	6,420
Borrowings	10	1,771	1,919	1,776
Provisions	10	3,538	3,313	3,028
<b>Total Current Liabilities</b>		<b>11,929</b>	<b>12,078</b>	<b>11,224</b>
<b>Non-Current Liabilities</b>				
Payables	10	-	-	-
Borrowings	10	8,415	7,936	6,306
Provisions	10	128	100	116
<b>Total Non-Current Liabilities</b>		<b>8,543</b>	<b>8,036</b>	<b>6,422</b>
<b>TOTAL LIABILITIES</b>		<b>20,472</b>	<b>20,114</b>	<b>17,646</b>
<b>Net Assets</b>		<b>462,117</b>	<b>460,510</b>	<b>492,712</b>
<b>EQUITY</b>				
Retained Earnings	20	275,828	279,862	384,057
Revaluation Reserves	20	186,289	180,648	108,655
Council Equity Interest		462,117	460,510	492,712
Minority Equity Interest		-	-	-
<b>Total Equity</b>		<b>462,117</b>	<b>460,510</b>	<b>492,712</b>

## Mosman Council

Statement of Changes in Equity  
for the financial year ended 30 June 2011

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2011</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		386,540	180,648	<b>567,188</b>	-	<b>567,188</b>
a. Correction of Prior Period Errors	20 (c)	7,124	-	<b>7,124</b>	-	<b>7,124</b>
b. Changes in Accounting Policies (prior year effects)	20 (d)	(113,802)	-	<b>(113,802)</b>	-	<b>(113,802)</b>
<b>Revised Opening Balance</b> (as at 1/7/10)		<b>279,862</b>	<b>180,648</b>	<b>460,510</b>	-	<b>460,510</b>
<b>c. Net Operating Result for the Year</b>		<b>(4,034)</b>	-	<b>(4,034)</b>	-	<b>(4,034)</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	5,641	<b>5,641</b>	-	<b>5,641</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		<b>-</b>	<b>5,641</b>	<b>5,641</b>	-	<b>5,641</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>(4,034)</b>	<b>5,641</b>	<b>1,607</b>	-	<b>1,607</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>275,828</b>	<b>186,289</b>	<b>462,117</b>	-	<b>462,117</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2010</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		419,569	108,655	<b>528,224</b>	-	<b>528,224</b>
a. Correction of Prior Period Errors	20 (c)	(28,388)	-	<b>(28,388)</b>	-	<b>(28,388)</b>
b. Changes in Accounting Policies (prior year effects)	20 (d)	(113,802)	-	<b>(113,802)</b>	-	<b>(113,802)</b>
<b>Revised Opening Balance</b> (as at 1/7/09)		<b>277,379</b>	<b>108,655</b>	<b>386,034</b>	-	<b>386,034</b>
<b>c. Net Operating Result for the Year</b>		<b>2,483</b>	-	<b>2,483</b>	-	<b>2,483</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	71,993	<b>71,993</b>	-	<b>71,993</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		<b>-</b>	<b>71,993</b>	<b>71,993</b>	-	<b>71,993</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>2,483</b>	<b>71,993</b>	<b>74,476</b>	-	<b>74,476</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>279,862</b>	<b>180,648</b>	<b>460,510</b>	-	<b>460,510</b>

## Mosman Council

## Statement of Cash Flows

for the financial year ended 30 June 2011

Budget 2011	\$ '000	Notes	Actual 2011	Actual 2010
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
20,343	Rates & Annual Charges		20,437	19,801
5,683	User Charges & Fees		7,163	7,098
310	Investment & Interest Revenue Received		397	309
2,840	Grants & Contributions		3,961	5,283
4,983	Other		3,411	3,502
<b>Payments:</b>				
(12,785)	Employee Benefits & On-Costs		(13,466)	(13,096)
(9,905)	Materials & Contracts		(9,696)	(8,165)
(814)	Borrowing Costs		(626)	(466)
(4,903)	Other		(5,002)	(5,240)
<b>5,752</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>6,579</b>	<b>9,026</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Investment Securities		1,000	500
-	Sale of Infrastructure, Property, Plant & Equipment		37	332
-	Distributions Received from Joint Ventures & Associates		32	19
<b>Payments:</b>				
-	Purchase of Investment Securities		(1,000)	(1,000)
-	Purchase of Investment Property		(58)	(168)
(6,446)	Purchase of Infrastructure, Property, Plant & Equipment		(8,316)	(9,331)
-	Purchase of Intangible Assets		-	(392)
-	Contributions Paid to Joint Ventures & Associates		-	(18)
<b>(6,446)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(8,305)</b>	<b>(10,058)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
2,750	Proceeds from Borrowings & Advances		2,250	3,745
<b>Payments:</b>				
(1,984)	Repayment of Borrowings & Advances		(1,789)	(1,649)
-	Other (Repayment of Deferred Creditors)		(130)	(323)
<b>766</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>331</b>	<b>1,773</b>
<b>72</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(1,395)</b>	<b>741</b>
5,754	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	5,754	5,013
<b>5,826</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>4,359</b>	<b>5,754</b>
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	1,000	1,000
<b>Total Cash, Cash Equivalents &amp; Investments</b>			<b>5,359</b>	<b>6,754</b>

Please refer to Note 11 for additional cash flow information



## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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n/a - not applicable

## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### 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 (AASB's), 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,
- Other authoritative pronouncements of the Australian Accounting Standards Board,
- 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)

As 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.

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

Under the Local Government Act (LGA), 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.

###### (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.

## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

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.

Revenue 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.

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.

## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (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 30/6/11) and (ii) all the related operating results (for the financial year ended the 30th June 2011).

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 Ventures

###### 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 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.

## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

##### 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.

##### (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.

## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (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.

##### 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.



## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (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 Ministerial 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 Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments that 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. 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.

## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

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.

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.



## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

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 have been 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)
- **Community Land** (External Valuation and where appropriate Internal)
- **Land Improvements** (Internal Valuation)
- **Other Structures** (External Valuation)
- **Other Assets** (as approximated by depreciated historical cost)

##### Initial Recognition

On initial recognition, an assets 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:

- 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.

## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

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:

##### 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

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

Some assets within these categories will have designated lives less than the above as noted in Special Schedule 7 which is attached to these accounts.

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.

## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

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.

Council has not acquired any land under roads after 1 July 2008.

##### (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".

A revaluation was undertaken in 2011.

##### (p) Impairment of assets

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

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 its 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.

## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

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.

##### (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.

## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

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.

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 \$680,068 million at 30 June 2011 (\$695,478 at 30 June 2010).

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



## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

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.

##### **Defined 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 30/6/11.

##### **(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.

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.

## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

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 2011.

**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, AASB 2009 11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)***

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities.

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

When adopted, the standard will affect in particular the 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 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 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.

***AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)***

Amendments made to AASB 7 Financial Instruments: Disclosures in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets.

The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties.

They are not expected to have any significant impact on Council's disclosures.

#### **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.

## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

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

***AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013)***

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia.

Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements.

Local Government are specifically excluded from adopting the new Australian Accounting Standards – Reduced Disclosure Requirements.

***AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (effective from 1 January 2012)***

In December 2010, the AASB amended AASB 112 Income Taxes to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model.

AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities, that is through use or through sale.

Council is not subject to Income Tax and accordingly this amendment will have no impact on future financial statements.

#### (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.



# Notes to the Financial Statements

for the financial year ended 30 June 2011

## 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 Operations		Total Assets held (Current & Non-current)	
	Original Budget 2011	Actual 2011	Actual 2010	Original Budget 2011	Actual 2011	Actual 2010	Original Budget 2011	Actual 2011	Actual 2010	Actual 2011	Actual 2010	Actual 2011	Actual 2010
Council, Community & Communication	1	1	-	1,255	1,054	1,120	(1,254)	(1,053)	(1,120)	79	-	-	-
Resource & Asset Management	2,987	4,679	7,327	7,060	7,816	7,070	(4,073)	(3,137)	257	-	-	57,753	58,566
Urban Planning	116	196	201	630	668	594	(514)	(472)	(393)	75	83	-	-
Built Environment	1,130	921	919	1,398	1,049	1,275	(268)	(128)	(356)	-	-	15	34
Environment Management & Health	5,695	5,783	5,940	9,000	8,600	10,858	(3,305)	(2,817)	(4,918)	455	917	28,076	28,471
Parks & Recreation	1,459	865	1,760	2,497	6,343	2,429	(1,038)	(5,478)	(669)	117	1,241	153,790	149,633
Community Safety	10	9	151	1,288	1,433	1,829	(1,278)	(1,424)	(1,678)	-	-	8	1
Community Services	1,495	1,577	1,544	2,468	2,206	2,374	(973)	(629)	(830)	711	697	5,196	5,249
Library and information	176	195	201	2,193	1,999	2,273	(2,017)	(1,804)	(2,072)	78	91	10,256	10,341
Cultural Development & Services	372	415	453	1,315	1,637	2,349	(943)	(1,222)	(1,896)	-	-	5,707	5,756
Transport & Traffic	4,509	5,034	4,375	5,033	7,358	4,022	(524)	(2,324)	353	288	256	221,233	222,076
Local & Regional Economy	-	-	20	191	160	231	(191)	(160)	(211)	-	-	-	-
<b>Total Functions &amp; Activities</b>	<b>17,950</b>	<b>19,675</b>	<b>22,891</b>	<b>34,328</b>	<b>40,323</b>	<b>36,424</b>	<b>(16,378)</b>	<b>(20,648)</b>	<b>(13,533)</b>	<b>1,803</b>	<b>3,285</b>	<b>482,034</b>	<b>480,127</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	90	75	-	-	-	-	90	75	-	-	555	497
General Purpose Income <sup>1</sup>	16,365	16,524	15,941	-	-	-	16,365	16,524	15,941	851	800	-	-
<b>Operating Result from Continuing Operations</b>	<b>34,315</b>	<b>36,289</b>	<b>38,907</b>	<b>34,328</b>	<b>40,323</b>	<b>36,424</b>	<b>(13)</b>	<b>(4,034)</b>	<b>2,483</b>	<b>2,654</b>	<b>4,085</b>	<b>482,589</b>	<b>480,624</b>

