

MOSMAN COUNCIL

General Purpose Financial Reports for the year ended 30th June 2002

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MOSMAN COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2002

STATEMENT BY COUNCILLORS AND MANAGEMENT MADE PURSUANT TO SECTION 413 (2)(c) OF THE LOCAL GOVERNMENT ACT 1993 (as amended)

The attached Annual Financial Statements have been drawn up in accordance with

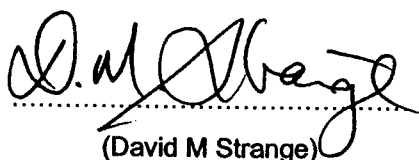
- The Local Government Act 1993 (as amended) and the Regulations made thereunder
- The Australian Accounting Standards and professional pronouncements
- The Local Government Code of Accounting Practice and Financial Reporting
- The Local Government Asset Accounting Manual.

To the best of our knowledge and belief, these reports

- Present fairly the Council's financial position and operating result for the year, and
- Accord with Council's accounting and other records

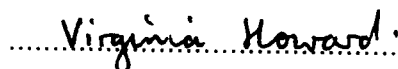
We are not aware of any matter that would render the reports false or misleading in any way.

Signed in accordance with a resolution of Council made on 15 October 2002



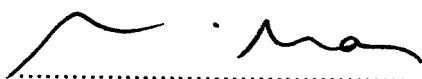
(David M Strange)

MAYOR



(Virginia E Howard)

COUNCILLOR



(Vivian H May, PSM)

GENERAL MANAGER



(Mark McDonald)

RESPONSIBLE ACCOUNTING OFFICER

MOSMAN COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30th June 2002

Budget 2002 \$'000		Notes	Actual 2002 \$'000	Actual 2001 \$'000
	EXPENSES FROM ORDINARY ACTIVITIES			
7,993	Employee Costs	3	8,398	7,682
6,770	Materials & Contracts		6,967	6,584
182	Borrowing Costs	3	184	163
3,600	Depreciation & Amortisation	3	2,891	2,980
3,744	Other Expenses	3	4,187	4,068
50	Loss from Disposal of Assets	5	-	20
-	Loss from interests in Joint Ventures & Associates	19		
<u>22,339</u>	Total Expenses from Ordinary Activities		<u>22,627</u>	<u>21,497</u>
	REVENUES FROM ORDINARY ACTIVITIES			
13,564	Rates & Annual Charges	4	13,509	12,941
5,003	User Charges & Fees	4	5,200	4,647
220	Investment Revenues	4	263	228
1,380	Grants & Contributions - Operating	4	1,427	1,358
1,195	Other Revenues	4	1,265	1,176
-	Profit from Disposal of Assets	5	97	-
-	Profit from interests in Joint Ventures & Associates	19	48	36
<u>21,362</u>	Revenues from Ordinary Activities before Capital Amounts		<u>21,809</u>	<u>20,386</u>
(977)	SURPLUS(DEFICIT) FROM ORDINARY ACTIVITIES BEFORE CAPITAL AMOUNTS		(818)	(1,111)
481	Grants & Contributions - Capital	4	869	1,370
<u>(496)</u>	NET SURPLUS(DEFICIT) FOR YEAR		<u>51</u>	<u>259</u>

This Statement is to be read in conjunction with the attached Notes.

MOSMAN COUNCIL

STATEMENT OF FINANCIAL POSITION as at 30th June 2002

	Notes	Actual 2002 \$'000	Actual 2001 \$'000
CURRENT ASSETS			
Cash Assets	6	3,565	3,406
Receivables	7	2,133	1,950
Inventories	8	103	131
Other	8	300	74
TOTAL CURRENT ASSETS		<u>6,101</u>	<u>5,561</u>
NON-CURRENT ASSETS			
Other	8	14	-
Property, Plant & Equipment	9	403,924	404,149
Investments accounted for using the equity method	19	604	584
TOTAL NON-CURRENT ASSETS		<u>404,542</u>	<u>404,733</u>
TOTAL ASSETS		<u>410,643</u>	<u>410,294</u>
CURRENT LIABILITIES			
Payables	10	2,022	1,882
Interest Bearing Liabilities	10	525	479
Provisions	10	648	631
TOTAL CURRENT LIABILITIES		<u>3,195</u>	<u>2,992</u>
NON-CURRENT LIABILITIES			
Payables	10	2,500	2,315
Interest Bearing Liabilities	10	3,987	4,262
Provisions	10	1,204	1,019
TOTAL NON CURRENT LIABILITIES		<u>7,691</u>	<u>7,596</u>
TOTAL LIABILITIES		<u>10,886</u>	<u>10,588</u>
NET ASSETS		<u>\$ 399,757</u>	<u>399,706</u>
EQUITY			
Accumulated Surplus		399,757	399,706
Asset Revaluation Reserve		-	-
TOTAL EQUITY		<u>\$ 399,757</u>	<u>399,706</u>

This Statement is to be read in conjunction with the attached Notes

MOSMAN COUNCIL

STATEMENT OF CHANGES IN EQUITY for the year ended 30th June 2002

	Note Ref	2002 \$'000	2001 \$'000
		Accum Surplus	Asset Reval. Reserve
Balance at beginning of the reporting period		399,706	-
Change in Net Assets recognised in the Statement of Financial Performance		51	51
Adjustment due to compliance with revised Accounting Standards		-	(51,838)
Transfers to Asset Revaluation Reserve		-	-
Transfers from Asset Revaluation Reserve		-	-
Cash Contributions by Outside Equity Interests		-	-
Cash Distributions to Outside Equity Interests		-	-
Other Adjustments to Outside Equity Interest		-	-
Balance at end of the reporting period		399,757	-

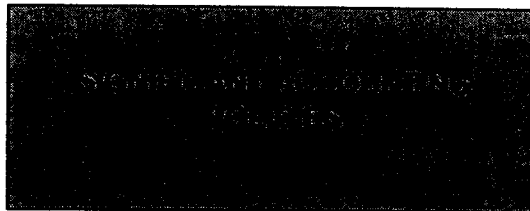
This Statement is to be read in conjunction with the attached Notes

MOSMAN COUNCIL

STATEMENT OF CASH FLOWS for the year ended 30th June 2002

	Notes	Actual 2002 \$'000	Actual 2001 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates & Annual Charges		13,621	13,001
User Charges & Fees		5,218	4,506
Investments Income		258	253
Grants & Contributions		2,473	2,832
Other operating receipts		1,641	1,440
<u>Payments</u>			
Employee Costs		(8,352)	(7,599)
Materials & Contracts		(7,821)	(7,281)
Borrowing Costs		(185)	(157)
Other operating payments		(4,109)	(4,306)
Net Cash provided by (or used in) Operating Activities	11(b)	2,744	2,689
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Proceeds from sale of Investments		-	120
Proceeds from sale of Property, Plant & Equipment		720	-
Proceeds from sale of Real Estate	5, 8	-	-
Proceeds from sale of Shares in Companies		-	-
Repayments from Deferred Debtors		-	1
Contributions to joint ventures by minority interests	19(a)	-	-
Distribution received from associated entities	19(b)(c)	31	31
Other proceeds		-	-
<u>Payments</u>			
Purchase of Investments		-	-
Purchase of Property, Plant & Equipment		(3,107)	(2,721)
Purchase of Real Estate	8	-	-
Purchase of Shares in Companies		-	-
Loans to Deferred Debtors		-	-
Distributions from joint ventures to minority interests	19(a)	-	-
Capital contributed to associated entities	19(b)(c)	-	-
Net Cash provided by (or used in) Investing Activities		(2,356)	(2,569)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings & Advances		250	880
Other Proceeds		-	-
<u>Payments</u>			
Repayments of Borrowings & Advances		(349)	(421)
Repayment of Finance Lease Liabilities		-	-
Other Payments		(130)	-
Net Cash provided by (or used in) Financing Activities		(229)	459
Net Increase (Decrease) in cash held		159	579
Cash Assets at beginning of reporting period	11(a)	3,406	2,827
Adjustment to opening Cash Assets due to adoption of revised Accounting Standards		-	-
Cash Assets at end of reporting period	11(a)	3,565	3,406

This Statement is to be read in conjunction with the attached Notes

Note 1

In accordance with the Australian Accounting Standard AAS6 - Accounting Policies: Determination, Application and Disclosure, the significant accounting policies adopted by Mosman Municipal Council are set out below.

1. The Local Government Reporting Entity

- (i) The consolidated financial statements include all funds and other activities through which the Council controls resources to carry on its functions.

The following funds and activities are included in the consolidated financial statements:

- General Fund
- Kimbriki Recycling and Waste Disposal Centre Joint Venture
- Shorelink Library Network Joint Venture
- Cremorne Early Childhood Centre

In the process of reporting on the Local Government as a single entity, all transactions and balances between funds and activity areas have been eliminated.

- (ii) The Council is required under the Local Government Act to maintain a separate and distinct Trust Fund to account for all monies 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.
- (iii) A separate statement of monies held in the Trust Fund is available for inspection at the Council offices to any person free of cost.

2. Basis of Accounting

- (i) **Compliance**

The financial report complies with the applicable Australian Accounting Standards and professional pronouncements, the requirements of the Local Government Act, the Local Government Code of Accounting Practice and Financial Reporting and the Local Government Asset Accounting Manual.

(ii) **Basis**

The financial report has been prepared on the accrual basis of accounting and, except where specifically indicated in these Notes, in accordance with the historical cost convention.

The accounting policies adopted for the reporting period are consistent with those of the previous reporting period where otherwise indicated.

3. Rates

The rating period and reporting period for the Council coincide. All rates levied for the year are recognised as revenue. Uncollected rates are recognised as receivables after providing for amounts due from unknown owners and postponed rates in accordance with the requirements of the Local Government Act 1993.

4. Grants, Contributions and Donations

Grants, donations and other contributions are recognised as revenues when the Council obtains control over the assets comprising the contributions. Control over granted assets is normally obtained upon their receipt. Where prior advice of grants has been received and expenditure has been incurred in accordance with the relevant terms and conditions, unreceived grant entitlements are recorded as receivables.

Contributions not received over which the Council has control are recognised as receivables.

Where grants, contributions and donations recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of the amounts pertained to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions recognised as revenues in a previous reporting period, which were expended in respect of the Council's operations for the current reporting period.

5. Cash Assets and Investment Securities

Investments in Bank Bills, Promissory Notes and Term Deposits are recognised at cost. Interest revenues are recognised as they accrue. Bills of exchange which have been purchased at a discount to face value are recognised at cost; the discount brought to account during the reporting period is accounted for as interest received. Managed Funds are valued at market value in accordance with audited certificates issued by each fund; changes in market value are recognised as interest received.

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition. Where cash and investments held are subject to restrictions and Council's Management Plan for the ensuing

reporting period does not provide for the discharge of those restrictions, the amounts have been classified as non-current.

6. Receivables

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1993 (as amended) and the Regulations and Determinations made thereunder.

Other receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate provision made for amounts the receipt of which is considered doubtful.

Within the books of account for the period ending 30 June 2002 is a net receivable totalling \$124,000 representing a contra to costs expensed by Council towards legal action instigated against it by the owner of 42A Bay Street, Mosman.

The claim alleges that Council was negligent by not redirecting stormwater away from the property resulting in a fire on 1 May 1988 which significantly damaged their residence.

Neither Council's Public Liability Insurer (FAI), nor its Professional Indemnity Insurers (C E Heath) would accept liability as there was a question as to whether it was a public liability or professional indemnity claim. These two companies have now gone into liquidation.

The matter was determined by Justice Hiddens in December 2001 where he ruled in favour of Council, granting Council's costs. The claimants have subsequently lodged an appeal.

Should the Appeal be successful and there is no recourse through the liquidated insurers or any salvage package, The General Manager has indicated that he will recommend to Council that a application will be made to the Minister for Local Government for a special rate variation to cover any costs awarded against it.

7. Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

8. Property, Plant & Equipment

(8.1) Transitional Provisions

The accounting regulations applicable prior to 1 January 1993 did not require the capitalisation of infrastructure assets acquired or constructed.

Australian Accounting Standard AAS27 provides a transitional period for the capitalisation of these assets on a staged basis.

At the date of these accounts, the following infrastructure assets have not been capitalised:

Land Under Roads

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use".

(8.2) **Materiality**

For assets capitalised since 1 January 1993, the following rules of materiality have been applied where the asset has an economic life which is determined to be longer than one year:

Plant & Equipment	Capitalise if value > \$1,000
Office Equipment	Capitalise if value > \$500
Furniture & Fittings	Capitalise if value > \$500
Land – Council land	Capitalise
Open Space	Capitalise
Land under roads	Capitalise
Buildings – Construction/Extensions	Capitalise
Renovations	Capitalise if value > \$1,000
Other Structures	Capitalise if value > \$1,000
Roads, Bridges, Footpaths	
Construction/Reconstruction	Capitalise
Reseal/resheet/major repairs	Capitalise if value > \$1,000

(8.3) **Valuation**

The Council is exempted from the "Recoverable Amount Test" under the provision of paragraph 30 of AAS10.

At 1 July 2000 upon the commencement of Australian Accounting Standard AAS38 "Revaluation of Non –Current Assets", Council elected pursuant to paragraph 10.4(a) of the standard to revert to the cost basis for all classes of assets previously carried at revalued amounts.

Further detail of existing valuations, methods and valuers are provided at Note 9. Plant, equipment and similar assets are carried at historical cost less accumulated depreciation.

(8.4) Depreciation of Non-Current Assets

All assets having a limited useful life are systematically depreciated over their useful lives in a manner, which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis, except in the case of Drainage and Roads, Bridges and Footpaths assets whereby Council utilises a reducing balance methodology since being brought to account in 1997 and 1996 respectively.

Buildings	100 years
Vehicles	10 years
Office Equipment	10 years
Roads	100 years
Drains	100 years
Footpaths	100 years

Except for land under roads, infrastructure assets acquired or constructed prior to 1 January 1993 have now been recognised as assets of the Council.

(8.5) Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting revenue) have been capitalised in accordance with Australian Accounting Standard AAS34 "Borrowing Costs". The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 4. All borrowing costs capitalised relate to funds borrowed specifically for the qualifying assets, and accordingly paragraph 5.2 of the standard does not apply.

9. Payables**Goods & Services**

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

Payments Received in Advance & Deposits

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

10. Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

11. Employees' Leave Entitlements

Employees' entitlements are provided for annual leave, long service leave, accrued leave in lieu and leave accrued under Council's Enterprise Agreement with employees, in respect of services provided by employees up to the reporting date. Such provisions are assessed as at each reporting date, having regard to current rates of pay, periods of service, entitlements under the Law or Council Policy, and experience of employee departures and their period of service. The amounts provided have been apportioned between current and non-current, the current provision being the entitlement due in the next twelve months.

Long service leave is calculated at 100% entitlement for those employees with more than five years continual service; and a pro-rata percentage of entitlements for those with between nil and five years service.

Council has adopted AAS 30 - Accounting for Employee Entitlements, since the 1994/95 financial reports, recognising net present value of the non-current liability provision for long service leave, with the reduction in the non-current liability provision for long service leave being \$162K in 2001/02.

The accounts recognise the current liability provision for leave in lieu accrued under Enterprise Agreements entered into in 1994/95. Staff under such agreements are entitled to one weeks accrued leave per annum in lieu of unpaid time worked.

The superannuation expense for the year is the amount of the statutory contribution that the Council makes to the superannuation plan, which provides benefits to its employees.

12. Financial Instruments

Council complies with Australian Accounting Standard AAS33 "Presentation & Disclosure of Financial Instruments", the disclosures required by that Standard are made in Note 6 (Cash Assets and Investment Securities), Note 7 (Receivables), and Note 15 (Financial Instruments).

13. Construction Contracts

Construction works undertaken by Council for third parties (principally the Roads & Traffic Authority for works on national and state roads) are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

14. Joint Ventures and Associated Entities

Council participates in cooperative arrangements with other Councils for the provision of services and facilities, the accounting treatment for which have been affected by changes to the relevant Australian Accounting Standards. Adjustments to reflect Council's interests in these arrangements on adoption of the revised Standards have been carried direct to accumulated surplus in accordance with the transitional provisions of those Standards.

Entities over which Council exercises no "control" have been accounted for in accordance with Australian Accounting Standard AAS 19 "Accounting for Interests in Joint Ventures", Shorelink Library Network, and are disclosed in detail in Note 19 (b)

Entities over which another Council exercises "control" have been accounted for in accordance with Australian Accounting Standard AAS 14 "Accounting for Investments in Associates", Kimbriki Waste Disposal Facility, and are disclosed in Note 19 ©.

15. Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AAS17 "Accounting for Leases".

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed as assets under lease, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

16. Self-Generating and Regenerating Assets

All material Self-Generating and Regenerating Assets owned by the Council are held for the principal purposes of one or more of aesthetics, heritage, ecology, the environment or recreation, and accordingly Australian Accounting Standard AAS 35 "Self-Generating and Regenerating Assets" does not apply.

17. GST Implications

In accordance with UIG Abstract 31 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupments.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

18. Budget Information

The Statement of Financial Performance and Note 2 provide budget information of revenues and expenditures by type and for each of the major activities of the Council.

Budget figures presented are those approved by Council at the beginning of the financial year and do not include Council approved variations throughout the year. Short explanations of the most significant variations are given in Note 16, and further information of the nature and amount of all variations is available from the Council office upon request.

19. Insurances

Council is a member of Statewide Mutual, a pool providing public liability insurance to Council. Following the collapse of the HIH insurance group, Statewide Mutual has reported a loss for the year ended 30 June 2002 of \$33.472M and accumulated losses totalling \$42.344M. These losses must be funded by the 174 Members in the absence of any contributions by State or Federal Governments.

Council has been advised of the extent of its liability to meet the loss of the Mutual to 30 June 2002 and has brought this amount to account in Note 10. At present, no action is being taken by the Mutual to make a call on Council for these funds, and accordingly the value has been disclosed as Non Current.

This liability may be reduced by any contribution made by the State or Federal Governments. In the absence of such contributions, the liability will be funded by future contributions to the scheme by the members.

20. Rounding

In accordance with the Code of Accounting Practice all amounts shown in the Financial Statements have been rounded to the nearest thousand dollars.

NOTE 2A

FUNCTIONS

Revenues, expenses & assets have been directly attributed to the following functions.													
FUNCTIONS	REVENUES			EXPENSES			OPERATING RESULT			GRANTS INCLUDE IN REVENUE		TOTAL ASSETS HELD *	
	Original Budget 2002 \$'000	Actual 2002 \$'000	Actual 2001 \$'000	Original Budget 2002 \$'000	Actual 2002 \$'000	Actual 2001 \$'000	Original Budget 2002 \$'000	Actual 2002 \$'000	Actual 2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
DEMOCRATIC LOCAL GOVERNMENT				18	945	699	(945)		(681)				39
RESOURCE & ASSET MANAGEMENT	2,834		1,864	5,577		5,679	(2,743)		(3,815)	32			25,199
STRATEGIC TOWN PLANNING	148		343	480		444	(332)		(101)				64
BUILT ENVIRONMENT	806		855	1,154		811	(348)		44				201
NATURAL ENVIRONMENT	45		997	1,004		879	(959)		118	969			76
PUBLIC HEALTH	3,828		3,606	4,526		3,923	(698)		(317)				720
PUBLIC SAFETY	100		130	1,519		1,492	(1,419)		(1,362)				24,400
COMMUNITY DEVELOPMENT & SERVICES	960		1,023	1,515		1,520	(555)		(497)	431			4,026
LIBRARY & INFORMATION	162		180	1,113		1,232	(951)		(1,052)	92			5,187
PARKS, RECREATION & CULTURE	310		709	2,183		2,315	(1,873)		(1,606)	31			231,332
TRANSPORT & TRAFFIC	1,314		1,161	2,138		2,363	(824)		(1,202)	160			119,050
ECONOMIC DEVELOPMENT	21		9	185		140	(164)		(131)				
TOTAL FUNCTIONS	10,528		10,895	22,339		21,497	(11,811)		(10,602)	1,715			410,294
General Purpose Revenues	11,315		10,861				11,315			665			
TOTAL	21,843		21,756	22,339		21,497	(496)		259	2,380			410,294

*CURRENT ASSETS HAVE BEEN PLACED WITHIN THE RESOURCE & ASSET MANAGEMENT FUNCTION AS THEY CANNOT BE RELIABLY ATTRIBUTED TO SPECIFIC FUNCTIONS

NOTE 2(b)

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

COUNCIL, COMMUNITY AND COMMUNICATION

Council Secretariat and Civic Involvement, Public Accountability, Governance & Communication.

RESOURCE & ASSET MANAGEMENT

Finance & Corporate Assets, Information and Communication Systems, Insurance & Risk Management, Human Resources, Emergency Management.

STRATEGIC TOWN PLANNING

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

BUILT ENVIRONMENT

Development Administration.

NATURAL ENVIRONMENT

Atmospheric Environment, Water Cycle Management, Biodiversity, Trees, Land Management & Noise.

PUBLIC HEALTH

Waste Minimisation and Management, Cleansing, Disease Prevention, Companion Animals.

COMMUNITY SAFETY

Community Involvement in Crime Prevention Strategies, Combating Offences Safety Construction, Emergency Services, Safety Patrols, Stormwater Drainage.

COMMUNITY DEVELOPMENT & SERVICES

Community Involvement, Children/Family, Youth, Older People, People with Disabilities, Early Childhood Health, Safe Communities, Aboriginal Culture, Heritage and Reconciliation.

LIBRARY & INFORMATION

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

PARKS, RECREATION & CULTURE

Parks, Gardens & Civic Spaces, Sporting Fields & Facilities, Beaches, Sea Pools & Foreshores, Cultural Development, Gallery Exhibitions & Activities, Community Arts, Crafts & Activities, Community Events, Friend ship Agreements.

TRANSPORT & TRAFFIC

Roads, Facilities, Traffic Maangement, Pedestrians, Bicycles, Public Transport.

ECONOMIC DEVELOPMENT

Business & Employment, Marketing Mosman, Regional Economic Development.

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 3 - EXPENSES FROM ORDINARY ACTIVITIES

EMPLOYEE COSTS	2002 \$'000	2001 \$'000
Salaries and Wages	6,675	5,930
Travelling	38	29
Employee Leave Entitlements	864	944
Superannuation	422	389
Workers' Compensation Insurance	202	199
Fringe Benefits Tax	66	87
Payroll Tax	-	-
Training Costs (excluding Salaries)	122	89
Other	9	15
Less: Capitalised and distributed costs	-	-
Total Operating Employee Costs	8,398	7,682
Total Number of Employees	157	152
(Full time equivalent at end of reporting period)		
BORROWING COSTS		
Interest on Overdraft	1	2
Interest on Loans	183	161
Interest on Advances	-	-
Charges on Finance Leases	-	-
Interest on other debts	-	-
Gross Interest Charges	184	163
Less: Borrowing Costs capitalised	-	-
Total Interest Charges	184	163
DEPRECIATION & AMORTISATION		
Plant and Equipment	126	128
Office Equipment	277	293
Furniture & Fittings	16	17
Leased Property, Plant & Equipment	-	-
Land Improvements	211	242
Buildings	415	420
Other Structures	8	8
Infrastructure		
- roads, bridges & footpaths	1,349	1,357
- stormwater drainage	251	247
- water supply network not elsewhere included	-	-
- sewerage network not elsewhere included	-	-
Other assets		
- heritage collections	-	-
- library books	120	127
- other	118	141
Less: Capitalised and distributed costs	-	-
Total Depreciation & Amortisation	2,891	2,980

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 3 - EXPENSES FROM ORDINARY ACTIVITIES (cont)