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

## Mosman Council

### Notes to the Financial Statements for the financial year ended 30 June 2011

#### 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 & Volunteering, 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**

Cultural 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 2011

## Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a). Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		13,842	13,452
Business		1,461	1,418
<b>Total Ordinary Rates</b>		<b>15,303</b>	<b>14,870</b>
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496, s.501 & s.611)			
Domestic Waste Management Services		5,186	4,865
Section 611 Charges		20	20
<b>Total Annual Charges</b>		<b>5,206</b>	<b>4,885</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>20,509</b>	<b>19,755</b>

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

## (b). User Charges & Fees

<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		47	43
<b>Total User Charges</b>		<b>47</b>	<b>43</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s608 & 610A)			
Planning & Building Regulation		793	835
Regulatory Fees		61	77
Section 149 Certificates (EPA Act)		141	139
Section 603 Certificates		88	54
Other		-	44
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>1,083</b>	<b>1,149</b>

## Mosman Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
<b>(b). User Charges &amp; Fees (continued)</b>			
<b>(ii) Fees &amp; Charges - Other(incl. General User Charges (per s.610C))</b>			
Art Prize Fees		31	37
Children's Leisure & Learning		15	11
Community Restaurant		31	33
Cultural Centre		112	112
Dinghy Storage Racks		26	24
Family Day Care Parent Levy		9	27
Filming Permits		4	-
Footpath Occupation		138	96
Hoarding Fees		36	125
Kidzone - Vacation		87	36
Lease Rentals (Property)		999	822
Leaseback Fees - Council Vehicles		42	52
Market Days (Stall Holders)		87	89
Meals on Wheels		106	133
Mini Skips		24	27
Mosman Occasional Child Care		284	248
Occasional Child Care		10	8
Out of School Care		218	216
Oval Rents		133	80
Parking Fees - On Street		1,341	910
Parking Fees - Foreshore		763	726
Parking Fees - Foreshore - Stickers		153	111
Parking Fees - Resident Parking Scheme Permits		35	37
Photocopying - Civic Centre		5	5
Photocopying - Library		11	13
Reserve Rents		67	128
Restoration Charges		438	398
Section 153 Land Leases		83	95
Stand Plant Permits		54	70
Trading Rights - Foreshore		11	14
Vacation Care		41	73
Vehicular Crossing		24	17
Vehicular Crossing - Inspection Fees		11	13
Work Zone Fees		118	91
Other		351	378
<b>Total Fees &amp; Charges - Other</b>		<b>5,898</b>	<b>5,255</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>7,028</b>	<b>6,447</b>

## Mosman Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
<b>(c). Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges		37	33
- Interest earned on Investments (interest & coupon payment income)		360	263
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>397</u></b>	<b><u>296</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges		37	33
General Council Cash & Investments		333	238
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		27	25
<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>		<b><u>397</u></b>	<b><u>296</u></b>
<b>(d). Other Revenues</b>			
Fair Value Adjustments - Investment Properties	14	618	3,356
Rental Income - Investment Properties	14	1,851	1,812
Fines		1,573	1,548
Commissions & Agency Fees		34	25
Other		63	147
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>4,139</u></b>	<b><u>6,888</u></b>

## Mosman Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 3. Income from Continuing Operations (continued)

\$ '000	2011 Operating	2010 Operating	2011 Capital	2010 Capital
<b>(e). Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	573	535	-	-
Financial Assistance - Local Roads Component	215	200	-	-
Pensioners' Rates Subsidies - General Component	63	65	-	-
<b>Total General Purpose</b>	<b>851</b>	<b>800</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Domestic Waste Management	27	27	-	-
Aged Care	539	459	-	-
Child Care	171	235	-	-
Environmental Protection	-	11	80	100
Environmental Protection - Marine Structures	-	-	117	679
Environmental Protection - Stormwater Devices	-	-	16	140
Excess Weight Subsidy	10	12	-	-
Housing & Community Amenities	297	107	75	62
Library	-	91	-	-
Library - per capita	53	-	-	-
Library - special projects	25	-	-	-
Planning Reform Grant	-	60	-	-
Recreation & Culture	-	-	193	1,096
Reserves Plan of Management	-	23	-	-
Traffic Route Subsidy	71	70	-	-
Transport (Roads to Recovery)	-	-	128	112
Youth Care	1	1	-	-
<b>Total Specific Purpose</b>	<b>1,194</b>	<b>1,096</b>	<b>609</b>	<b>2,189</b>
<b>Total Grants</b>	<b>2,045</b>	<b>1,896</b>	<b>609</b>	<b>2,189</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	788	735	190	1,174
- State Funding	1,257	1,161	419	1,015
	<b>2,045</b>	<b>1,896</b>	<b>609</b>	<b>2,189</b>

## Mosman Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 3. Income from Continuing Operations (continued)

\$ '000		2011 Operating	2010 Operating	2011 Capital	2010 Capital
<b>(f). Contributions</b>					
<b>Developer Contributions:</b>					
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the NSW LG Act):</b>					
S 94 - Contributions towards amenities/services		-	-	76	116
S 94A - Fixed Development Consent Levies		-	-	969	902
<b>Total Developer Contributions</b>	17	-	-	<b>1,045</b>	<b>1,018</b>
<b>Other Contributions:</b>					
Community Services		22	-	-	-
Heritage/Cultural		-	1	-	-
Recreation & Culture		57	13	98	50
Roads & Bridges		-	-	44	20
RTA Contributions (Regional/Local, Block Grant)		181	166	-	-
Stormwater Device Other Council		-	-	-	10
Youth Programs		-	12	-	-
Other (Libraries)		1	-	-	-
Other (Housing & Community)		24	-	-	-
<b>Total Other Contributions</b>		<b>285</b>	<b>192</b>	<b>142</b>	<b>80</b>
<b>Total Contributions</b>		<b>285</b>	<b>192</b>	<b>1,187</b>	<b>1,098</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>		<b>2,330</b>	<b>2,088</b>	<b>1,796</b>	<b>3,287</b>

\$ '000	Actual 2011	Actual 2010
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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	931	1,609
<b>add:</b> Grants and contributions recognised in the current period which have not been spent:	423	478
<b>less:</b> Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(911)	(1,156)
<b>Net Increase (Decrease) in</b>		
<b>Restricted Assets during the Current Reporting Period</b>	<b>(488)</b>	<b>(678)</b>
<b>Unexpended at the Close of this</b>		
<b>Reporting Period and held as Restricted Assets</b>	<b>443</b>	<b>931</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	443	356
- Developer Contributions	-	575
	<b>443</b>	<b>931</b>

## Mosman Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		10,364	10,215
Travelling		171	160
Employee Leave Entitlements (ELE)		1,590	1,436
Superannuation - Defined Contribution Plans		907	930
Superannuation - Defined Benefit Plans		355	261
Workers' Compensation Insurance		169	157
Fringe Benefit Tax (FBT)		40	46
Training Costs (other than Salaries & Wages)		110	147
Other		13	13
<b>Total Employee Costs</b>		<b>13,719</b>	<b>13,365</b>
less: Capitalised Costs		-	-
<b><u>TOTAL EMPLOYEE COSTS EXPENSED</u></b>		<b><u>13,719</u></b>	<b><u>13,365</u></b>
Number of "Equivalent Full Time" Employees at year end		<b>164</b>	<b>166</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Overdraft		-	1
Interest on Loans		615	473
Other Debts		-	6
<b>Total Interest Bearing Liability Costs</b>		<b>615</b>	<b>480</b>
less: Capitalised Costs		-	-
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>615</b>	<b>480</b>
<b>(ii) Other Borrowing Costs</b>			
Nil			
<b><u>TOTAL BORROWING COSTS EXPENSED</u></b>		<b><u>615</u></b>	<b><u>480</u></b>



## Mosman Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		215	204
Contractor & Consultancy Costs			
- Aged Services		139	160
- Bushcare		475	423
- Cleansing		1,940	1,840
- Consultancies		307	224
- Infrastructure		430	410
- Parks, Gardens & Civic Spaces		517	504
- Plant Running		156	132
- Recreational Facilities		453	515
- Structures		497	434
- Tree Pruning/Removal		212	205
- Waste management		2,555	2,293
- Other Contractor & Consultancy Costs		790	710
Auditors Remuneration			
- Audit Services: Council's Auditor		34	32
- Other Services: Council's Auditor		-	10
Legal Expenses:			
- Legal Expenses: Planning & Development		155	183
- Legal Expenses: Other		76	72
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments <sup>(1)</sup>		130	133
Printing		177	144
<b>Total Materials &amp; Contracts</b>		<b>9,258</b>	<b>8,628</b>
less: Capitalised Costs		-	-
<b><u>TOTAL MATERIALS &amp; CONTRACTS</u></b>		<b><u>9,258</u></b>	<b><u>8,628</u></b>
<b>1. Operating Lease Payments are attributable to:</b>			
- Computers		130	133
		<b>130</b>	<b>133</b>

## Mosman Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2011	Actual 2010	Actual 2011	Actual 2010
Plant and Equipment		-	-	395	362
Office Equipment		-	-	128	112
Furniture & Fittings		-	-	25	25
Land Improvements (depreciable)		-	-	432	442
Buildings - Non Specialised		-	-	509	499
Buildings - Specialised		-	-	348	291
Other Structures		-	-	185	176
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	4,847	1,607
- Stormwater Drainage		-	-	743	508
Other Assets					
- Heritage Collections		-	-	2	2
- Library Books		-	-	231	225
- Other		-	-	2	2
Intangible Assets	25	16	16	-	-
<b>Total Depreciation &amp; Impairment Costs</b>		<b>16</b>	<b>16</b>	<b>7,847</b>	<b>4,251</b>
less: Capitalised Costs		-	-	-	-
less: Impairments offset in ARR (Equity)	9a	-	-	-	-
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>16</b>	<b>16</b>	<b>7,847</b>	<b>4,251</b>

## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		172	166
Bad & Doubtful Debts		9	-
Bank Charges		89	68
Catering		84	79
Computer Software Charges		531	497
Contributions/Levies to Other Levels of Government			
- NSW Fire Brigade Levy		1,016	946
- Department of Planning Levy		139	136
- Local Government & Shires Association		34	29
Councillor Expenses - Mayoral Fee		35	34
Councillor Expenses - Councillors' Fees		144	140
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		50	55
Donations, Contributions & Assistance to other organisations (Section 356)		368	377
Electricity & Heating		301	286
Equipment Maintenance		150	130
Insurance		706	698
Leases - Photocopiers		51	47
Leases - Property		41	41
Postage		78	76
Revaluation Decrements (Fair Valuation of I,PP&E Assets)	9(a)	3,225	4,572
Street Lighting		524	456
Subscriptions & Publications		76	61
Telephone & Communications		78	105
Waste Disposal & Recycling Centre		450	363
Water		99	106
Other		174	216
<b>Total Other Expenses</b>		<b>8,624</b>	<b>9,684</b>
less: Capitalised Costs		-	-
<b>TOTAL OTHER EXPENSES</b>		<b>8,624</b>	<b>9,684</b>

## Mosman Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2011	Actual 2010
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal		-	242
less: Carrying Amount of Property Assets Sold / Written Off		(197)	(154)
<b>Net Gain/(Loss) on Disposal</b>		<b>(197)</b>	<b>88</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal		37	90
less: Carrying Amount of P&E Assets Sold		(50)	(107)
<b>Net Gain/(Loss) on Disposal</b>		<b>(13)</b>	<b>(17)</b>
<b>Infrastructure</b>			
Proceeds from Disposal		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(34)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>(34)</b>	<b>-</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(244)</b>	<b>71</b>

## Mosman Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		159	-	254	-
Cash-Equivalent Assets <sup>1</sup>					
- Short Term Deposits		4,200	-	5,500	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>4,359</b>	<b>-</b>	<b>5,754</b>	<b>-</b>
<b>Investment Securities (Note 6b)</b>					
- Long Term Deposits		1,000	-	1,000	-
<b>Total Investment Securities</b>		<b>1,000</b>	<b>-</b>	<b>1,000</b>	<b>-</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>5,359</b>	<b>-</b>	<b>6,754</b>	<b>-</b>

<sup>1</sup> 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**

<b>a. "At Fair Value through the Profit &amp; Loss"</b>	<b>4,359</b>	<b>-</b>	<b>5,754</b>	<b>-</b>
---	--------------	----------	--------------	----------

**Investments****a. "At Fair Value through the Profit & Loss"**

- "Held for Trading"	6(b-i)	-	-	-	-
- "Designated at Fair Value on Initial Recognition"	6(b-i)	-	-	-	-
<b>b. "Held to Maturity"</b>	6(b-ii)	1,000	-	1,000	-
<b>c. "Loans &amp; Receivables"</b>	6(b-iii)	-	-	-	-
<b>d. "Available for Sale"</b>	6(b-iv)	-	-	-	-
<b>Investments</b>		<b>1,000</b>	<b>-</b>	<b>1,000</b>	<b>-</b>

## Mosman Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 6b. Investments (continued)

	2011	2011	2010	2010
\$ '000	Actual Current	Actual Non Current	Actual Current	Actual 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	1,000	-	500	-
Additions	1,000	-	1,000	-
Disposals (sales & redemptions)	(1,000)	-	(500)	-
<b>Balance at End of Year</b>	<b>1,000</b>	<b>-</b>	<b>1,000</b>	<b>-</b>

**Comprising:**

- Long Term Deposits	1,000	-	1,000	-
<b>Total</b>	<b>1,000</b>	<b>-</b>	<b>1,000</b>	<b>-</b>

**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 2011

## Note 6c. Restricted Cash, Cash Equivalents & Investments - Details

\$ '000	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
<b>Total Cash, Cash Equivalents and Investment Securities</b>	<b>5,359</b>	<b>-</b>	<b>6,754</b>	<b>-</b>
<b>attributable to:</b>				
External Restrictions (refer below)	443	-	931	-
Internal Restrictions (refer below)	3,853	-	5,162	-
Unrestricted	1,063	-	661	-
	<b>5,359</b>	<b>-</b>	<b>6,754</b>	<b>-</b>

2011 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

### Details of Restrictions

#### External Restrictions - Included in Liabilities

Nil

#### External Restrictions - Other

Developer Contributions - General (D)	575	1,072	(1,647)	-
Specific Purpose Unexpended Grants (F)	356	423	(336)	443
<b>External Restrictions - Other</b>	<b>931</b>	<b>1,495</b>	<b>(1,983)</b>	<b>443</b>
<b>Total External Restrictions</b>	<b>931</b>	<b>1,495</b>	<b>(1,983)</b>	<b>443</b>

2011 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

#### Internal Restrictions

Plant & Vehicle Replacement	90	20	-	110
Employees Leave Entitlement	550	50	-	600
Carry Over Works	444	617	(444)	617
Deposits, Retentions & Bonds	2,000	-	-	2,000
Drill Hall Common	1,614	-	(1,614)	-
Financial Assistance Grant	192	200	(192)	200
Swim Centre	272	54	-	326
<b>Total Internal Restrictions</b>	<b>5,162</b>	<b>941</b>	<b>(2,250)</b>	<b>3,853</b>
<b>TOTAL RESTRICTIONS</b>	<b>6,093</b>	<b>2,436</b>	<b>(4,233)</b>	<b>4,296</b>

D Development contributions which are not yet expended for the provision of services and amenities in accordance

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



## Mosman Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 7. Receivables

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		314	80	242	80
Interest & Extra Charges		12	-	11	-
User Charges & Fees		738	-	996	-
Accrued Revenues					
- Interest on Investments		23	-	24	-
- Other Income Accruals		994	-	853	-
Government Grants & Subsidies		426	-	261	-
Net GST Receivable		196	-	252	-
Other Debtors		133	-	113	-
<b>Total</b>		<b>2,836</b>	<b>80</b>	<b>2,752</b>	<b>80</b>
<b>less: Provision for Impairment</b>					
User Charges & Fees		(329)	-	(356)	-
Other Debtors		(46)	-	(51)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(375)</b>	<b>-</b>	<b>(407)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b>2,461</b>	<b>80</b>	<b>2,345</b>	<b>80</b>
<b>Externally Restricted Receivables</b>					
<b>Domestic Waste Management</b>		116		83	-
<b>Total External Restrictions</b>		<b>116</b>	<b>-</b>	<b>83</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>2,345</b>	<b>80</b>	<b>2,262</b>	<b>80</b>
<b>TOTAL NET RECEIVABLES</b>		<b>2,461</b>	<b>80</b>	<b>2,345</b>	<b>80</b>

**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 was charged on overdue rates & charges at 9.00% (2010 9.00%).  
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 2011

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Stores & Materials		110	-	91	-
Trading Stock		50	-	48	-
<b>Total Inventories</b>		<b>160</b>	<b>-</b>	<b>139</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		87	-	267	-
<b>Total Other Assets</b>		<b>87</b>	<b>-</b>	<b>267</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>247</b>	<b>-</b>	<b>406</b>	<b>-</b>

**Externally Restricted Assets**

Nil

Notes to the Financial Statements  
for the financial year ended 30 June 2011

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2010				Asset Movements during the Reporting Period						as at 30/6/2011			
	At	At	Acc.	Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Revaluation Decrements to P&L	Revaluation Increments to Equity (ARR)	At	At	Acc.	Carrying
	Cost	Fair Value	Dep'n	Value							Cost	Fair Value	Dep'n	Value
Capital Work in Progress	2,293	-	-	2,293	517	-	-	(2,293)	-	-	517	-	-	517
Plant & Equipment	-	4,520	2,900	1,620	198	(50)	(395)	-	-	-	-	4,601	3,228	1,373
Office Equipment	-	3,706	3,290	416	112	-	(128)	-	-	-	-	3,818	3,418	400
Furniture & Fittings	-	1,230	703	527	60	-	(25)	-	-	-	-	1,290	728	562
<b>Land:</b>														
- Operational Land	-	103,168	-	103,168	-	-	-	-	-	-	-	103,168	-	103,168
- Community Land	102,687	-	-	102,687	-	-	-	-	-	-	-	102,687	-	102,687
Land Improvements - depreciable	17,688	-	5,786	11,902	839	-	(432)	-	-	5,641	-	24,803	6,853	17,950
Buildings - Non Specialised	-	32,560	12,561	19,999	167	-	(509)	-	-	-	-	32,727	13,070	19,657
Buildings - Specialised	-	12,353	3,795	8,558	4,243	(197)	(348)	2,259	-	-	-	18,003	3,488	14,515
Other Structures	11,987	-	3,811	8,176	330	(34)	(185)	34	(3,225)	-	-	11,502	6,406	5,096
<b>Infrastructure:</b>														
- Roads, Bridges, Footpaths	-	304,723	152,559	152,164	1,090	-	(4,847)	-	-	-	-	305,813	157,406	148,407
- Stormwater Drainage	-	40,699	23,139	17,560	293	-	(743)	-	-	-	-	40,992	23,882	17,110
<b>Other Assets:</b>														
- Heritage Collections	16	-	5	11	8	-	(2)	-	-	-	-	24	7	17
- Library Books	4,336	-	3,553	783	252	-	(231)	-	-	-	-	4,588	3,784	804
- Other	69	-	-	69	288	-	(2)	-	-	-	-	357	2	355
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>139,076</b>	<b>502,959</b>	<b>212,102</b>	<b>429,933</b>	<b>8,397</b>	<b>(281)</b>	<b>(7,847)</b>	<b>-</b>	<b>(3,225)</b>	<b>5,641</b>	<b>517</b>	<b>654,373</b>	<b>222,272</b>	<b>432,618</b>

## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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.

#### Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		1,223	-	1,640	-
Goods & Services - capital expenditure		631	-	550	-
Payments Received In Advance		20	-	116	-
Accrued Expenses:					
- Borrowings		58	-	69	-
Security Bonds, Deposits & Retentions		4,688	-	4,471	-
<b>Total Payables</b>		<b>6,620</b>	<b>-</b>	<b>6,846</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		1,641	8,155	1,789	7,546
Deferred Payment Liabilities		130	260	130	390
<b>Total Borrowings</b>		<b>1,771</b>	<b>8,415</b>	<b>1,919</b>	<b>7,936</b>
<b>Provisions</b>					
Employee Benefits;					
Annual Leave		1,420	-	1,401	-
Long Service Leave		2,118	128	1,912	100
Sub Total - Aggregate Employee Benefits		3,538	128	3,313	100
<b>Total Provisions</b>		<b>3,538</b>	<b>128</b>	<b>3,313</b>	<b>100</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>11,929</b>	<b>8,543</b>	<b>12,078</b>	<b>8,036</b>

<sup>1</sup>. 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 2011

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

### (i) Liabilities relating to Restricted Assets

	2011		2010	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>				
Domestic Waste Management	116	-	83	-
Other	-	-	324	-
<b>Liabilities relating to externally restricted assets</b>	<b>116</b>	<b>-</b>	<b>407</b>	<b>-</b>
<b>Internally Restricted Assets</b>				
Nil				
<b>Total Liabilities relating to restricted assets</b>	<b>116</b>	<b>-</b>	<b>407</b>	<b>-</b>

### (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	2,115	1,972
Payables - Security Bonds, Deposits & Retentions	4,088	4,124
	<b>6,203</b>	<b>6,096</b>

## Note 10b. Description of and movements in Provisions

Class of Provision	2010			2011		
	Opening Balance as at 1/7/10	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/11
Annual Leave	1,401	1,045	(1,026)	-	-	<b>1,420</b>
Long Service Leave	2,012	545	(311)	-	-	<b>2,246</b>
<b>TOTAL</b>	<b>3,413</b>	<b>1,590</b>	<b>(1,337)</b>	<b>-</b>	<b>-</b>	<b>3,666</b>

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 2011

## Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	4,359	5,754
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>4,359</b>	<b>5,754</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>(4,034)</b>	<b>2,483</b>
Adjust for non cash items:			
Depreciation & Amortisation		7,847	4,267
Net Losses/(Gains) on Disposal of Assets		244	(71)
Non Cash Capital Grants and Contributions		-	(10)
Impairment Losses Recognition - I,PP&E		16	-
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investment Properties		(618)	(3,356)
- Write Offs relating to the Fair Valuation of I,PP&E		3,225	4,572
Share of Net (Profits) or Losses of Associates/Joint Ventures		(90)	(75)
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(84)	627
Increase/(Decrease) in Provision for Doubtful Debts		(32)	(131)
Decrease/(Increase) in Inventories		(21)	(24)
Decrease/(Increase) in Other Assets		180	(117)
Increase/(Decrease) in Payables		(417)	487
Increase/(Decrease) in accrued Interest Payable		(11)	14
Increase/(Decrease) in Other Liabilities		121	91
Increase/(Decrease) in Employee Leave Entitlements		253	269
<b>NET CASH PROVIDED FROM/(USED IN)</b>			
<b>OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>6,579</b>	<b>9,026</b>

## Mosman Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Other Non Cash Items		-	10
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>-</b>	<b>10</b>
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdraft Facilities <sup>(1)</sup>		90	90
Credit Cards / Purchase Cards		32	32
<b>Total Financing Arrangements</b>		<b>122</b>	<b>122</b>
<b>Amounts utilised as at Balance Date:</b>			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		-	-
<b>Total Financing Arrangements Utilised</b>		<b>-</b>	<b>-</b>

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 2011

## Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2011	Actual 2010
---------	-------	----------------	----------------

## (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		3,550	3,857
<b>Total Commitments</b>		<b>3,550</b>	<b>3,857</b>

**These expenditures are payable as follows:**

Within the next year	1,250	3,857
Later than one year and not later than 5 years	2,300	-
Later than 5 years	-	-
<b>Total Payable</b>	<b>3,550</b>	<b>3,857</b>

**Sources for Funding of Capital Commitments:**

Unrestricted General Funds	174	1,750
Sect 94 Funds/Reserves	250	-
Unexpended Grants	-	107
Internally Restricted Reserves	326	1,500
New Loans (to be raised)	2,800	-
Future Loans	-	500
<b>Total Sources of Funding</b>	<b>3,550</b>	<b>3,857</b>

## (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	1,811	4,542
Cleaning Services	348	-
Audit Services	65	100
Other	1,005	806
<b>Total Commitments</b>	<b>3,229</b>	<b>5,448</b>

**These expenditures are payable as follows:**

Within the next year	3,229	3,110
Later than one year and not later than 5 years	-	2,338
Later than 5 years	-	-
<b>Total Payable</b>	<b>3,229</b>	<b>5,448</b>



## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(c) Finance Lease Commitments			
Nil			
(d) Operating Lease Commitments (Non Cancellable)			
<b>a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:</b>			
Within the next year		152	182
Later than one year and not later than 5 years		173	248
Later than 5 years		-	-
<b>Total Non Cancellable Operating Lease Commitments</b>		<b>325</b>	<b>430</b>

#### Conditions relating to Operating Leases:

- All Finance & 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	906	778
Later than one year and not later than 5 years	1,824	2,234
Later than 5 years	-	-
<b>Total Payable</b>	<b>2,730</b>	<b>3,012</b>

#### (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 2011

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

\$ '000	Amounts 2011	Indicator 2011	Prior Periods 20102009	
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions <sup>(1)</sup>	7,508	1.34 : 1	1.52	1.40
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	5,610			
2. Debt Service Ratio				
Debt Service Cost	2,534	7.68%	7.14%	6.10%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	33,014			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	20,509	56.52%	50.77%	57.36%
Income from Continuing Operations	36,289			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	406	1.94%	1.65%	2.15%
Rates, Annual & Extra Charges Collectible	20,879			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals <sup>(4)</sup> [Buildings & Infrastructure]	4,296	66.64%	134.41%	98.01%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	6,447			

## Notes

<sup>(1)</sup> Refer Notes 6-8 inclusive.

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

<sup>(2)</sup> Refer to Note 10(a).<sup>(3)</sup> Refer to Note 10(c) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).<sup>(4)</sup> 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 2011

## Note 14. Investment Properties

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a) Investment Properties at Fair value</b>			
<b>Investment Properties on Hand</b>		<b>40,909</b>	<b>40,233</b>
<b>Reconciliation of Annual Movement:</b>			
Opening Balance		40,233	36,609
- Capitalised Expenditure - this year		58	168
- Net Gain/(Loss) from Fair Value Adjustments		618	3,356
- Transfers from/(to) Owner Occupied (Note 9)		-	100
<b>CLOSING BALANCE - INVESTMENT PROPERTIES</b>		<b>40,909</b>	<b>40,233</b>
<b>(b) Valuation Basis</b>			
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 2011 revaluations were based on Independent Assessments made by: Scott Fullarton Valuations Pty Ltd. Valuation No. MKT5060			
<b>(c) Investment Property Income &amp; Expenditure - summary</b>			
<b>Rental Income from Investment Properties:</b>			
- Minimum Lease Payments		1,851	1,812
<b>Direct Operating Expenses on Investment Properties:</b>			
- that generated rental income		(31)	(28)
<b>Net Revenue Contribution from Investment Properties</b>		<b>1,820</b>	<b>1,784</b>
plus:			
<b>Fair Value Movement for year</b>		<b>618</b>	<b>3,356</b>
<b>Total Income attributable to Investment Properties</b>		<b>2,438</b>	<b>5,140</b>

## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

### 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	
	2011	2010	2011	2010
<b>Financial Assets</b>				
Cash and Cash Equivalents	4,359	5,754	4,359	5,754
Investments				
- "Held to Maturity"	1,000	1,000	1,000	1,000
Receivables	2,541	2,425	2,541	2,425
<b>Total Financial Assets</b>	<b>7,900</b>	<b>9,179</b>	<b>7,900</b>	<b>9,179</b>
<b>Financial Liabilities</b>				
Payables	6,600	6,730	6,600	6,730
Loans / Advances	10,186	9,855	10,186	9,855
<b>Total Financial Liabilities</b>	<b>16,786</b>	<b>16,585</b>	<b>16,786</b>	<b>16,585</b>

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 2011

#### 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 area manages the 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 its 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 investment counterparty) 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 (for 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
<b>2011</b>				
Possible impact of a 1% movement in Interest Rates	54	54	(54)	(54)
<b>2010</b>				
Possible impact of a 1% movement in Interest Rates	68	68	(68)	(68)

## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### 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:

	2011 Rates & Annual Charges	2011 Other Receivables	2010 Rates & Annual Charges	2010 Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	314	1,758	242	1,775
Overdue	80	764	80	735
	<b>394</b>	<b>2,522</b>	<b>322</b>	<b>2,510</b>
<b>(ii) Movement in Provision for Impairment of Receivables</b>			2011	2010
Balance at the beginning of the year			407	538
+ new provisions recognised during the year			11	-
- amounts already provided for & written off this year			(43)	(131)
<b>Balance at the end of the year</b>			<b>375</b>	<b>407</b>

## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

### 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.

Payment terms can (in extenuating circumstances) also be extended & overdraft facilities utilised as required.

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 Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2011									
Trade/Other Payables	4,688	1,912	-	-	-	-	-	6,600	6,600
Loans & Advances	-	1,771	1,494	1,446	1,245	1,252	2,978	10,186	10,186
Total Financial Liabilities	4,688	3,683	1,494	1,446	1,245	1,252	2,978	16,786	16,786
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

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:

	2011		2010	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	6,600	0.0%	6,730	0.0%
Loans & Advances - Fixed Interest Rate	10,186	7.0%	9,855	6.8%
	<u>16,786</u>		<u>16,585</u>	

## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 10/11 was incorporated as part of its Management Plan and was adopted by the Council on 1 June 2011.

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.