	2002 \$'000	2001 \$'000
OTHER EXPENSES		
Advertising	162	160
Auditor's Remuneration		
- Audit Services	26	21
- Other Services	-	-
- Other Auditors	-	-
Bad and Doubtful Debts	87	121
Bank and Financial Charges	104	103
Catering	72	65
Computer/IT Expenses	192	234
Consultancies	189	199
Donations & Contributions to Local & Regional Bodies	199	183
Election Expenses	-	-
Equipment Maintenance	50	44
Insurances	379	359
Self Insurances	136	-
Leases (Property)	33	32
Leases (Photocopiers)	55	49
Legal Expenses		
- Planning & Development	159	106
- Other Legal Expenses	67	169
Light, Power & Heating	132	144
Mayoral Allowance	25	23
Members' Fees & Allowances	141	132
Members' Expenses	48	61
Operating Lease Rentals - cancellable	-	-
Operating Lease Rentals - non-cancellable		
- minimum lease payments	-	-
- contingent rentals	-	-
- sub-lease rentals (see also Note 12)	-	-
Payments to other levels of Government	669	658
Postage and Couriers	87	76
Printing and Stationery	162	145
Revaluation Decrements written off	-	-
Street Lighting	284	280
Subscriptions & Publications	57	48
Telephone & Communications	175	193
Waste Disposal and Recycling Centre	140	140
Water	99	84
Adjust interest in associated entities (Note 19)		
Other	258	239
Total Other Expenses	4,187	4,068

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 4 - REVENUES FROM ORDINARY ACTIVITIES

RATES & ANNUAL CHARGES	2002 \$'000	2001 \$'000
<u>Ordinary Rates</u>		
Residential	9,370	9,063
Farmland	-	-
Mining	-	-
Business	1,065	1,027
	<u>10,435</u>	<u>10,090</u>
<u>Special Rates</u>		
Water Supplies	-	-
Sewerage Services	-	-
Parking	-	-
Mainstreet	-	-
Tourism	-	-
Other	-	-
	<u>-</u>	<u>-</u>
<u>Annual Charges</u>		
Domestic Waste Management	3,074	2,851
Water Supply	-	-
Sewerage Services	-	-
Drainage	-	-
Other Waste Management	-	-
Other	-	-
	<u>3,074</u>	<u>2,851</u>
Total Rates & Annual Charges	<u>13,509</u>	<u>12,941</u>
 USER CHARGES & FEES		
<u>User Charges</u>		
Domestic Waste Management	21	16
Lease Rental (Property)	1,746	1,456
Meals on Wheels	110	119
Road Restoration	127	109
Staff Vehicle Leases	88	84
Market Days	70	63
Out of School Hours Care	98	90
Vacation Care	48	74
Cultural Centre Rental	71	49
Oval Rents	92	89
Reserve Rents	57	85
Childrens Leisure and Learning	26	46
Mosman Occasional Child Care Centre	150	95
Mini-Skips	23	15
Community Restaurant	24	22
Water Supply	-	-
Sewerage Services	-	-
Drainage Services	-	-
Other Waste Management	503	498
Other	186	168
	<u>3,440</u>	<u>3,078</u>
<u>Fees</u>		
Planning & Building	-	-
Regulatory / Statutory Fees	1,598	1,355
Registration Fees	-	-
RTA Claims - State Roads	19	19
Sec 611 Charges	54	88
Rent & Hire of Council Property	-	-
Admission & Service Fees	-	-
Other	89	107
	<u>1,760</u>	<u>1,569</u>
Total User Charges & Fees	<u>5,200</u>	<u>4,647</u>

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 4 - REVENUES FROM ORDINARY ACTIVITIES (cont)

	2002 \$'000	2001 \$'000
INVESTMENT REVENUES		
Interest on overdue rates & charges	39	42
Interest on investments attributable to		
Section 94 Contributions	-	3
Water & Sewerage Contributions	-	-
Water Supplies	-	-
Sewerage Services	-	-
Other External Restrictions	-	-
Other Investments	224	183
Other Investment Revenues	-	-
Gross Investment Revenues	<u>263</u>	<u>228</u>
Less: Interest deducted from		
capitalised borrowing costs	-	-
Total Investment Revenues	<u>263</u>	<u>228</u>
 OTHER REVENUES		
Commissions & Agency Fees	18	25
Certificate Fees	223	183
Computer Bureau Income	-	-
Ex gratia payments in lieu of Rates	-	-
Fines	828	693
Footpath Occupation	22	54
Insurance Claims	-	-
Lease Rental	53	32
Legal Fees Recovery (Rates)	23	16
Legal Fees Recovery	-	109
Recycling Income (Non domestic)	-	-
Reversal of Revaluation Decrements	-	-
Sales - General	-	-
Adjust interest in associated entities	-	-
Other	98	64
Total Other Revenues	<u>1,265</u>	<u>1,176</u>

Note 19

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 4 - REVENUES FROM ORDINARY ACTIVITIES (cont)

	OPERATING		CAPITAL	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
GRANTS				
General Purpose (Untied)				
Financial Assistance	-	-	-	-
Equalisation Component	426	407		
Local Roads Component	150	145		
Pensioner Rates Subsidies	115	113	-	-
Specific Purpose				
Water Supplies	-	-	-	-
Sewerage Services	-	-	-	-
Community Centres	-	-	-	-
Community Services	460	431	72	2
Library Services	54	54	6	39
Roads & Bridges	69	60	20	62
Creek Rehabilitation	20			38
Recreation	29	24	103	29
Seawalls			66	310
Stormwater			147	595
Traffic Facility	42	39		
Natural Disaster Relief				32
Employment & Training Programs	-	-	-	-
Heritage & Cultural Services	-	-	-	-
Community Care Services	-	-	-	-
Bushfire & Emergency Services	-	-	-	-
Other	-	-	-	-
Total Grants & Subsidies	1,365	1,273	414	1,107
CONTRIBUTIONS & DONATIONS				
Developer Contributions				
Subdivider Dedications	-	-	-	-
Roadworks	-	-	-	-
Drainage	-	-	-	-
Traffic Facilities	-	-	-	-
Parking	-	-	25	194
Open Space	-	-	429	-
Community Facilities	-	-	-	-
Other	-	-	-	-
RTA Contributions	19	4	-	-
Community Development	11	23		34
Library			1	7
Mosman Occasional Child Care Centre				25
Recreation	7	35		
Ex Gratia Rates	25	23		
Water Supplies	-	-	-	-
Sewerage Services	-	-	-	-
Other Councils - Joint Works	-	-	-	3
Paving	-	-	-	-
Kerb & Gutter	-	-	-	-
Other	-	-	-	-
Total Contributions & Donations	62	85	455	263
TOTAL GRANTS & CONTRIBUTIONS	1,427	1,358	869	1,370

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 5 - GAIN OR LOSS ON DISPOSAL OF ASSETS

	2002 \$'000	2001 \$'000
DISPOSAL OF PROPERTY		
Proceeds from disposal	229	3
Less: Carrying amount of assets sold	-	-
Gain (Loss) on disposal	<u>229</u>	<u>3</u>
DISPOSAL OF PLANT & EQUIPMENT		
Proceeds from disposal	555	144
Less: Carrying amount of assets sold	687	167
Gain (Loss) on disposal	<u>(132)</u>	<u>(23)</u>
DISPOSAL OF REAL ESTATE DEVELOPMENT ASSETS		
Proceeds from disposal	-	-
Less: Carrying amount of assets sold	-	-
Gain (Loss) on disposal	<u>-</u>	<u>-</u>
DISPOSAL OF SHARES IN CORPORATIONS		
Proceeds from disposal	-	-
Less: Carrying amount of assets sold	-	-
Gain (Loss) on disposal	<u>-</u>	<u>-</u>
TOTAL GAIN (LOSS) ON DISPOSAL OF ASSETS	<u>97</u>	<u>(20)</u>

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 6 - CASH ASSETS & INVESTMENT SECURITIES

	2002 \$'000		2001 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
CASH ASSETS				
Cash on Hand and at Bank	165	-	106	-
Deposits at Call	3,400	-	3,300	-
Short Term Deposits & Bills, etc	-	-	-	-
Blank line	-	-	-	-
Total Cash Assets	3,565	-	3,406	-
INVESTMENT SECURITIES				
Term Deposits	-	-	-	-
Bills of Exchange	-	-	-	-
Treasury Corporation	-	-	-	-
NCDs, FRNs	-	-	-	-
Managed Funds	-	-	-	-
Other	-	-	-	-
Total Investment Securities	-	-	-	-
TOTAL CASH ASSETS & INVESTMENT SECURITIES	3,565	-	3,406	-

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash Assets subject to external restrictions that are not expected to be discharged during the next reporting period are classified as Non-Current.

The permitted forms of investment in financial instruments of the Council are defined in an order made by the Minister of Local Government on 16 November 2000, and may broadly be described as "Trustee Securities". Accordingly, credit risk is considered to be insignificant. Deposits and Bills are with, or have been accepted by, banks and credit unions and bear various rates of interest between 4.25% and 5.16% (2001 - 4.94% and 5.01%).

RESTRICTED CASH ASSETS & INVESTMENT SECURITIES

		2002 \$'000		2001 \$'000	
		<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
EXTERNAL RESTRICTIONS					
Included in liabilities					
Unexpended Loans		-	-	-	-
RTA Advances		-	-	-	-
Self Insurance Claims		-	-	-	-
Other		-	-	-	-
		-	-	-	-
Other					
Developer Contributions	17	-	-	-	-
RTA Contributions		-	-	-	-
Unexpended Grants	14	274	-	607	-
Water Supply funds		-	-	-	-
Sewerage funds		-	-	-	-
Domestic Waste Management		-	-	-	-
Other		-	-	-	-
		274	-	607	-
Total External Restrictions		274	-	607	-
Total Internal Restrictions		2,256	-	1,860	-
TOTAL UNRESTRICTED		1,035	-	939	-
TOTAL CASH ASSETS & INVESTMENT SECURITIES		3,565	-	3,406	-

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 6 - CASH ASSETS & INVESTMENT SECURITIES (cont)

DETAILS OF MOVEMENTS & UTILISATION OF RESTRICTED CASH ASSETS & INVESTMENT SECURITIES

	Notes	Opening Balance 30 June 2001	Movements		Closing Balance 30 June 2002	Proposed Utilisation of Restriction		
			Transfers To Restriction	Transfers From Restriction		Less than 1 Year	Between 1 and 5 years	Greater than 5 years
External Restrictions								
Developer Contributions	17	-	-	-	-	-	-	-
Unexpended Grants	14	607	268	601	274	274	-	-
Water Supply funds		-	-	-	-	-	-	-
Sewerage funds		-	-	-	-	-	-	-
Domestic Waste Management		-	-	-	-	-	-	-
Total External Restrictions		607	268	601	274	274	-	-

External Restrictions arise pursuant to section 409(3) of the Local Government Act, the Local Government (Financial Management) Regulation 1999 and other applicable legislation. Further information relating to Developer Contributions is provided in Note 17 and Unexpended Grants in Note 14. Amounts raised by special rates (eg. Water & Sewer) or for Domestic Waste Management may only be used for those purposes.

Internal Restrictions							
Employee Leave Entitlements		300	50	-	350	-	-
Construction of Buildings		-	-	-	-	-	45
Capital Works Reserve		23	45	23	-	-	-
Replacement - Plant & Vehicles		-	-	-	-	-	-
Office Equipment		-	-	-	-	-	-
Sinking Funds		-	-	-	-	-	-
Uncompleted Works		726	798	726	798	-	-
Deposits & Bonds		800	1,003	800	1,003	-	-
Future Capital Acquisition		11	49	-	60	-	-
Other		-	-	-	-	-	-
Other		-	-	-	-	-	-
Other		-	-	-	-	-	-
Other		-	-	-	-	-	-
Other		-	-	-	-	-	-
Other		-	-	-	-	-	-
Other		-	-	-	-	-	-
Other		-	-	-	-	-	-
Other		-	-	-	-	-	-
Total Internal Restrictions		1,860	1,945	1,549	1,861	350	45

Internal Restrictions arise pursuant to resolutions of Council to set aside reserves of cash resources either relating to liabilities recognised in these reports or to fund future expenditure for the stated purpose. Such reserves are not permitted to exceed the amounts of cash assets and cash investments not otherwise restricted.

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 7 - RECEIVABLES

	2002 \$'000		2001 \$'000	
	Current	Non-Current	Current	Non-Current
Rates & Annual Charges	251	-	363	-
Rates Interest & Extra Charges	12	-	8	-
Rates Legal Costs	8	-	8	-
User Charges & Fees	1,320	183	1,045	142
Accrued Revenues-Motor Vehicle Sales	131	-	67	-
Accrued Revenues-Fines	158	-	170	-
Accrued Revenues-Workers Comp Prem	-	-	54	-
Accrued Revenues-Other	13	-	28	-
Deferred Debtors	-	-	-	-
GST Revenues	152	-	35	-
Investment Income	8	-	7	-
Other levels of Government	54	-	118	-
Joint Ventures	28	-	31	-
Other	145	-	117	-
Total	2,280	183	2,051	142
Less: Provision for Doubtful Debts				
Rates & Annual Charges	-	-	-	-
User Charges & Fees	133	183	87	142
Other	14	-	14	-
Total Receivables	2,133	-	1,950	-

Rates & Annual Charges

Overdue rates and annual charges (being amounts not paid on or before the due date determined in accordance with the Local Government Act) are secured over the relevant land and are subject to simple interest at a rate of 11.00% (2001: 10.00%). Although Council is not materially exposed to any individual ratepayer, credit risk exposure is concentrated within the Council boundaries in the State of New South Wales.

Other levels of Government

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Government of New South Wales and the Government of Australia.

Other Receivables

Amounts due (other than User Charges which are secured over the relevant land) are unsecured and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State of New South Wales.

RESTRICTED RECEIVABLES

Water Supply	-	-	-	-
Sewerage Services	-	-	-	-
Domestic Waste Management	59	-	82	-
Other	-	-	-	-
Total Restrictions	59	-	82	-
Unrestricted Receivables	2,074	-	1,868	-
Total Receivables	2,133	-	1,950	-

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 8 - INVENTORIES & OTHER ASSETS

	2002 \$'000		2001 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
INVENTORIES				
Stores & Materials	62	-	90	-
Trading Stock	41	-	41	-
Real Estate Developments	-	-	-	-
Other	-	-	-	-
Total Inventories	<u>103</u>	<u>-</u>	<u>131</u>	<u>-</u>

Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical inaccuracies during stores operations.

OTHER ASSETS

Prepayments	300	-	74	-
Other	-	14	-	-
Total Other Assets	<u>300</u>	<u>14</u>	<u>74</u>	<u>-</u>

Real Estate Developments

(Valued at the lower of cost and net realisable value)

Residential	-	-	-	-
Industrial & Commercial	-	-	-	-
Other Properties surplus to requirements	-	-	-	-
Total Real Estate for Resale	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Represented by:

Acquisition Costs	-	-	-	-
Development Costs	-	-	-	-
Borrowing Costs	-	-	-	-
Other Holding Costs	-	-	-	-
Other Properties - Book Value	-	-	-	-
Less: Provision for Under-Recovery	-	-	-	-
Total Real Estate for Resale	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

RESTRICTIONS EXIST IN RESPECT OF THE FOLLOWING:

Inventories

Water Supplies	-	-	-	-
Sewerage Services	-	-	-	-
Other	-	-	-	-

Other Assets

Water Supplies	-	-	-	-
Sewerage Services	-	-	-	-
Other	-	-	-	-

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 9 - PROPERTY, PLANT & EQUIPMENT

	2001 \$'000				MOVEMENTS DURING YEAR \$'000						2002 \$'000		
	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT	Asset Purchases	Asset Disposals	Depreciation	Recov. Amt Write Downs	Net Revaluation	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT
Plant & Equipment	1,657	-	703	954	858	687	126	-	-	1,664	-	665	999
Office Equipment	2,307	-	1,674	633	62	-	277	-	-	2,370	-	1,952	418
Furniture & Fittings	687	-	407	280	42	-	16	-	-	729	-	423	306
Leased Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Land	215,976	-	-	215,976	-	-	-	-	-	215,976	-	-	215,976
- Council owned (freehold)	-	-	-	-	-	-	-	-	-	-	-	-	-
- Council controlled	-	-	-	-	-	-	-	-	-	-	-	-	-
- non deprec land improv'ts	-	-	-	-	-	-	-	-	-	-	-	-	-
- land under roads	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Improvements - depreciable	8,800	-	1,939	6,861	95	-	211	-	-	8,895	-	2,150	6,745
Buildings	36,697	-	1,990	34,707	63	-	415	-	-	36,760	-	2,405	34,355
Other Structures	155	-	45	110	-	-	8	-	-	154	-	52	102
Infrastructure	156,690	-	37,977	118,713	1,159	-	1,349	-	-	157,849	-	39,327	118,522
- Roads, bridges, footpaths	-	-	-	-	-	-	-	-	-	-	-	-	-
- Bulk earthworks (non-deprec.)	-	-	-	-	-	-	-	-	-	-	-	-	-
- Stormwater drainage	45,164	-	20,375	24,789	638	-	251	-	-	45,803	-	20,625	25,178
- Water Supply Network	-	-	-	-	-	-	-	-	-	-	-	-	-
- Sewerage Network	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
- Heritage Collections	-	-	-	-	-	-	-	-	-	-	-	-	-
- Library Books	2,024	-	1,670	354	136	-	120	-	-	2,160	-	1,790	370
- Other	2,238	-	1,466	772	299	-	118	-	-	2,537	-	1,584	953
Totals	472,395	-	68,246	404,149	3,352	687	2,891	-	-	474,897	-	70,973	403,924

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 9 (cont) - RESTRICTED PROPERTY, PLANT & EQUIPMENT

	2002 \$'000				2001 \$'000			
	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT
Water Supply								
Plant & Equipment	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-
Leased Plant & Equipment	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-
- Council owned (freehold)	-	-	-	-	-	-	-	-
- Council controlled	-	-	-	-	-	-	-	-
- non depreciable land improv't	-	-	-	-	-	-	-	-
Land Improvements - depreciable	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
Other Structures	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
Total Water Supply	-	-	-	-	-	-	-	-
Sewerage Services								
Plant & Equipment	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-
Leased Plant & Equipment	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-
- Council owned (freehold)	-	-	-	-	-	-	-	-
- Council controlled	-	-	-	-	-	-	-	-
- non depreciable land improv't	-	-	-	-	-	-	-	-
Land Improvements - depreciable	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
Other Structures	-	-	-	-	-	-	-	-
Sewerage Infrastructure	-	-	-	-	-	-	-	-
- Roads, bridges, footpaths	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Other Software Solution	-	-	-	-	-	-	-	-
Total Sewerage Services	-	-	-	-	-	-	-	-
			16/40/2002.7:56					

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 10 - LIABILITIES

	2002 \$'000		2001 \$'000	
	Current	Non-Current	Current	Non-Current
PAYABLES				
Goods & Services	981	-	958	-
Payments received in advance	10	-	42	-
Accrued Expenses-Interest on Loans	28	-	29	-
Advances	-	-	-	-
Deposits, Retentions & Bonds	1,003	2,500	800	2,315
Other	-	-	53	-
Total Payables	2,022	2,500	1,882	2,315
INTEREST BEARING LIABILITIES				
Bank Overdraft	-	-	-	-
Loans	395	2,557	349	2,702
Government Advances	-	-	-	-
Ratepayer Advances	-	-	-	-
Finance Lease Liability	-	-	-	-
Deferred Payment Liabilities	130	1,430	130	1,560
Other	-	-	-	-
Total Interest Bearing Liabilities	525	3,987	479	4,262
PROVISIONS				
Annual Leave	463	265	460	171
Sick Leave	-	-	-	156
Long Service Leave	100	801	100	679
Gratuities	-	-	-	-
Self Insurance Claims	-	136	-	-
Enterprise Agreement	85	2	71	13
Total Provisions	648	1,204	631	1,019

All interest bearing liabilities are secured over the future revenues of the Council.

LIABILITIES relating to RESTRICTED ASSETS

Domestic Waste Management

Payables	55	-	30	-
Interest Bearing Liabilities	-	-	-	-
Provisions	-	-	-	-
Subtotal	55	-	30	-

Water Supplies

Payables	-	-	-	-
Interest Bearing Liabilities	-	-	-	-
Provisions	-	-	-	-
Subtotal	-	-	-	-

Sewerage Services

Payables	-	-	-	-
Interest Bearing Liabilities	-	-	-	-
Provisions	-	-	-	-
Subtotal	-	-	-	-

Other

Payables	-	-	-	-
Interest Bearing Liabilities	-	-	-	-
Provisions	-	-	-	-
Subtotal	-	-	-	-
TOTAL	55	-	30	-

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2002 \$'000	2001 \$'000
Total Cash Assets (Note 6)	3,565	3,406
Less: Bank Overdraft (Note 10)	-	-
Balances per Statement of Cash Flows	<u>3,565</u>	<u>3,406</u>

(b) Reconciliation of Change in Net Assets to Cash from Operating Activities

Change in Net Assets resulting from Operations	51	259
Minority Interest in Operating Result	-	-
Add: Depreciation and Amortisation	2,891	2,980
Increase in provision for doubtful debts	87	109
Increase in employee leave entitlements	66	115
Increase in other provisions	136	-
Decrease in receivables	-	-
Decrease in inventories	28	-
Decrease in other current assets	-	13
Increase in payables	-	-
Increase in accrued expenses payable	-	-
Increase in other current liabilities	303	-
Loss on Sale of Assets	-	20
Equity share of loss in Associates	-	-
Equity adjustment in Associates (decrease)	-	-
Decrements from Revaluations	-	-
	<u>3,562</u>	<u>3,496</u>
Less: Decrease in provision for doubtful debts	-	-
Decrease in employee leave entitlements	-	-
Decrease in other provisions	-	-
Increase in receivables	209	436
Increase in inventories	-	121
Increase in other current assets	240	-
Decrease in payables	223	214
Decrease in accrued expenses payable	1	-
Decrease in other current liabilities	-	-
Gain on Sale of Assets	97	-
Equity share of profit in Associates	-	36
Equity adjustment in Associates (increase)	48	-
Reversal of previous Revaluation Decrements	-	-
Non-cash Capital Grants and Contributions	-	-
Net Cash provided by (or used in) operations	<u>2,744</u>	<u>2,689</u>

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 11 (CONT) - RECONCILIATION TO CASH FLOW STATEMENT

	2002 \$'000	2001 \$'000
(c) Non-Cash Financing and Investing Activities		
Acquisition of assets by means of:		
- PWD Construction	-	-
- Bushfire Grants	-	-
- Developer Contributions received in kind	-	-
- Non-cash issues of Shares in Other Companies	-	-
- Other	-	-
	<hr/>	<hr/>
- Finance Leases	-	-
- Land taken over for non-payment of Rates	-	-
	<hr/>	<hr/>
	<hr/>	<hr/>

(d) Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

Bank Overdrafts		
Total Facilities	90	90

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Interest rates on overdrafts are variable while the rates for loans are fixed for the period of the loan.

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 12 - COMMITMENTS FOR EXPENDITURE

	2002 \$'000	2001 \$'000
(a) Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Land	-	-
Buildings	-	-
IT Strategy	18	18
Plant & Equipment	-	-
	<u>18</u>	<u>18</u>
These expenditures are payable:		
Not later than one year	18	18
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>18</u>	<u>18</u>

Commitments for Capital Expenditures relating to Joint Ventures and Partnerships are set out in Note 19.

(b) Other Expenditure Commitments		
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	23	22
Waste Management Services	1,948	1,920
Other	-	-
	<u>1,971</u>	<u>1,942</u>
These expenditures are payable:		
Not later than one year	1,971	1,942
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>1,971</u>	<u>1,942</u>

Commitments for other Expenditures relating to Joint Ventures and Partnerships are set out in Note 19.

(c) Finance Lease Commitments	
Commitments under finance leases at the reporting date are as follows:	

Not later than one year	-	-
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
Minimum lease payments	-	-
Less: future finance charges	-	-
Net Lease Liability	<u>-</u>	<u>-</u>
Representing lease liabilities:		
Current	-	-
Non-Current	-	-
	<u>-</u>	<u>-</u>

No Joint Ventures or Partnerships have any finance lease arrangements.