**Note that for Variations\* of Budget to Actual :**

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

**F** = Favourable Budget Variation, **U** = Unfavourable Budget Variation

\$ '000	2011 Budget	2011 Actual	2011 ----- Variance* -----		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	<b>20,445</b>	<b>20,509</b>	<b>64</b>	<b>0%</b>	<b>F</b>
<b>User Charges &amp; Fees</b>	<b>5,712</b>	<b>7,028</b>	<b>1,316</b>	<b>23%</b>	<b>F</b>
The favourable variance can in the main be attributed to \$999K in lease rental (property) revenue allocated to User Charges, with the original budget of \$825K included in Other Revenues					
<b>Interest &amp; Investment Revenue</b>	<b>310</b>	<b>397</b>	<b>87</b>	<b>28%</b>	<b>F</b>
The favourable variance can be attributed to a better than anticipated return on Council investments					
<b>Other Revenues</b>	<b>5,008</b>	<b>4,139</b>	<b>(869)</b>	<b>(17%)</b>	<b>U</b>
As detailed above, the unfavourable variance can be attributed to an original budget figure of \$825K being included in Other Revenues but actual revenue has been allocated to User Charges & Fees					
<b>Operating Grants &amp; Contributions</b>	<b>1,770</b>	<b>2,330</b>	<b>560</b>	<b>32%</b>	<b>F</b>
The favourable variance can in the main be attributed to an additional \$78K to budget in Aged Services grant funding, an additional \$26K in Library funding to budget and an additional \$77K to budget in Environmental funding to budget					
<b>Capital Grants &amp; Contributions</b>	<b>1,070</b>	<b>1,796</b>	<b>726</b>	<b>68%</b>	<b>F</b>
The favourable variance can in the main be attributed to Section 94 contributions exceeding original budget by \$446K, an unbudgeted grant for Clifton Gardens Jetty of \$117K, together with a capital contribution of \$98K for works on the Mosman Cenotaph					
<b>Share of Net Profits - Joint Ventures &amp; Associates</b>	<b>-</b>	<b>90</b>	<b>90</b>	<b>0%</b>	<b>F</b>



## Mosman Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 16. Material Budget Variations (continued)

\$ '000	2011 Budget	2011 Actual	2011 ----- Variance* -----		
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	<b>13,739</b>	<b>13,719</b>	<b>20</b>	<b>0%</b>	<b>F</b>
<b>Borrowing Costs</b>	<b>814</b>	<b>615</b>	<b>199</b>	<b>24%</b>	<b>F</b>
The favourable variance can be attributable to the delay in taking up loan borrowings in 10/11. The original budget provided for a full 12 months of principal and interest, whereas the loan was only drawn down in June					
<b>Materials &amp; Contracts</b>	<b>10,025</b>	<b>9,258</b>	<b>767</b>	<b>8%</b>	<b>F</b>
<b>Depreciation &amp; Amortisation</b>	<b>4,800</b>	<b>7,847</b>	<b>(3,047)</b>	<b>(63%)</b>	<b>U</b>
The unfavourable variance can be attributed to an increase in annual depreciation on Road Infrastructure assets (\$3.240M) which was not realised until after the revaluation process in 09/10 and until after the 2010/2011 Budget was adopted. Council's 10 year financial model has been amended to reflect this increase					
<b>Impairment Expenses</b>	<b>-</b>	<b>16</b>	<b>(16)</b>	<b>0%</b>	<b>U</b>
<b>Other Expenses</b>	<b>4,950</b>	<b>8,624</b>	<b>(3,674)</b>	<b>(74%)</b>	<b>U</b>
The unfavourable Budget variance can be attributable to an unbudgeted PPL decrement of \$3.225M following the fair valuation of Marine Structures (within the Other Structures Category)					
<b>Net Losses from Disposal of Assets</b>	<b>-</b>	<b>244</b>	<b>(244)</b>	<b>0%</b>	<b>U</b>

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 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	
Open Space	-	76	-	-	(76)	-	-	390	(390)	-	-
S94 Contributions - under a Plan	-	76	-	-	(76)	-	-	390	(390)	-	-
S94A Levies - under a Plan	575	969	-	27	(1,571)	-	-				-
Total S94 Revenue Under Plans	575	1,045	-	27	(1,647)	-	-				-
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
<b>Total Contributions</b>	<b>575</b>	<b>1,045</b>	<b>-</b>	<b>27</b>	<b>(1,647)</b>	<b>-</b>	<b>-</b>	<b>390</b>	<b>(390)</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

for the financial year ended 30 June 2011

## 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	
Open Space	-	76	-	-	(76)	-	-	390	(390)	-	-
<b>Total</b>	<b>-</b>	<b>76</b>	<b>-</b>	<b>-</b>	<b>(76)</b>	<b>-</b>	<b>-</b>	<b>390</b>	<b>(390)</b>	<b>-</b>	<b>-</b>

### 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	
Open Space	575	969	-	27	(1,571)	-	-	10,010	(7,404)	2,606	-
<b>Total</b>	<b>575</b>	<b>969</b>	<b>-</b>	<b>27</b>	<b>(1,571)</b>	<b>-</b>	<b>-</b>				

## Mosman Council

### Notes to the Financial Statements for the financial year ended 30 June 2011

#### 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 with member Councils required to make significantly higher contributions from 2009/10 & beyond.

The Local Government Superannuation Scheme has provided Council with its estimated share of the of the net deficit which totalled \$680,068 at 30/6/11. (\$695,478 at 30/6/10). Council has not recorded any net liability 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 Councils 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 from 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 2011

#### 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 Councils 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. In addition, it has not acquired any land under roads post that time.

## Mosman Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### 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 2011	Actual 2010	Actual 2011	Actual 2010
Associated Entities	84	92	518	466
Joint Venture Entities	6	(17)	37	31
<b>Total</b>	<b>90</b>	<b>75</b>	<b>555</b>	<b>497</b>

## Mosman Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000

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

Council has no interest in any Subsidiaries.

## 19(b) Associated Entities &amp; Joint Venture Entities

## (i) ASSOCIATED ENTITIES

## (a) Net Carrying Amounts - Council's Share

Name of Entity	Principal Activity	2011	2010
Kimbriki Environmental Enterprises P/L	Waste Management & Disposal	518	466
<b>Total Carrying Amounts - Associated Entities</b>		<b>518</b>	<b>466</b>

## (b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2011	2010	2011	2010	2011	2010
Kimbriki Environmental Enterprises P/L	4%	4%	4%	4%	4%	4%

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

	Kimbriki Environmental Enterprises P/L	
	2011	2010
Opening Balance	466	375
Share in Operating Result	84	92
New Capital Contributions	-	18
Distributions Received	(32)	(19)
<b>Council's Equity Share in the Joint Venture Entity</b>	<b>518</b>	<b>466</b>

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

2011	Assets	Liabilities	Net Assets	Revenues	Profit
Kimbriki Environmental Enterprises P/L	613	95	518	744	84
<b>Totals</b>	<b>613</b>	<b>95</b>	<b>518</b>	<b>744</b>	<b>84</b>
<b>2010</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Net Assets</b>	<b>Revenues</b>	<b>Profit</b>
Kimbriki Environmental Enterprises P/L	536	70	466	598	92
<b>Totals</b>	<b>536</b>	<b>70</b>	<b>466</b>	<b>598</b>	<b>92</b>

## Mosman Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000

## 19(b) Associated Entities &amp; Joint Venture Entities (continued)

## (ii) JOINT VENTURE ENTITIES

## (a) Carrying Amounts

Name of Entity	Principal Activity	2011	2010
Shorelink Library Network	Sharing of Library Infrastructure	37	31
<b>Total Carrying Amounts - Joint Venture Entities</b>		<b>37</b>	<b>31</b>

## (b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2011	2010	2011	2010	2011	2010
Shorelink Library Network	14%	13%	17%	17%	20%	20%

## (c) Movement in Carrying Amounts

	Shorelink Library Network	
	2011	2010
Opening Balance	31	48
Share in Operating Result	6	(17)
<b>Councils Equity Share in the Joint Venture Entity</b>	<b>37</b>	<b>31</b>



## Mosman Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000

## 19(b) Associated Entities &amp; Joint Venture Entities (continued)

## (d) Share of Joint Ventures Assets &amp; Liabilities

	Assets		Liabilities		Net Assets
	Current	Non Current	Current	Non Current	
<b>2011</b>					
Shorelink Library Network	40	6	9	-	37
<b>Totals</b>	<b>40</b>	<b>6</b>	<b>9</b>	<b>-</b>	<b>37</b>
<b>2010</b>					
Shorelink Library Network	33	5	7	-	31
<b>Totals</b>	<b>33</b>	<b>5</b>	<b>7</b>	<b>-</b>	<b>31</b>

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

	2011			2010		
	Revenues	Expenses	Result	Revenues	Expenses	Result
Shorelink Library Network	83	77	6	74	91	(17)
<b>Totals</b>	<b>83</b>	<b>77</b>	<b>6</b>	<b>74</b>	<b>91</b>	<b>(17)</b>

## 19(c) Joint Venture Operations

Council has no interest in any Joint Venture Operations.

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

All Subsidiaries, Associated Entities &amp; Joint Ventures have been recognised in this Financial Report as required.

## Mosman Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2011	Actual 2010
<b>a. Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		386,540	419,569
a. Correction of Prior Period Errors	20 (c)	7,124	(28,388)
b. Changes in Accounting Policies (prior period effects)	20 (d)	(113,802)	(113,802)
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		(4,034)	2,483
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
<b>Balance at End of the Reporting Period</b>		<b>275,828</b>	<b>279,862</b>

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

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	186,289	180,648
<b>Total</b>	<b>186,289</b>	<b>180,648</b>

**(ii). Reconciliation of movements in Reserves:****Infrastructure, Property, Plant & Equipment Revaluation Reserve**

- Opening Balance	180,648	108,655
- Revaluations for the year	9(a) 5,641	71,993
<b>- Balance at End of Year</b>	<b>186,289</b>	<b>180,648</b>

**TOTAL VALUE OF RESERVES**

<b>186,289</b>	<b>180,648</b>
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**(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 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
<b>c. Correction of Error/s relating to a Previous Reporting Period</b>			
<b>Correction of Errors reported in the 09/10 financial statements:</b>			
Council revalued the following asset classes for the 09/10 Year End:			
<ul style="list-style-type: none"> <li>- Roads, Bridges, Footpaths</li> <li>- Stormwater Drainage</li> </ul>			
As a result, Council adjusted the accumulated depreciation for the Asset Classes below as at 30/6/09 to reflect the correct value of accumulated depreciation;			
- Roads, Bridges Footpaths (increase) to accumulated depreciation			(30,632)
- Stormwater Drainage (increase) to accumulated depreciation			(4,880)
This adjustment resulted in a net (decrease) in Council's Accumulated Surplus as at 30/6/09.			
As part of Council's transition to measuring all it's I,PP&E at Fair Values, Council this year reviewed and brought to account Fair Values for the following Asset Classes:			
Land Improvements Depreciable (first time recognition of bushland and unmade road assets-excluding land)		7,124	
<b>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.</b>			
<b>These amounted to the following Equity Adjustments:</b>			
- Adjustments to Opening Equity - 1/7/09 (relating to adjustments for the 30/6/09 reporting year end and prior periods)		-	(35,512)
- Adjustments to Closing Equity - 30/6/10 (relating to adjustments for the 30/6/10 year end)		7,124	-
<b>Total Prior Period Adjustments - Prior Period Errors</b>		<b>7,124</b>	<b>(35,512)</b>

## d. Voluntary Changes in Accounting Policies

**Accounting Policy changes relating to the valuation of Community Land**

Council previously revalued Community Land in 1997 using an average municipal rate. The 2011 revaluation applies the Valuer-General values in accordance with the Local Government Code of Accounting Practice.

This change in methodology has resulted in a reduction in the carrying value

**These amounted to the following Equity Adjustments:**

- Adjustments to Closing Equity - 30/6/11	(113,802)	-
<b>Total Prior Period Adjustments - Accounting Policy Changes</b>	<b>(113,802)</b>	<b>-</b>

## Mosman Council

### Notes to the Financial Statements for the financial year ended 30 June 2011

#### Note 21. Financial Result & Financial Position by Fund

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\$ '000

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Council operates only a General Fund.

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

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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 2011, 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 05/10/11.

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 2011.

##### **(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 2011 and which are only indicative of conditions that arose after 30 June 2011.

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 2011

#### Note 24. Discontinued Operations

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

#### Note 25. Intangible Assets

\$ '000

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

	Actual 2011 Carrying Amount	Actual 2010 Carrying Amount
<b>Intangible Assets are as follows;</b>		
<b>Opening Values:</b>		
Gross Book Value (1/7)	392	-
Accumulated Amortisation & Impairment	(16)	-
<b>Net Book Value - Opening Balance</b>	<b>376</b>	<b>-</b>
<b>Movements for the year</b>		
- Purchases	-	392
- Amortisation charges	(16)	(16)
<b>Closing Values:</b>		
Gross Book Value (30/6)	376	392
Accumulated Amortisation & Impairment	(16)	(16)
<b><u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u></b> <sup>1</sup>	<b><u>360</u></b>	<b><u>376</u></b>
<sup>1</sup> <b>The Net Book Value of Intangible Assets represent:</b>		
- Rights to participate in Kimbriki Environmental Enterprises Pty Ltd.	360	376
	<b>360</b>	<b>376</b>

#### 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 2011

#### Note 27. Council Information & Contact Details

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**Principal Place of Business:**

Civic Centre  
Mosman Square, Spit Junction, 2088

**Contact Details**
**Mailing Address:**

PO Box 211  
SPIT JUNCTION NSW 2088

**Opening Hours:**

Monday to Friday 8.30am to 5pm

**Telephone:** 02 9978 4000

**Facsimile:** 02 9978 4132

**Internet:** [www.mosmancouncil.nsw.gov.au](http://www.mosmancouncil.nsw.gov.au)

**Email:** [council@mosman.nsw.gov.au](mailto: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

**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 2011, 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.

**Assurance Partners**

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Steer Assurance Partners

ABN 56 435 338 966



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. 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 5th day of October 2011



5 October 2011

The Mayor  
Mosman Council  
PO Box 211  
**SPIT JUNCTION NSW 2088**

Mayor,

### **Audit Report - Year Ended 30 June 2011**

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2011 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;

#### **I. RESULTS FOR THE YEAR**

##### ***1.1 Operating Result***

The operating result for the year was a deficit of \$4.034 million as compared with a surplus of \$2.483 million 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.

	2011 \$000	% of Total	2010 \$000	% of Total	Increase (Decrease) \$000
<b>Revenues before capital items</b>					
Rates & annual charges	20,509	59%	19,755	55%	754
User charges, fees & other revenues	11,257	33%	13,481	38%	(2,224)
Grants & contributions provided for operating purposes	2,330	7%	2,088	6%	242
Interest & investment revenue	397	1%	296	1%	101
	<b>34,493</b>	<b>100%</b>	<b>35,620</b>	<b>100%</b>	<b>(1,127)</b>
<b>Expenses</b>					
Employee benefits & costs	13,719	34%	13,365	37%	354
Materials, contracts & other expenses	18,126	45%	18,312	50%	(186)
Depreciation, amortisation & impairment	7,863	20%	4,267	12%	3,596
Borrowing costs	615	2%	480	1%	135
	<b>40,323</b>	<b>100%</b>	<b>36,424</b>	<b>100%</b>	<b>3,899</b>
<b>Surplus/(Deficit) before capital items</b>	<b>(5,830)</b>		<b>(804)</b>		<b>(5,026)</b>
Grants & contributions provided for capital purposes	1,796		3,287		(1,491)
<b>Net Surplus/(Deficit) for the year</b>	<b>(4,034)</b>		<b>2,483</b>		<b>(6,517)</b>

The table above shows an overall decrease over the previous year of \$6.517 million. Other expenses include a fair valuation decrement in respect to other structures. This was the result of the revaluation of these assets to depreciated replacement costs and amounted to \$3.225 million. Additionally, depreciation charges increased by \$3.596 million, primarily due to the prior year revaluation of infrastructure assets, and the increase in the value of investment properties amounted to \$618,000 compared to \$3.356 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.

**Funds were provided by:-**

	2011 \$000	2010 \$000
<b>Operating Result (as above)</b>	<b>(4,034)</b>	<b>2,483</b>
Add back non funding items:-		
- Depreciation, amortisation & impairment	7,863	4,267
- Revaluation Decrements (Fair valuation of I,P,P&E)	3,225	4,572
- Book value of non current assets sold	281	261
- (Gain)/Loss of fair value to investment properties	(618)	(3,356)
- (Surplus)/Deficit in joint ventures	(90)	(75)
	6,627	8,152
New loan borrowings	2,250	3,745
Transfers from externally restricted assets (net)	164	750
Transfers from internal reserves (net)	1,309	0
Distributions from joint ventures	32	19
Net Changes in current/non current assets & liabilities	470	279
	<b>10,852</b>	<b>12,945</b>

**Funds were applied to:-**

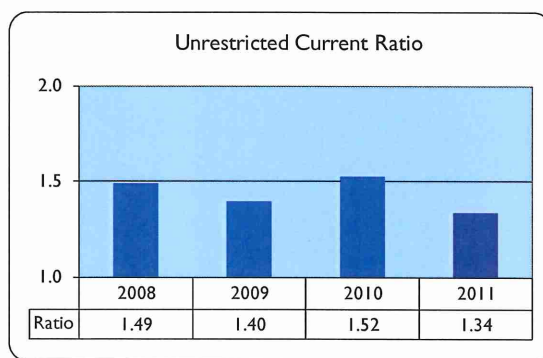
Purchase and construction of assets	(8,455)	(9,735)
Principal repaid on loans	(1,919)	(1,972)
Transfers to internal reserves (net)	0	(1,941)
Capital contributions to joint ventures	0	(18)
	<b>(10,374)</b>	<b>(13,666)</b>
<b>Increase/(Decrease) in Available Working Capital</b>	<b>478</b>	<b>(721)</b>

## 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 \$1.898 million representing a factor of 1.34 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.

At the close of the year the Available Working Capital of Council stood at \$1.839 million as detailed below;

	2011 \$000	2010 \$000	Change \$000
<b>Net Current Assets (Working Capital) as per Accounts</b>	<b>(3,862)</b>	<b>(2,573)</b>	<b>(1,289)</b>
<b>Add:</b> Payables & provisions not expected to be realised in the next 12 months included above	6,203	6,096	107
<b>Adjusted Net Current Assets</b>	<b>2,341</b>	<b>3,523</b>	<b>(1,182)</b>
<b>Add:</b> Budgeted & expected to pay in the next 12 months			
- Borrowings	1,771	1,919	(148)
- Employees leave entitlements	1,423	1,341	82
- Deposits & retention moneys	600	347	253
<b>Less:</b> Externally restricted assets	(443)	(607)	164
<b>Less:</b> Internally restricted assets	(3,853)	(5,162)	1,309
<b>Available Working Capital as at 30 June</b>	<b>1,839</b>	<b>1,361</b>	<b>478</b>

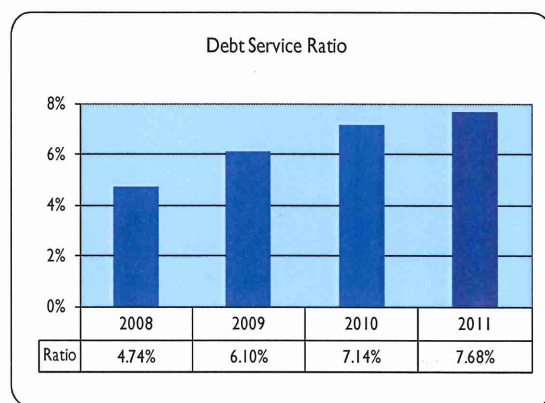
The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures. Taking into consideration the nature and level of the internally restricted assets (Reserves) set aside we are of the opinion that Available Working Capital as at 30 June 2011 was adequate.

## 2.3 Debt

Operating revenue (excluding special purpose grants and contributions) required to service debt (loan repayments) was 7.68%.

New loans of \$2.250 million were taken up during the year.

Principal and interest paid was \$2.534 million leaving total debt as at 30 June 2011 at \$10.186 million.





## 2.4 Summary

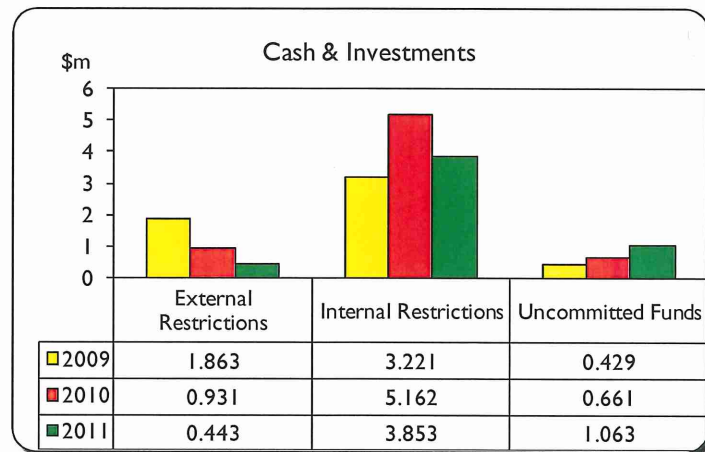
Council's overall financial position, when taking into account the above financial indicators is, in our opinion, satisfactory.