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 12 (CONT) - COMMITMENTS FOR EXPENDITURE

	2002 \$'000	2001 \$'000
(d) Operating Lease Commitments (Non-Cancellable)		
Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows:		
<u>Total Future Minimum Lease Payments</u>		
Not later than one year	129	71
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>129</u>	<u>71</u>

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 13 - STATEMENT OF PERFORMANCE MEASUREMENT

	<u>Amounts</u>	<u>2002 Indicators</u>	2001	2000	1999
Current Ratio					
<u>Current Assets</u>	\$6,101	1.91:1	1.86:1	1.36:1	1.69:1
Current Liabilities	\$3,195				
Unrestricted Current Ratio					
<u>Unrestricted Current Assets*</u>	\$5,768	1.84:1	1.64:1	1.25:1	1.6:1
Current Liabilities not relating to Restricted Assets	\$3,140				
* as defined in the Code					
Debt Service Ratio					
<u>Net Debt Service Cost</u>	\$663	3.14%	2.97%	2.88%	2.17%
Operating Revenue	\$21,073				
* as defined in the Code					
Rate & Annual Charges					
Coverage Ratio					
<u>Rates & Annual Charges Revenues</u>	\$13,509	59.56%	59.48%	58.23%	55.70%
Total Revenues	\$22,678				
Rates & Annual Charges					
Outstanding Percentage					
<u>Rates & Annual Charges Outstanding</u>	\$271	1.94%	2.81%	3.68%	2.98%
Rates & Annual Charges Collectible	\$13,927				

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 14 - CONDITIONS OVER GRANTS & CONTRIBUTIONS

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

	2002 \$'000		2001 \$'000	
	<u>Grants</u>	<u>Contrib</u>	<u>Grants</u>	<u>Contrib</u>
Unexpended at the close of the previous reporting period	607	-	191	149
Less: expended during the current period from revenues recognised in previous reporting periods	601	-	187	149
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions	<u>268</u>	-	<u>603</u>	-
Unexpended at the close of this reporting period and held as restricted assets	<u>274</u>	-	<u>607</u>	-
Net increase (decrease) in restricted assets in the current reporting period.	<u>(333)</u>	-	<u>416</u>	<u>(149)</u>

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 15 - FINANCIAL INSTRUMENTS

Interest Rate Risk Exposures

2002	Floating Interest Rate '000	Fixed interest maturing in ≤ 1 year '000	> 1 year ≥ 5 years '000	> 5 years '000	Non- interest bearing '000	Total '000	Weighted Average Interest Rate
Financial Assets							
Cash Assets	-	-	-	-	3,565	3,565	4.63%
Investment Securities	-	-	-	-	-	-	
Receivables							
Rates & Annual Charges	-	271	-	-	-	271	4.63%
User Charges & Fees	-	1,187	-	-	-	1,187	
Deferred Debtors	-	-	-	-	-	-	
Other levels of Govt.	-	54	-	-	-	54	
Other	-	131	-	-	-	131	
Other Assets	-	-	-	-	-	-	
Total	-	1,643	-	-	3,565	5,208	

Financial Liabilities

Payables							
Goods & Services	-	-	-	-	981	981	
Payments in advance	-	-	-	-	10	10	
Advances	-	-	-	-	-	-	
Deposits, Retentions, Bonds	-	-	-	-	3,503	3,503	3.00%
Other	-	-	-	-	-	-	
Interest Bearing Liabilities	-	395	2,557	-	1,560	4,512	6.54%
Finance Lease Liabilities	-	-	-	-	-	-	
Total	-	395	2,557	-	6,054	9,006	

2001

Financial Assets

Cash Assets	-	-	-	-	3,406	3,406	5.77%
Investment Securities	-	-	-	-	-	-	
Receivables							
Rates & Annual Charges	-	379	-	-	-	379	5.77%
User Charges & Fees	-	958	-	-	-	958	
Deferred Debtors	-	-	-	-	-	-	
Other levels of Govt.	-	118	-	-	-	118	
Joint Ventures	-	31	-	-	-	31	
Other	-	103	-	-	-	103	
Other Assets	-	-	-	-	-	-	
Total	-	1,589	-	-	3,406	4,995	

Financial Liabilities

Payables							
Goods & Services	-	-	-	-	958	958	
Payments in advance	-	-	-	-	42	42	
Advances	-	-	-	-	-	-	
Deposits, Retentions, Bonds	-	-	-	-	3,115	3,115	2.00%
Other	-	-	-	-	53	53	
Interest Bearing Liabilities	-	479	-	-	4,262	4,741	6.47%
Finance Lease Liabilities	-	-	-	-	-	-	
Total	-	479	-	-	8,430	8,909	

Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any provision for doubtful debts. Except as detailed in Note 7 in relation to individual classes of financial assets, exposure is concentrated within the Council's boundaries within the State of New South Wales, and there is no material exposure to any individual debtor.

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 15 (CONT) - RECONCILIATION OF FINANCIAL ASSETS & LIABILITIES

	2002 \$'000	2001 \$'000
Net financial assets from previous page		
Financial Assets	5,208	4,995
Financial Liabilities	9,006	8,909
	<u>(3,798)</u>	<u>(3,914)</u>
Non-financial assets and liabilities		
Accrued Revenues	490	361
Inventories	103	131
Property, Plant & Equipment	403,924	404,149
Interest in Associated Bodies	604	584
Other Assets	314	74
Accrued Expenses	(28)	(29)
Provisions	(1,852)	(1,650)
Other liabilities	-	-
	<u>403,555</u>	<u>403,620</u>
Net Assets per Statement of Financial Position	<u>399,757</u>	<u>399,706</u>

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. With the exception of investments, there is no recognised market for the financial assets of the Council.

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 16 Significant variations from Original Budget

Line items with a differential of greater than 10% of original budget

Depreciation & Amortisation:

An increase in the budgeted depreciation figure for 2002 was provided in view of a planned internal review of existing rates. This review was not undertaken & may subsequently occur in 2003.

Other Expenses:

Largely a result of an increase in the provision for doubtful debts along with the requirement to show an expence for self insurance totalling \$136K.

Loss/Profit from Disposal of Assets:

Profit based on unbudgeted land sales, particularly unformed roadways which exceeded loss on sale of motor vehicles.

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 17 - STATEMENT OF CONTRIBUTION PLANS

SUMMARY OF CONTRIBUTIONS

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	EXPENDED IN ADVANCE \$'000	HELD AS RESTRICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Drainage	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-
Open Space	-	429	-	-	429	-	-	829
Community facilities	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Subtotal S94 under plans	-	429	-	-	429	-	-	829
Sec 94 not under plans	-	25	-	-	25	-	-	521
Sec 64 Contributions	-	-	-	-	-	-	-	-
Total Contributions	-	454	-	-	454	-	-	1,350

Note: The above summary of contribution plans represents the total of Council's individual contribution plans. Individual plan details are shown below.

CONTRIBUTION PLAN - OPEN SPACE EMBELLISHMENT

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	EXPENDED IN ADVANCE \$'000	HELD AS RESTRICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Drainage	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-
Open Space	-	429	-	-	429	-	-	829
Community facilities	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	-	429	-	-	429	-	-	829

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 17 - STATEMENT OF CONTRIBUTION PLANS (cont)

CONTRIBUTIONS NOT UNDER PLANS

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	EXPENDED IN ADVANCE \$'000	HELD AS RESTRICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Drainage	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-
Parking	-	25	-	-	25	-	-	521
Open Space	-	-	-	-	-	-	-	-
Community facilities	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	-	25	-	-	25	-	-	521

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 18 - ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position but knowledge of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

Statewide Mutual

Council is a member of Statewide Mutual, a pool providing public liability insurance to Council. Following the collapse of the HIH insurance group, Statewide Mutual has reported a loss for the year ended 30 June 2002 of \$33.472M and accumulated losses totalling \$42.344M. These losses must be funded by the 174 Members in the absence of any contributions by State or Federal Governments.

Council has been advised of the extent of its liability to meet the loss of the Mutual to 30 June 2002 and has brought this amount to account in Note 10. At present, no action is being taken by the Mutual to make a call on Council for these funds, and accordingly the value has been disclosed as Non Current.

This liability may be reduced by any contribution made by the State or Federal Governments. In the absence of such contributions, the liability will be funded by future contributions to the scheme by the members.

Statecover Mutual Limited

Council holds a partly paid share in Statecover Mutual Limited, a company providing workers compensation insurance cover for the Council. Council has a contingent liability to contribute further equity in the event of the erosion of the capital base of the company.

Litigation Claims

Council has received a claim, which is currently in arbitration, from the lessee of the Balmoral Bathers Pavilion regarding alleged delays to occupation of the site in accordance with the lease approved by the Minister for Local Government. No financial amounts have been brought to account due to the uncertainty of any success.

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 19 (cont) - JOINT VENTURES & ASSOCIATED ENTITIES

(b) - Entities not "Controlled" by any member

Shorelink Library Network	2002	2001
Council's respective interests are:		
- interest in outputs of the joint operation	13%	14%
- ownership interest in the joint operation	17%	17%
- the proportion of voting power in the joint operation	20%	20%
Movements in Investment in Joint Operation	\$'000	\$'000
Opening Balance	168	172
Amount recognised on adoption of AAS19	-	-
New Capital Contributions	-	-
Share in Operating Result	(12)	(4)
Distributions Received	-	-
Adjustment to Equity Share	-	-
Share in Equity of Joint Operation	156	168

In accordance with the Code of Accounting Practice, reserves other than Asset Revaluation Reserve have been treated as internal restrictions of cash and investments, and are included in the Share in Equity of the Joint Operation.

Expenditure Commitments

Expenditure committed for (including capital expenditure) at the reporting date but not recognised in the financial statements as liabilities:

Capital Expenditures payable	12	29
Not later than one year	-	-
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	12	29
Operating Expenditures payable	1	1
Not later than one year	1	1
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	2	2

Contingent Liabilities

Each member of the operation is jointly and severally liable for the debts of the operation

- arising from Council's share of the joint operation	-	-
- arising from joint and several liability of all members	-	-

Revenues, expenses, assets and liabilities of these operations included within these reports in accordance with Australian Accounting Standard AAS 19 "Accounting for Interests in Joint Ventures" are summarised below. Reporting periods and accounting policies adopted by both joint operations conform to those adopted by Council. No events have occurred after balance date the financial effects of which may materially affect the financial or operating performance of the joint operations for the next reporting period.

	2002	2001
	\$'000	\$'000
Operating Statement		
Share of joint venture revenues in operating revenues	50	59
Share of joint venture costs in operating expenses	60	62
Net Contribution	(10)	(3)
Statement of Financial Position		
Current Assets	49	73
Non-Current Assets	112	100
Share of Assets employed in Joint Ventures	161	173
Current Liabilities	3	3
Non-Current Liabilities	2	2
Share of Liabilities incurred in Joint Ventures	5	5
NET INTEREST IN JOINT VENTURES	156	168

MOSMAN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2002

Note 19 (c) (cont) - Entities "controlled" by another member

Kimbriki Waste Disposal Facility	2002	2001
Council's respective interests are:		
- interest in outputs of the joint operation	3%	4%
- ownership interest in the joint operation	4%	4%
- the proportion of voting power in the joint operation	17%	17%
Movements in Investment in Joint Operation	\$'000	\$'000
Opening Balance	416	407
Amount recognised on adoption of AAS14	-	-
New Capital Contributions	-	-
Share in Operating Result	60	100
Distributions Receivable	(28)	(31)
Adjustment to Equity Share	-	(60)
Share in Equity of Joint Operation	448	416

In accordance with the Code of Accounting Practice, reserves other than Asset Revaluation Reserve have been treated as internal restrictions of cash and investments, and are included in the Share in Equity of the Joint Operation.

Expenditure Commitments

Expenditure committed for (including capital expenditure) at the reporting date but not recognised in the financial statements as liabilities:

Capital Expenditures payable		
Not later than one year	-	-
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
Operating Expenditures payable		
Not later than one year	-	-
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-

Contingent Liabilities

Each member of the operation is jointly and severally liable for the debts of the operation

- arising from Council's share of the joint operation	-	-
- arising from joint and several liability of all members	-	-

Council's interest in these bodies has been accounted for in accordance with Australian Accounting Standard AAS 14 "Accounting for Investments in Associates" and is disclosed as "Interest in Associated Bodies". Reporting periods and accounting policies adopted by both joint operations conform to those adopted by Council. No events have occurred after balance date the financial effects of which may materially affect the financial or operating performance of the joint operations for the next reporting period.