## 3. CASH ASSETS

### 3.1 Cash & Investments

Cash and investments held at the close of the year amounted to \$5.359 million as compared with \$6.754 million and \$5.513 million at the close of financial years 2010 and 2009 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 specific purpose grants (\$443,000).

**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 \$3.853 million and their purposes are more fully disclosed in Notes 6 of the financial statements.

**Unrestricted cash and investments** amounted to \$1.063 million, 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 decreased by \$1.395 million to \$4.359 million at the close of the year.

In addition to operating activities which contributed net cash of \$6.579 million were the proceeds from the sale of assets (\$37,000), redemption of investments (\$1 million), distributions from joint ventures (\$32,000) and new loans (\$2.250 million). Cash outflows other than operating activities were used to repay loans (\$1.919 million), purchase investments (\$1 million) and to purchase and construct assets (\$8.374 million).

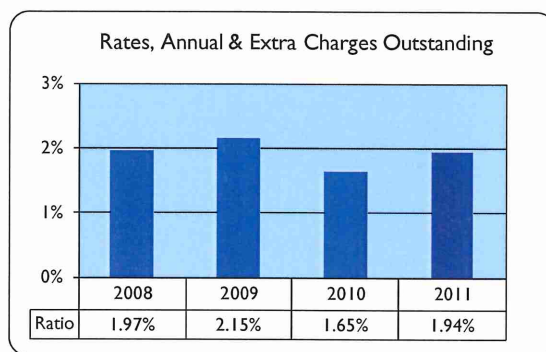
## 4. RECEIVABLES

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

Net rates and annual charges levied during the year totalled \$20.509 million and represented 56.52% of Council's total revenues. Including arrears, the total rates and annual charges collectible was \$20.831 million of which \$20.437 million (98.11%) was collected.

### 4.2 Rates, Annual & Extra Charges

Arrears of rates, annual & extra charges stood at \$406,000 at the end of the year and represented 1.94% of those receivables.



### 4.3 Other Receivables

Receivables (other than Rates & Annual Charges) totalled \$2.510 million and mainly consisted of user charges, fees and revenue accruals (\$1.755 million). Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$375,000.

## **5. PAYABLES**

### **5.1 Employees Leave Entitlements**

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$3.666 million. A cash reserve of \$600,000 was held at year end representing 16.37% of this liability.

### **5.2 Deposits, Retentions & Bonds**

Deposits, retentions and bonds held at year end amounted to \$4.688 million and a cash reserve was held amounting to \$2 million representing 42.66% of this liability and was sufficient to meet anticipated repayments in the near future.

## **6. REVALUATION OF ASSETS**

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

This year saw the revaluation of the community land, land improvements and all remaining asset categories. The revaluation process resulted in a transfer to the asset revaluation reserve of \$5.641 million. A revaluation decrement of \$113.802 million arising from a change in the valuation methodology of community land was recognised directly in retained earnings. Notes 1(j), 9 and 20 of the financial statements provide further details.

## **7. MANAGEMENT LETTER**

An audit management letter addressing the findings from our interim audit was issued on 14 April 2011. This included our recommendations on possible ways to strengthen and/or improve procedures and management's comments and proposed actions.

## **8. 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 2011

---

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

**Mosman**  
COUNCIL



## Special Purpose Financial Statements

for the financial year ended 30 June 2011

Contents	Page
<b>1. Statement by Councillors &amp; Management</b>	<b>2</b>
<b>2. Special Purpose Financial Statements:</b>	
- Income Statement of Other Business Activities	3
- Balance Sheet of Other Business Activities	4
<b>3. Notes to the Special Purpose Financial Statements</b>	<b>5</b>
<b>4. Auditor's Report</b>	<b>9</b>

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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 2011

## 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:**

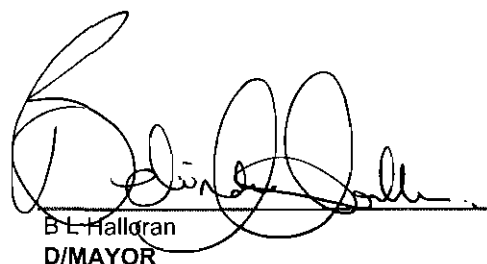
- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

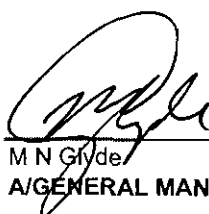
**Signed in accordance with a resolution of Council made on 04 October 2011.**



A S Connon  
MAYOR



B L Halloran  
D/MAYOR



M N Glyde  
A/GENERAL MANAGER



M McDonald  
RESPONSIBLE ACCOUNTING OFFICER

## Mosman Council

### Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2011

	Commercial Property Management	
\$ '000	Actual 2011	Actual 2010
<b>Income from continuing operations</b>		
Access charges	-	-
User charges	800	821
Fees	-	-
Interest	-	-
Grants and contributions provided for non capital purposes	-	-
Profit from the sale of assets	-	-
Other income	2,469	5,168
<b>Total income from continuing operations</b>	<b>3,269</b>	<b>5,989</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	63	56
Borrowing costs	-	-
Materials and contracts	34	26
Depreciation and impairment	149	152
Loss on sale of assets	-	-
Calculated taxation equivalents	149	150
Debt guarantee fee (if applicable)	-	-
Other expenses	-	-
<b>Total expenses from continuing operations</b>	<b>395</b>	<b>384</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>2,874</b>	<b>5,605</b>
Grants and contributions provided for capital purposes	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>2,874</b>	<b>5,605</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>2,874</b>	<b>5,605</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(862)	(1,682)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>2,012</b>	<b>3,924</b>
plus Opening Retained Profits	46,456	43,026
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	149	150
- Debt guarantee fees	-	-
- Corporate taxation equivalent	862	1,682
add:		
- Subsidy Paid/Contribution To Operations	-	-
less:		
- TER dividend paid	-	-
- Dividend paid	(2,496)	(2,325)
<b>Closing Retained Profits</b>	<b>46,983</b>	<b>46,456</b>
<b>Return on Capital %</b>	<b>6.1%</b>	<b>12.1%</b>
<b>Subsidy from Council</b>	<b>-</b>	<b>-</b>

# Mosman Council

## Balance Sheet of Council's Other Business Activities

as at 30 June 2011

	Commercial Property Management Category 1	
\$ '000	Actual 2011	Actual 2010
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	-	-
Investments	-	-
Receivables	113	86
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>113</b>	<b>86</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	6,074	6,223
Investments accounted for using equity method	-	-
Investment property	40,909	40,233
Other	-	-
<b>Total Non-Current Assets</b>	<b>46,983</b>	<b>46,456</b>
<b>TOTAL ASSETS</b>	<b>47,096</b>	<b>46,542</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	113	86
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Current Liabilities</b>	<b>113</b>	<b>86</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Other Liabilities	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>113</b>	<b>86</b>
<b>NET ASSETS</b>	<b>46,983</b>	<b>46,456</b>
<b>EQUITY</b>		
Retained earnings	46,983	46,456
Revaluation reserves	-	-
Council equity interest	46,983	46,456
Minority equity interest	-	-
<b>TOTAL EQUITY</b>	<b>46,983</b>	<b>46,456</b>

# Mosman Council

## Special Purpose Financial Statements for the financial year ended 30 June 2011

### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	6

## Mosman Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2011

#### 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 Bathurst.

##### Category 2

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

#### Council has no Category 2 Declared Business Activities

#### 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.

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,

## Mosman Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Significant Accounting Policies (continued)

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 **\$387,000** of combined land values attracts **0%**. From \$387,001 to \$2,366,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,366,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$658,000.

##### 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 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**

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

## Mosman Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2011

#### Note 1. Significant Accounting Policies (continued)

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As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 5.21% at 30/6/11.

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.



**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 2011, 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.

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ABN 56 435 338 966

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 I and the Local Government Code of Accounting Practice and Financial Reporting.

***Basis of Accounting***

Without modifying our opinion, we draw attention to Note I to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the financial reporting requirements of the Division of Local Government. As a result, the financial statements may not be suitable for another purpose.

**HILL ROGERS SPENCER STEER**

*B. Hanger*

**BRETT HANGER**

Partner

Dated at Sydney this 5th day of October 2011

# Mosman Council

SPECIAL SCHEDULES  
for the year ended 30 June 2011

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

**Mosman**  
COUNCIL

## Mosman Council

### Special Schedules

for the financial year ended 30 June 2011

## Contents

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### Special Schedules<sup>1</sup>

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- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 7	Condition of Public Works	5
- Special Schedule No. 8	Financial Projections	8

<sup>1</sup> Special Purpose Schedules are not audited.