	2002	2001
	\$'000	\$'000
Net Surplus (deficit) of Associates	60	100
Share of Assets employed in Associates	502	478
Share of Liabilities incurred in Associates	(54)	(62)
NET INTEREST IN ASSOCIATES	448	416



SPENCER STEER
CHARTERED ACCOUNTANTS

MOSMAN MUNICIPAL COUNCIL
GENERAL PURPOSE FINANCIAL REPORT
INDEPENDENT AUDITORS' REPORT

SCOPE

We have audited the *general purpose financial report* of the Mosman Municipal Council for the year ended 30 June, 2002, comprising the Statement by Council, Statement of Financial Performance, Statement of Financial Position and Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to the Accounts. The financial statements include the consolidated accounts of the economic entity comprising the Council and the entities it controlled at the year's end or from time to time during the year. The Council is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Council. In respect of the original budget figures disclosed in the Statement of Financial Performance and Note 2(a), we have not examined the underlying basis of their preparation. Similarly, we have not examined the variations from the adopted budget disclosed in Note 16 and therefore express no opinion on them.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements under the Local Government Act 1993 so as to present a view which is consistent with our understanding of the Council's and the economic entity's financial position, the result of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion,

- (a) the accounting records of the Council have been kept in accordance with the requirements of Division 2 of Part 3 of the Local Government Act, 1993;
- (b) the general purpose financial report
 - (i) has been prepared in accordance with the requirements of Division 2 of Part 3 of the Local Government Act, 1993;
 - (ii) is consistent with the Council's accounting records; and
 - (iii) present fairly the Council's financial position and the results of its operations;
- (c) we have been able to obtain all the information relevant to the conduct of our audit;
- (d) there were no material deficiencies in the accounting records or financial reports.

SPENCER STEER
Chartered Accountants

N. MAH CHUT
Partner

Dated at Sydney, this 16th day of October 2002.



SPENCER STEER
CHARTERED ACCOUNTANTS

16 October 2002

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

Mayor,

Audit Report - Year Ended 30 June 2002

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2002 and that all information required by us was readily available. We have signed and attached 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 Purpose Financial Report; and
- The Special Purpose Financial Report.

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 Reports of the Council. We have ensured that the accounts have been prepared in accordance with Australian Accounting Standard AAS27 and the Local Government Code of Accounting Practice and Financial Reporting.

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

1. RESULTS FOR THE YEAR

1.1 Operating Result

The Statement of Financial Performance discloses an increase in net assets, as a result of operations for the year of \$51,000 as compared with \$259,000 in the 2000/2001 financial year.

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

	2002	% of Total	2001	% of Total	Increase (Decrease)
	\$000		\$000		\$000
Ordinary Expenses					
Employees Costs	8,398	37%	7,682	36%	716
Depreciation	2,891	13%	2,980	14%	(89)
Other	11,338	50%	10,835	50%	503
	22,627	100%	21,497	100%	1,130
Ordinary Revenues before Capital					
Rates & Annual Charges	13,509	62%	12,941	63%	568
Grants & Contributions	1,427	7%	1,358	7%	69
Other	6,873	32%	6,087	30%	786
	21,809	100%	20,386	100%	1,423
Surplus(Deficit) from Ordinary Activities before Capital items	\$ (818)		\$ (1,111)		\$ 293
Capital Revenues	869		1,370		(501)
Surplus(Deficit) from All Activities	\$ 51		\$ 259		\$ (208)

The table above shows that the result for the year fell by \$208,000. The improvement in operations before capital revenues was \$293,000 but was more than offset by the decline in capital grants and contributions of \$501,000.

1.2 Funding Result

The Operating Surplus of \$51,000 does not take into account the effect of capital revenues and expenditures that formed part of Council's annual budget.

Council raises revenues (rates, annual and user charges, borrowings, etc) based upon projected operating costs, capital outlays and projects. In reviewing Council's overall financial performance it is useful to consider the total source and mix of operating and capital revenues and what they were applied to during the year.

The table below sets out to illustrate the funding result for the year with a comparison to the previous year.



	2002	2001
	\$000	\$000
Funds were provided by:-		
Operating Result (as above)	51	259
Add back non funding items:-		
- Depreciation	2,891	2,980
- Book Value of Assets Sold	687	167
- (Surplus)Deficit in Joint Ventures	(48)	(36)
	<u>3,581</u>	<u>3,370</u>
New Loan Borrowings	250	880
Net Transfers from Externally Restricted Assets	381	0
Repayments from Deferred Debtors	0	1
Distributions from Joint Ventures	28	31
Net Movements between Current/Non Current Assets & Liabilities	<u>373</u>	<u>65</u>
	<u>4,613</u>	<u>4,347</u>
Funds were applied to:-		
Purchase and Construction of Assets	(3,353)	(2,638)
Principal repaid on Loans	(349)	(291)
Principal repaid on Deferred Creditors	(130)	(130)
Net Transfers to Externally Restricted Assets	0	(255)
Net Transfers to Internal Reserves	(193)	(917)
	<u>(4,025)</u>	<u>(4,231)</u>
Increase(Decrease) in Available Working Capital for the Year	\$ 588	\$ 116

2. FINANCIAL POSITION

2.1 Available Working Capital

Available Working Capital is a financial indicator, which adjusts Council's Net Current Asset position to take into account funds set aside for future works and commitments and for liabilities that are funded in the 2002/03 budget. Available Working Capital stood at \$2.548 million on 30 June 2002 and was made up as follows;

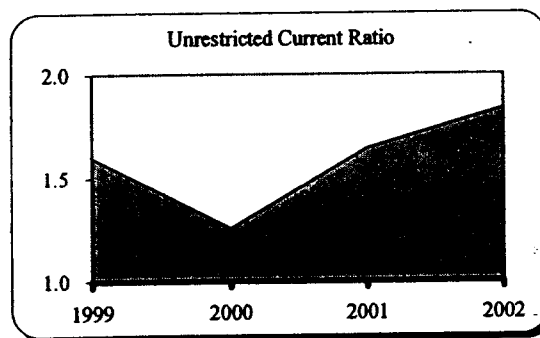
	2002	2001	Change
	\$000	\$000	\$000
Net Current Assets (as per the Accounts)	2,906	2,569	337
Add(Less): Budgetted to Pay(Receive) in the next 12 months			
- Borrowings	525	479	46
- Employees Leave Entitlements	648	631	17
Less: Externally Restricted Assets	(278)	(659)	381
Less: Internally Restricted Assets	(1,253)	(1,060)	(193)
Available Working Capital as at 30 June	\$ 2,548	\$ 1,960	588

The level of Available Working Capital should be at a sufficient level, in order to finance hard core debtors and stores and to provide a buffer against unforeseen and unbudgeted expenditures. Taking into consideration the nature and level of the internally restricted assets (Reserves) held, we are of the opinion, that Available Working Capital as at 30 June 2002 was sound.

2.2 *Current Ratio*

This ratio is a good indicator of Council's ability to operate and meet its debts in the short term.

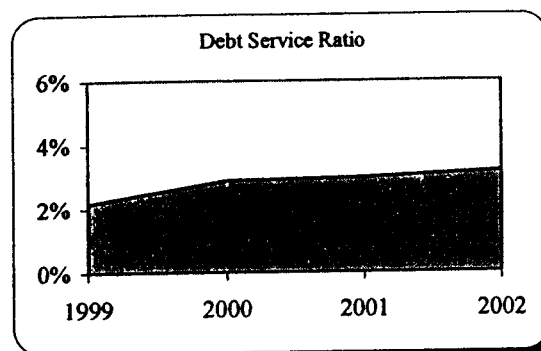
The Statement of Performance Measurement (Note 13) discloses current assets exceeding current liabilities by a factor of **1.91 to 1**. After allowing for externally restricted assets and specific purpose liabilities, this ratio referred to, as the **Unrestricted Current Ratio** was **1.84 to 1** and in fact represents the general funds of Council.



As can be seen above the upward trend of the Unrestricted Current Ratio demonstrates the Council's continued improvement of its financial position since 30 June 2000.

2.3 *Debt Service Ratio*

Operating revenue (excluding special purpose grants and contributions) required to service debt was 3.14% and as can be seen below has remained consistent over the past 4 years.



2.4 *Summary*

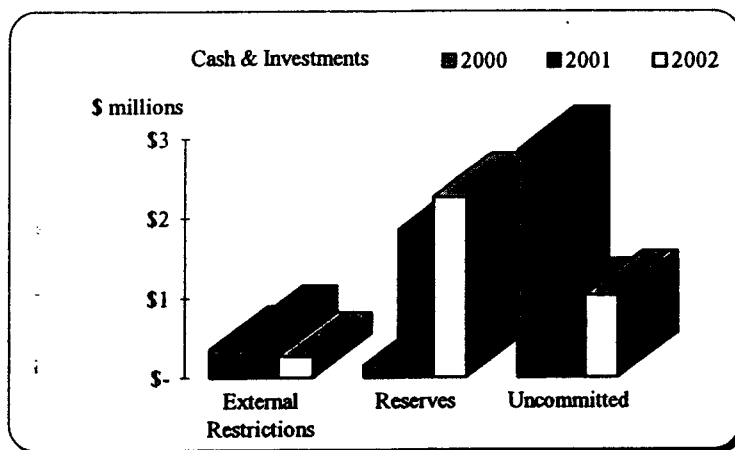
Council's overall financial position, when taking into account the above financial indicators, is in our opinion, sound.

3. CASH ASSETS

3.1 *Cash & Investments*

Cash and investments held at the close of the year amounted to \$3.565 million as compared with \$3.406 million and \$3.352 million at the close of financial years 2001 and 2000 respectively.

The following table summarizes the purposes for which cash and investments were held;



Externally restricted cash and investments are restricted in their use by externally imposed requirements and consisted of unexpended grants of \$274,000.

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 \$2.256 million.

Their purposes are more fully disclosed in Note 6 of the financial statements.

Unrestricted cash and investments amounted to \$1.035 million, which are available to provide liquidity for day to day operations and form the basis of Council's sound financial position.

3.2 *Cash Flows*

The Statement of Cash Flows illustrates the movement of cash flowing into and out of Council during the year (including GST paid and collected) and reveals that Council's cash assets increased by \$159,000 from an opening balance of \$3.406 million.

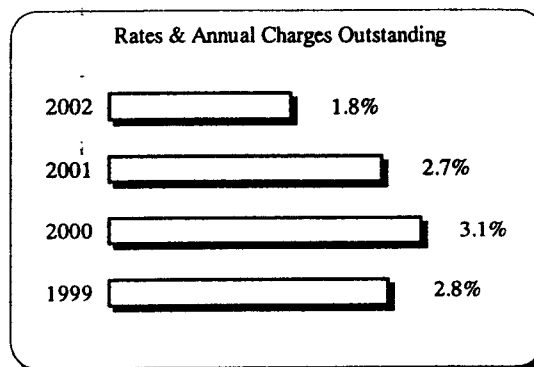
Operating activities contributed net cash of \$2.744 million and was supplemented by the receipt of loan moneys (\$250,000), assets sales (\$720,000) and distributions from joint ventures (\$31,000). Cash outflows other than operating activities were used to repay borrowings and long term creditors (\$479,000), and to purchase and construct assets (\$3.107 million).

4. **RECEIVABLES**

4.1 *Rates & Annual Charges*

Net rates and annual charges levied during the year totalled \$13.509 million, representing 59.5% of Council's total revenues, which is consistent with previous years.

The total rates and annual charges receivable (including arrears) was \$13.872 million. Arrears at the close of the year amounted to \$251,000 representing 1.81% of those receivables and a collection rate of 98.19%. Both these indicators are commendable.



4.2 *Other Receivables*

Receivables (other than Rates & Annual Charges) total \$2.212 million and a break up is provided in Note 7 to the financial statements.

The Provision for Doubtful Debts in respect of the above receivables stood at \$330,000 and includes Section 611 charges in respect of telecommunication cables (\$183,000) which are in dispute.

We have examined the outstanding balances and conclude that the provision appears adequate.

5. PAYABLES

5.1 Self Insurance

A provision of \$136,000 has been brought to account for the first time in respect to Council's exposure to the existing accumulated deficit of Statewide Mutual, a local government insurance pool to which Council is a member.

The deficit is a result of Statewide Mutual's exposure to public liability claims, which may not be recovered as a consequence of the HHH collapse and past operational results of Statewide.

5.2 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements amounted to \$1.716 million (2001 - \$1.650 million).

Reserves should be held to enable Council to meet unbudgeted and unanticipated retirements. At the close of the year, \$350,000 was held for this purpose, which represents 20.4% of Council's obligation to their employees and is, in our opinion, adequate.

6. 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,

SPENCER STEER
Chartered Accountants



N. MAH CHUT
Partner

MOSMAN MUNICIPAL COUNCIL

Special Purpose Financial Reports and Special Schedules For the year ending 30 June 2002

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SPENCER STEER
CHARTERED ACCOUNTANTS

MOSMAN MUNICIPAL COUNCIL
SPECIAL PURPOSE FINANCIAL REPORTS
INDEPENDENT AUDITORS' REPORT

SCOPE

We have audited the *special purpose financial reports* of Mosman Municipal Council for the year ended 30 June 2002, comprising the Statement by Council, Statement Financial of Performance of Business Activities, Statement of Financial Position by Business Activities, and accompanying Notes to the Accounts. The financial statements include the accounts of the declared business activities of the Council. The Council is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Council.

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

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with those Australian Accounting Standards adopted and the Local Government Code of Accounting Practice and Financial Reporting so as to present a view which is consistent with our understanding of the business activities of the Council and their financial position and the result of their operations.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

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

SPENCER STEER
Chartered Accountants

N. MAH CHUT
Partner

Dated at Sydney this 16th day of October 2002

MOSMAN COUNCIL

SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2002

STATEMENT BY COUNCILLORS AND MANAGEMENT MADE PURSUANT TO THE LOCAL GOVERNMENT CODE OF ACCOUNTING PRACTICE AND FINANCIAL REPORTING

The attached Annual Financial Statements have been drawn up in accordance with the Local Government Code of Accounting Practice and Financial Reporting and the

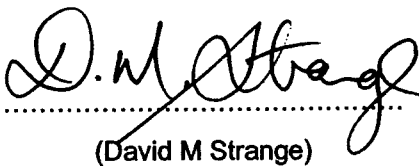
- NSW Government Policy Statement *"Application of National Competition Policy to Local Government"*
- Department of Local Government guidelines *"Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality"*.

To the best of our knowledge and belief, these reports

- Present fairly the financial position and operating result for each of Council's declared Business Units for the year, and
- Accord with Council's accounting and other records

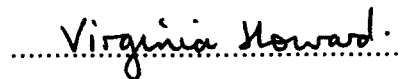
We are not aware of any matter that would render the reports false or misleading in any way.

Signed in accordance with a resolution of Council made on 15 October 2002



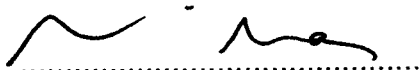
(David M Strange)

MAYOR



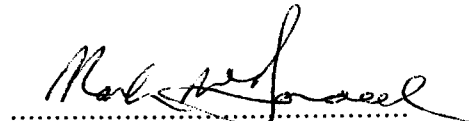
(Virginia E Howard)

COUNCILLOR



(Vivian H R May, PSM)

GENERAL MANAGER



(Mark McDonald)

RESPONSIBLE ACCOUNTING OFFICER

MOSMAN MUNICIPAL COUNCIL
STATEMENT OF FINANCIAL PERFORMANCE OF BUSINESS ACTIVITIES
As at 30 June 2002

Specify each Business Activity and Category:	Business Activities					
	Commercial Property Management		Development Approvals		Core Group (Private Works) Activities	
	2002	2001	2002	2001	2002	2001
EXPENSES FROM ORDINARY ACTIVITIES						
Employee costs	75	68	620	564	246	298
Materials & Contracts	20	15	20	15	112	74
Borrowing Costs	NIL	NIL	NIL	NIL	NIL	NIL
Depreciation & Amortisation	146	146	NIL	NIL	23	34
Other Operating Expenses	20	15	96	107	39	18
Loss on Disposal of Assets	NIL	NIL	NIL	NIL	NIL	4
NCP Imputation Payments	106	106	25	25	1	1
TOTAL OPERATING EXPENSES	367	350	761	711	421	429
REVENUES FROM ORDINARY ACTIVITIES						
Rates & Annual Charges	NIL	NIL	NIL	NIL	NIL	NIL
User Charges & Fees	1,746	1,456	705	576	NIL	NIL
Interest Received	NIL	NIL	NIL	NIL	NIL	NIL
Grants & Contributions – Operating	NIL	NIL	NIL	NIL	NIL	NIL
Other Operating Revenues	NIL	NIL	NIL	NIL	312	394
Gain on Disposal of Assets	NIL	NIL	NIL	NIL	NIL	NIL
TOTAL OPERATING REVENUES	1,746	1,456	705	576	312	394
ORDINARY ACTIVITIES RESULT BEFORE CAPITAL AMOUNTS	1,379	1,106	-56	-135	-109	-35
Grants & Contributions – Capital	NIL	NIL	NIL	NIL	NIL	NIL
Abnormal Items	NIL	NIL	NIL	NIL	NIL	NIL
RESULT FROM ORDINARY ACTIVITIES	1,379	1,106	-56	-135	-109	-35
SURPLUS (DEFICIT) BEFORE TAX	1,379	1,106	-56	-135	-109	-35
Corporate Taxation Equivalent (based on Operating result before capital)	414	376	NIL	NIL	NIL	NIL
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS AFTER TAX	965	730	-56	-135	-109	-35
Opening Retained Profits	13,973	14,097	-166	-166	1,183	1,183
Adjustments for Amounts Unpaid	N/A	N/A	N/A	N/A	N/A	N/A
*Taxation Equivalent Payments	106	106	NIL	NIL	1	1
*Debt Guarantee Fee	NIL	NIL	NIL	NIL	NIL	NIL
*Corporate Taxation Equivalent	414	376	NIL	NIL	NIL	NIL
*Dividend Payment	1,631	1,336	NIL	NIL	NIL	NIL
*Equity Contribution	NIL	NIL	NIL	NIL	NIL	NIL
*Council subsidy	NIL	NIL	94	135	241	34
Closing Retained Profits	13,827	13,973	-128	-166	1,316	1,183
RETURN ON CAPITAL (%)	N/A	N/A	N/A	N/A	N/A	N/A
SUBSIDY FROM COUNCIL	NIL	NIL	94	135	241	34

MOSMAN MUNICIPAL COUNCIL
STATEMENT OF FINANCIAL POSITION BY BUSINESS ACTIVITIES
As at 30 June 2002

Specify each Business Activity and Category:	2002 - \$'000					
	Business Activities					
	Commercial Property Management		Development Approvals		Core Group (Private Works) Activities	
	2002	2001	2002	2001	2002	2001
CURRENT ASSETS						
Cash on hand and at bank	NIL	NIL	NIL	NIL	NIL	NIL
Investments	NIL	NIL	NIL	NIL	NIL	NIL
Receivables	338	NIL	NIL	NIL	NIL	NIL
Inventories	NIL	NIL	NIL	NIL	NIL	NIL
Other	NIL	NIL	NIL	NIL	NIL	NIL
TOTAL CURRENT ASSETS	338	NIL	NIL	NIL	NIL	NIL
NON CURRENT ASSETS						
Cash Assets	NIL	NIL	NIL	NIL	NIL	NIL
Investment Securities	NIL	NIL	NIL	NIL	NIL	NIL
Receivables	NIL	NIL	NIL	NIL	NIL	NIL
Inventories	NIL	NIL	NIL	NIL	62	90
Other	NIL	NIL	NIL	NIL	NIL	NIL
Property, Plant & Equipment	13,827	13,973	NIL	NIL	1,346	1,369
TOTAL NON CURRENT ASSETS	13,827	13,973	NIL	NIL	1,408	1,459
TOTAL ASSETS	14,165	13,973	NIL	NIL	1,408	1,459
CURRENT LIABILITIES						
Payables	338	NIL	NIL	80	NIL	171
Interest bearing liabilities	NIL	NIL	NIL	NIL	NIL	NIL
Provisions	NIL	NIL	100	80	29	30
TOTAL CURRENT LIABILITIES	338	NIL	100	160	29	201
NON CURRENT LIABILITIES						
Payables	NIL	NIL	NIL	NIL	NIL	NIL
Interest bearing liabilities	NIL	NIL	NIL	NIL	NIL	NIL
Provisions	NIL	NIL	28	6	63	75
TOTAL NON-CURRENT LIABILITIES	NIL	NIL	28	6	63	75
TOTAL LIABILITIES	NIL	NIL	128	166	225	276
NET ASSETS	13,827	13,973	-128	-166	1,316	1,183
EQUITY						
Accumulated Surplus	13,827	13,973	-128	-166	1,316	1,183
Asset Revaluation Reserve	NIL	NIL	NIL	NIL	NIL	NIL
TOTAL EQUITY	13,827	13,973	-128	-166	1,316	1,183

NOTES TO THE SPECIAL PURPOSE FINANCIAL REPORTS

Note 1



Refer Section 10.

A statement summarising the supplemental accounting policies adopted in the preparation of the SPFR for National Competition Policy reporting purposes follows.

These financial statements are a Special Purpose Financial Report (SPFR) prepared for use by the Council and Department of Local Government. For the purposes of these statements, the council is not a reporting entity.

The statements have been prepared in accordance with the requirements of the following applicable Accounting Standards and other mandatory professional reporting requirements:

- AAS1 Profit and Loss or other Operating Statements
- AAS2 Inventories
- AAS4 Depreciation
- AAS5 Materiality
- AAS8 Events Occurring after Balance Date
- SAC1 Definition of a Reporting Entity

No other applicable Accounting Standards or mandatory professional reporting requirements have been applied.

The statements are also prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. Certain taxes and other costs, appropriately described, have been input 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 Department 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

Name	Brief Description of Activity
N/A	

Category 2

Name	Brief Description of Activity
Commercial Property Management	Property Rental Portfolio
Development Approvals	Local Development Management
Core Group(Private Works)	Private Works

(i) Taxation Equivalent Payments

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations (General Purpose Financial Report) just like all other costs. However, where council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all council nominated business activities and are reflected in the SPFR. For the purposes of disclosing comparative information relevant to the private sector equivalent the following taxation equivalents have been applied to all council nominated business activities (this does not include council's non-business activities):

	Notional Rate Applied %
Corporate Tax Rate	30
Land Tax	1.7
Stamp Duty	N/A
Payroll Tax	N/A
Other Taxes or Charges	N/A

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 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 (Operating Result 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 Operating Result before Capital Amounts has been achieved. Since the 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.

(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. The overall effect of subsidies is contained within the Operating Statement by Business Activities.

(iii) Dividends

Council is not required to pay dividends to either itself as owner of a range of businesses or to any external entities. Consequently, any form of dividend payment is purely notional. Dividend payments to council are also restricted to those activities which do not levy special rates or charges (water, sewer, domestic waste management).

Council operates the following restricted activities, Domestic Waste Management (DWM). The Local Government Act 1993 requires that all operating surpluses or deficits of these funds are credited/debited to the equity of those funds.

DECLARED BUSINESS ACTIVITIES

Commercial Property Management

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

Employee costs are broken down between Corporate Services administration staff and property managers.

Depreciation costs are those attributable to Council properties from Council's assets register.

All leave entitlements for this category have been fully expensed and paid to Mosman Council during the year.

The relevant Taxation Equivalent payment for this category is land tax.

Development Approvals

Takes into account the development approvals process within Council.

Employee costs are representative of those staff directly involved in the service. Other operating expenses includes rental, utility costs and a percentage of other operating expenses from Note 4 in the General Purpose Financial Reports.

No Depreciation expenses are attributable as the service is deemed to rent the office area concerned from Council.

Core Group (Private Works) Activities

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

Depreciation expenses are attributable to Council's Depot & various plant items.

The relevant Taxation Equivalent payment for this category is land tax.