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### 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 2011

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	<b>1,054</b>	<b>23</b>	<b>-</b>	<b>(1,031)</b>
<b>Administration</b>	<b>7,443</b>	<b>-</b>	<b>-</b>	<b>(7,443)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	1,052	-	-	(1,052)
Beach Control	27	-	-	(27)
Enforcement of Local Govt Regs	355	310	-	(45)
Animal Control	28	9	-	(19)
Other	44	5	-	(39)
<b>Total Public Order &amp; Safety</b>	<b>1,506</b>	<b>324</b>	<b>-</b>	<b>(1,182)</b>
<b>Health</b>	<b>253</b>	<b>52</b>	<b>-</b>	<b>(201)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	36	-	-	(36)
Other Environmental Protection	2,943	206	51	(2,686)
Solid Waste Management	5,159	5,504	-	345
Street Cleaning	1,050	-	-	(1,050)
Drainage	797	1	-	(796)
Stormwater Management	69	-	16	(53)
<b>Total Environment</b>	<b>10,054</b>	<b>5,711</b>	<b>67</b>	<b>(4,276)</b>
<b>Community Services and Education</b>				
Administration & Education	467	-	-	(467)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	681	716	20	55
Childrens Services	1,017	850	-	(167)
<b>Total Community Services &amp; Education</b>	<b>2,165</b>	<b>1,566</b>	<b>20</b>	<b>(579)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	-	-	-	-
Public Conveniences	283	-	-	(283)
Street Lighting	529	71	-	(458)
Town Planning	475	1	75	(399)
Other Community Amenities	47	3	-	(44)
<b>Total Housing and Community Amenities</b>	<b>1,334</b>	<b>75</b>	<b>75</b>	<b>(1,184)</b>
<b>Water Supplies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sewerage Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Mosman Council

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

for the financial year ended 30 June 2011

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	2,101	201	-	(1,900)
Museums	-	-	-	-
Art Galleries	595	169	-	(426)
Community Centres and Halls	433	112	-	(321)
Performing Arts Venues	-	-	-	-
Other Performing Arts	11	-	-	(11)
Other Cultural Services	311	138	98	(75)
Sporting Grounds and Venues	1,159	168	-	(991)
Swimming Pools	1,968	199	30	(1,739)
Parks & Gardens (Lakes)	1,448	78	1,322	(48)
Other Sport and Recreation	12	27	-	15
<b>Total Recreation and Culture</b>	<b>8,038</b>	<b>1,092</b>	<b>1,450</b>	<b>(5,496)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	1,245	964	-	(281)
Other Mining, Manufacturing & Construction	-	-	-	-
<b>Total Mining, Manufacturing and Const.</b>	<b>1,245</b>	<b>964</b>	<b>-</b>	<b>(281)</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	4,905	752	168	(3,985)
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	834	-	12	(822)
Footpaths	757	-	-	(757)
Aerodromes	-	-	-	-
Other Transport & Communication	507	70	4	(433)
<b>Total Transport and Communication</b>	<b>7,003</b>	<b>822</b>	<b>184</b>	<b>(5,997)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	228	7,250	-	7,022
<b>Total Economic Affairs</b>	<b>228</b>	<b>7,250</b>	<b>-</b>	<b>7,022</b>
<b>Totals – Functions</b>	<b>40,323</b>	<b>17,879</b>	<b>1,796</b>	<b>(20,648)</b>
<b>General Purpose Revenues<sup>(2)</sup></b>		<b>16,524</b>		<b>16,524</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	<b>-</b>	<b>90</b>		<b>90</b>
<b>NET OPERATING RESULT<sup>(1)</sup></b>	<b>40,323</b>	<b>34,493</b>	<b>1,796</b>	<b>(4,034)</b>

(1) As reported in the Income Statement | (2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants & Interest on Investments (excl. Ext. Restricted Assets)

## Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2011

\$'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	Total
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-							-	-
Treasury Corporation	-	-	-							-	-
Other State Government	-	-	-							-	-
Public Subscription	-	-	-							-	-
Financial Institutions	1,789	7,546	9,335	2,250	1,789	-	-	615	1,641	8,155	9,796
Other	-	-	-							-	-
<b>Total Loans</b>	<b>1,789</b>	<b>7,546</b>	<b>9,335</b>	<b>2,250</b>	<b>1,789</b>	<b>-</b>	<b>-</b>	<b>615</b>	<b>1,641</b>	<b>8,155</b>	<b>9,796</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-							-	-
Government Advances	-	-	-							-	-
Finance Leases	-	-	-							-	-
Deferred Payments	130	390	520	-	130	-	-	-	130	260	390
<b>Total Long Term Debt</b>	<b>130</b>	<b>390</b>	<b>520</b>	<b>-</b>	<b>130</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>130</b>	<b>260</b>	<b>390</b>
<b>Total Debt</b>	<b>1,919</b>	<b>7,936</b>	<b>9,855</b>	<b>2,250</b>	<b>1,919</b>	<b>-</b>	<b>-</b>	<b>615</b>	<b>1,771</b>	<b>8,415</b>	<b>10,186</b>

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

This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n. Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition <sup>#</sup>	Estimated cost to bring up to a satisfactory condition / standard <sup>(1)</sup>	Required <sup>(2)</sup> Annual Maintenance	Current <sup>(3)</sup> Annual Maintenance
Buildings		per Note 1	per Note 4	<<<<<<<<< per Note 9 >>>>>>>>>				<<<<<<< per Section 428(2d) >>>>>>>			
	Council Offices	1.23%	146	-	11,873	6,319	5,554	2	68	424	106
	Council Works Depot	2.01%	33	-	1,638	580	1,058	2	9	27	11
	Community & Cultural Centre	1.59%	121	-	6,962	1,729	5,233	2	136	442	61
	Library	1.66%	94	-	5,660	2,175	3,485	2	458	182	55
	Childcare Centre(s)	1.75%	22	-	1,262	564	698	2	-	60	15
	Mosman Bowling Club	1.67%	34	-	2,096	1,119	977	2	132	124	14
	Amenity Blocks & Toilets	1.81%	111	-	6,671	2,023	4,648	2	92	124	1,763
	Vista Street	1.67%	52	-	2,949	413	2,536	2	28	37	68
	Swim Centre	3.40%	127	-	3,727	957	2,770	2	788	80	21
	Drill Hall	2.00%	37	-	1,865	107	1,758	1	-	33	30
	Marie Bashir Sports Complex	2.00%	50	-	4,412	50	4,362	1	-	9	100
	Other	2.00%	30	-	1,615	522	1,093	2	254	281	50
	sub total		857	-	50,730	16,558	34,172		1,965	1,823	2,294
Other Structures (Marine)											
	Jetties/Pools	6.70%	126	-	4,257	1,648	2,609	3	265	120	302
	Seawalls	2.00%	59	-	7,245	4,758	2,487	2	36	15	-
	sub total		185	-	11,502	6,406	5,096		301	135	302



ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n. Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition <sup>#</sup>	Estimated cost to bring up to a satisfactory condition / standard <sup>(1)</sup>	Required <sup>(2)</sup> Annual Maintenance	Current <sup>(3)</sup> Annual Maintenance
<b>Public Roads</b>		per Note 1	per Note 4	<<<<<<<<< per Note 9 >>>>>>>>>				<<<<<<< per Section 428(2d) >>>>>>>>			
	Formation	0.00%	-	-	7,584	-	7,584	-	-	-	-
	Road Pavements	1.58%	2,630	-	165,957	90,121	75,836	2	2,711	2,110	1,007
	Footpaths	2.12%	596	-	28,127	13,464	14,663	2	1,686	675	453
	Steps	1.06%	31	-	2,883	1,775	1,108	3	601	130	15
	Vehicle Crossings	2.13%	289	-	13,614	6,495	7,119	2	1,144	65	-
	Pram Ramps	2.00%	12	-	614	232	382	2	31	20	-
	Kerb and Gutter	1.25%	445	-	35,623	18,467	17,156	2	3,292	600	136
	Retaining Walls	0.80%	292	-	36,447	20,084	16,363	3	6,927	500	70
	Traffic Devices	3.47%	105	-	3,054	1,299	1,755	2	81	125	80
	Lines & Signs	10.68%	138	-	1,296	753	543	2	166	100	51
	Street Furniture	4.26%	188	-	4,420	2,505	1,915	2	582	230	6
	Carparks	2.01%	121	-	6,194	2,211	3,983	2	65	70	5
	<b>sub total</b>		<b>4,847</b>	<b>-</b>	<b>305,813</b>	<b>157,406</b>	<b>148,407</b>		<b>17,286</b>	<b>4,625</b>	<b>1,823</b>

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n. Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition <sup>#</sup>	Estimated cost to bring up to a satisfactory condition / standard <sup>(1)</sup>	Required <sup>(2)</sup> Annual Maintenance	Current <sup>(3)</sup> Annual Maintenance
<b>Drainage Works</b>		per Note 1	per Note 4	<<<<<<<<< per Note 9 >>>>>>>>>				<<<<<<< per Section 428(2d) >>>>>>>>			
	Drainage Covers, Inlets, Outlets	1.00%	68	-	6,901	4,167	2,734	3	744	168	54
	Pipes & Culverts	0.97%	272	-	27,988	16,753	11,235	3	3,160	703	163
	Pollution Control Devices	6.66%	403	-	6,103	2,962	3,141	2	630	151	81
	<b>sub total</b>		<b>743</b>	<b>-</b>	<b>40,992</b>	<b>23,882</b>	<b>17,110</b>		<b>4,534</b>	<b>1,022</b>	<b>298</b>
	<b>TOTAL - ALL ASSETS</b>		<b>6,632</b>	<b>-</b>	<b>409,037</b>	<b>204,252</b>	<b>204,785</b>		<b>24,086</b>	<b>7,605</b>	<b>4,717</b>

- (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.

1	<b>Near Perfect</b> - Ranges from New or Good
2	<b>Superficial Deterioration</b> - Ranges from Generally Good to Fair
3	<b>Deterioration Evident</b> - Ranges from Fair to Marginal
4	<b>Requires Major Reconstruction</b> - Ranges from Poor to Critical

Special Schedules 2011

## Mosman Council

Special Schedule No. 8 - Financial Projections  
as at 30 June 2011

\$'000	Actual <sup>(1)</sup> 10/11	Forecast 11/12	Forecast 12/13	Forecast <sup>(3)</sup> 13/14	Forecast <sup>(3)</sup> 14/15
<b>(i) RECURRENT BUDGET</b>					
Income from continuing operations	36,289	35,607	36,320	36,966	37,830
Expenses from continuing operations	40,323	40,586	41,453	42,129	43,060
<b>Operating Result from Continuing Operations</b>	<b>(4,034)</b>	<b>(4,979)</b>	<b>(5,133)</b>	<b>(5,163)</b>	<b>(5,230)</b>
<b>(ii) CAPITAL BUDGET</b>					
New Capital Works <sup>(2)</sup>	2,271	2,300			
Replacement/Refurbishment of Existing Assets	6,126	4,315	3,079	3,155	3,237
<b>Total Capital Budget</b>	<b>8,397</b>	<b>6,615</b>	<b>3,079</b>	<b>3,155</b>	<b>3,237</b>
<b>Funded by:</b>					
– Loans	2,250	2,800			
– Asset sales	27				
– Reserves	2,216	326			
– Grants/Contributions	630	135			
– Recurrent revenue	3,274	3,354	3,079	3,155	3,237
– Other					
	<b>8,397</b>	<b>6,615</b>	<b>3,079</b>	<b>3,155</b>	<b>3,237</b>

**Notes:**

(1) From 10/11 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.