MOSMAN COUNCIL

SPECIAL SCHEDULE NO 1 NET COST OF SERVICES for the year ended 30th June 2002

\$'000

Function or Activity	OPERATING EXPENSES		OPERATING REVENUES			NET COST OF SERVICES	
	Expenses	Group Totals	Revenues - Ord. Activities	Capital Rev. Ord. Activities	Group Totals	Net Cost	Group Totals
GOVERNANCE	747		-	-		747	
		747			-		747
ADMINISTRATION							
Corporate Support	4,601		96	-		4,505	
Engineering & Works	329		78	-		251	
Other Support Services	302		106	-		196	
		5,232			280		4,952
PUBLIC ORDER & SAFETY							
Statutory Contribution - Fire Service Levy	531		-	-		531	
Fire Protection - Other	-		-	-		-	
Animal Control	78		49	-		29	
Beach Control	46		16	-		30	
Enforcement of Local Govt Regulations	415		38	-		377	
Emergency Services	68		-	-		68	
Other	180		62	-		118	
		1,318			165		1,153
HEALTH							
Administration & Inspection	81		-	-		81	
Immunisations	10		4	-		6	
Food Control	20		16	-		4	
Insect/Vermin Control	-		-	-		-	
Noxious Plants	-		-	-		-	
Health Centres	7		-	-		7	
Other	7		2	-		5	
		125			22		103
COMMUNITY SERVICES & EDUCATION							
Administration	307		-	-		307	
Family Day Care	129		133	-		(4)	
Child Care	482		420	-		62	
Youth Services	193		10	-		183	
Other Families & Children			-	-		-	
Aged & Disabled	531		400	72		59	
Migrant Services			-	-		-	
Aboriginal Services			-	-		-	
Other Community Services	32		-	-		32	
Education			-	-		-	
		1,674			1,035		639
HOUSING & COMMUNITY AMENITIES							
Housing	-		-	-		-	
Town Planning	895		906	-		(11)	
Domestic Waste Management	2,705		3,124	-		(419)	
Other Waste Management	383		510	-		(127)	
Street Cleaning	714		-	-		714	
Other Sanitation & Garbage	392		30	-		362	
Urban Stormwater Drainage	397		1	147		249	
Environmental Protection	708		1	66		641	
Public Cemeteries	-		-	-		-	
Public Conveniences	158		-	-		158	
Other Community Amenities	300			429		(129)	
		6,652			5,214		1,438

MOSMAN COUNCIL

SPECIAL SCHEDULE NO 1 - NET COST OF SERVICES (cont)

Function or Activity	OPERATING EXPENSES		OPERATING REVENUES		NET COST OF SERVICES		
	Expenses	Group Totals	Revenues - Ord. Activities	Capital Rev. Ord. Activities	Group Totals	Net Cost	Group Totals
WATER SUPPLIES	-	-	-	-	-	-	-
SEWERAGE SERVICES	-	-	-	-	-	-	-
RECREATION & CULTURE							
Public Libraries	1,389		145	7		1,237	
Museums	-		-	-		-	
Art Galleries	137		68	-		69	
Community Centres	169		74	-		95	
Public Halls	-		-	-		-	
Other Cultural Services	420		83	-		337	
Swimming Pools	27		-	-		27	
Sporting Grounds	384		92	-		292	
Parks & Gardens, Lakes	474		100	103		271	
Other Sport & Recreation	-		-	-		-	
		3,000			672		2,328
FUEL & ENERGY							
Gas Supplies	-	-	-	-	-	-	-
MINING, MANUFACTURING & CONSTRUCTION							
Building Control	519		285	-		234	
Abattoirs	-		-	-		-	
Quarries & Pits	-		-	-		-	
Other	-		-	-		-	
		519			285		234
TRANSPORT & COMMUNICATION							
Urban Roads: Local	1,215		406	20		789	
Urban Roads: Regional	-		-	-		-	
Sealed Rural Roads: Local	-		-	-		-	
Sealed Rural Roads: Regional	-		-	-		-	
Unsealed Rural Roads: Local	-		-	-		-	
Unsealed Rural Roads: Regional	-		-	-		-	
Bridges - Urban Roads: Local	-		-	-		-	
Bridges - Urban Roads: Regional	-		-	-		-	
Bridges - Sealed Rural Roads: Local	-		-	-		-	
Bridges - Sealed Rural Roads: Regional	-		-	-		-	
Bridges - Unsealed Rural Roads: Local	-		-	-		-	
Bridges - Unsealed Rural Roads: Regional	-		-	-		-	
Footpaths	208		23	-		185	
Aerodromes	-		-	-		-	
Parking Areas	455		1,100	25		(670)	
Bus Shelters & Services	34		-	-		34	
Water Transport	-		-	-		-	
RTA Works - State Roads	26		19	-		7	
Street Lighting	287		56	-		231	
Other	757		-	-		757	
		2,982			1,649		1,333

MOSMAN COUNCIL

SPECIAL SCHEDULE NO 1 - NET COST OF SERVICES (cont)

Function or Activity	OPERATING EXPENSES		OPERATING REVENUES			NET COST OF SERVICES	
	Expenses	Group Totals	Revenues - Ord. Activities	Capital Rev. Ord. Activities	Group Totals	Net Cost	Group Totals
ECONOMIC AFFAIRS							
Camping Areas	-		-	-		-	
Caravan Parks	-		-	-		-	
Tourism & Area Promotion	123		17	-		106	
Industrial Development Promotion	-		-	-		-	
Saleyards & Markets	-		-	-		-	
Real Estate Development	-		-	-		-	
Commercial Nurseries	-		-	-		-	
Other Business Undertakings	255		2,052	-		(1,797)	
		378			2,069		(1,691)
TOTALS - FUNCTIONS		22,627			11,391		11,236
General Purpose Revenues			11,239	-		11,239	
Joint Ventures/Associated Entities			48	-		48	
Correction of Fundamental Error	-		-	-		-	
		-			11,287		11,287
SURPLUS (DEFICIT) FROM ORDINARY ACTIVITIES BEFORE EXTRAORDINARY ITEMS							51
Extraordinary Items							-
SURPLUS (DEFICIT) FROM ALL ACTIVITIES							51

MOSMAN COUNCIL

SPECIAL SCHEDULE NO 2 (1) STATEMENT OF LONG TERM DEBT (ALL PURPOSE) for the year ended 30th June 2002

\$'000

Classification of Debt	Principal Outstanding at beginning of year		New Loans Raised	Debt Redemption		Tfrs to Sinking Funds	Interest applicable for year	Principal outstanding at end of year	
	Current	Non-Current		From Revenue	Sinking Funds			Current	Non-Current
LOANS (by source)									
Commonwealth Government	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-
Financial Institutions	349	2,702	3,051	349	-	-	183	395	2,557
Other	-	-	-	-	-	-	-	-	-
Total Loans	349	2,702	3,051	349	-	-	183	395	2,557
OTHER LONG TERM DEBT									
Ratepayers' Advances	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-
Finance Leases	130	1,560	1,690	130	-	-	-	130	1,430
Deferred Payment	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Other Long Term Debt	130	1,560	1,690	130	-	-	-	130	1,430
TOTAL LONG TERM DEBT	479	4,262	4,741	479	-	-	183	525	3,987
									4,512

This Schedule excludes Internal Loans and refinancing of existing borrowings.

MOSMAN COUNCIL

SPECIAL SCHEDULE NO 2 (2) STATEMENT OF INTERNAL LOANS for the year ended 30th June 2002

\$'000

SUMMARY OF INTERNAL LOANS

Borrower (by purpose)	Amount Originally Raised	Total Repaid During Year Principal & Interest	Principal Outstanding at End of Year
General	-	-	-
Water	-	-	-
Sewerage	-	-	-
Domestic Waste Management	-	-	-
Gas	-	-	-
Other	-	-	-
Totals	-	-	-

The above summary of internal loans represents the total of Council's internal loans categorised according to the purpose of the borrower.
Details of individual internal loans are set out below.

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Maturity Date	Rate of Interest	Amount Originally Raised	Paid During Year - Princ and Interest	Principal Outstanding End of Year
							-	-	-
							-	-	-
							-	-	-
							-	-	-
							-	-	-
							-	-	-
Totals							-	-	-

MOSMAN COUNCIL
SPECIAL SCHEDULE NO 7
CONDITION OF PUBLIC WORKS
as at 30 June 2002

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense	Cost	Valuation	Accumulated Depreciation	Carrying Value	Asset Condition (see Notes attached)	Estimated Cost to bring to a Satisfactory Standard	Estimated Annual Maintenance Expense	Program Maintenance Works for current year
			'000	'000	'000	'000	'000		'000	'000	'000
Public Buildings	References	Note 9	Note 3		Note 9				Local Govt. Act 1993, Section 428 (2d)		
	Council Offices	1%	105	7,655	-	602	7,053	2	-	200	218
	Works Depot	1%	9	921	-	65	856	2	-	8	10
	Halls			-	-	-	-		-	-	-
	Houses	1%	13	1,220	-	83	1,137	3	-	4	5
	Museum			-	-	-	-		-	-	-
	Library	1%	35	3,393	-	224	3,169	2	-	-	-
	Childcare Centres	1%	5	512	-	84	428	3	-	83	87
	Art Gallery	1%	33	3,307	-	180	3,127	1	-	54	40
	Amenities/Toilets	2%	13	636	-	77	559	3	-	40	40
	Bus Shelters	5%	8	154	-	52	102	3	-	89	129
	Others	1%	202	19,116	-	1,090	18,026	3	-	12	10
	Subtotal		423	36,914	-	2,457	34,457		-	478	529
Public Roads	Sealed Roads		-	-	-	-	-		-	-	-
	Sealed Roads	1%	1,111	131,670	-	36,582	95,088	4	3,000	1,000	850
	Unsealed Roads		-	-	-	-	-		-	-	-
	Bridges		-	-	-	-	-		-	-	-
	Footpaths	1%	118	13,359	-	1,511	11,848	5	4,800	500	390
	Cycleways		-	-	-	-	-		-	-	-
	Kerb & Gutter	1%	116	12,730	-	1,213	11,517	3	-	70	70
	Road Furniture	20%	4	90	-	21	69	3	-	10	10
	Subtotal		1,349	157,849	-	39,327	118,522		7,800	1,580	1,320

This Schedule is to be read in conjunction with the explanatory notes following.

MOSMAN COUNCIL

SPECIAL SCHEDULE NO 7 - CONDITION OF PUBLIC WORKS (cont) as at 30 June 2002

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense '000	Cost '000	Valuation '000	Accumulated Depreciation '000	Carrying Value '000	Asset Condition (see Notes attached)	Estimated Cost to bring to a Satisfactory Standard '000	Estimated Annual Maintenance Expense '000	Program Maintenance Works for current year '000
Water	<i>References</i>	<i>Note 9</i>	<i>Note 3</i>		<i>Note 9</i>				<i>Local Govt. Act 1993, Section 428 (2d)</i>		
	Treatment Plants		-	-	-	-	-		-	-	-
	Water Connections		-	-	-	-	-		-	-	-
	Bores		-	-	-	-	-		-	-	-
	Reservoirs		-	-	-	-	-		-	-	-
	Dams		-	-	-	-	-		-	-	-
	Hydrants		-	-	-	-	-		-	-	-
Sewerage	Stop Valves		-	-	-	-	-		-	-	-
	Pipelines		-	-	-	-	-		-	-	-
	Pump Stations		-	-	-	-	-		-	-	-
	Subtotal		-	-	-	-	-		-	-	-
	Pump Stations		-	-	-	-	-		-	-	-
	Pipelines		-	-	-	-	-		-	-	-
	Manholes		-	-	-	-	-		-	-	-
Drainage Works	Air Vent Stacks		-	-	-	-	-		-	-	-
	Treatment Works		-	-	-	-	-		-	-	-
	Connections		-	-	-	-	-		-	-	-
	Subtotal		-	-	-	-	-		-	-	-
	Retarding Basins		-	-	-	-	-		-	-	-
	Gully Pits	1%	158	31,500	-	15,809	15,691	4	-	43	43
	HW Inlets	1%	8	1,700	-	939	761	4	-	43	43
	HW Outlets	1%	52	7,400	-	2,265	5,135	4	-	43	43
	Junction Pits	1%	10	2,500	-	1,549	951	4	-	43	43
	SWater Devices	1%	22	2,703	-	63	2,640	2	-	43	43
	Outfalls		-	-	-	-	-		-	-	-
	Conduits		-	-	-	-	-		-	-	-
	Inlet & Junction Pits		-	-	-	-	-		-	-	-
	Head Walls		-	-	-	-	-		-	-	-
	Outfall Structures		-	-	-	-	-		-	-	-
	Converters		-	-	-	-	-		-	-	-
Subtotal			250	45,803	-	20,625	25,178		-	215	215
Total Classes - All Assets			2,022	240,566	-	62,409	178,157		7,800	2,273	2,064

This Schedule is to be read in conjunction with the explanatory notes following.