

Mosman Council

GENERAL PURPOSE FINANCIAL REPORT
for the year ended 30 June 2009

***"To protect and enhance the distinctive
qualities of Mosman in a responsive,
friendly and caring way"***

Mosman Council

General Purpose Financial Report for the financial year ended 30 June 2009

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Overview

- (i) This Financial Report covers the consolidated operations for Mosman Council.
- (ii) Mosman Council is a body corporate of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

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

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

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

- (iii) All figures presented in this Financial Report represent Australian Currency.
 - (iv) This Financial Report was authorised for issue by the Council on 7/10/2009. Council has the power to amend and reissue the financial report.
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Mosman Council

General Purpose Financial Report for the financial year ended 30 June 2009

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

The attached General Purpose Financial Report has been prepared in accordance with:

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

To the best of our knowledge and belief, this Report:

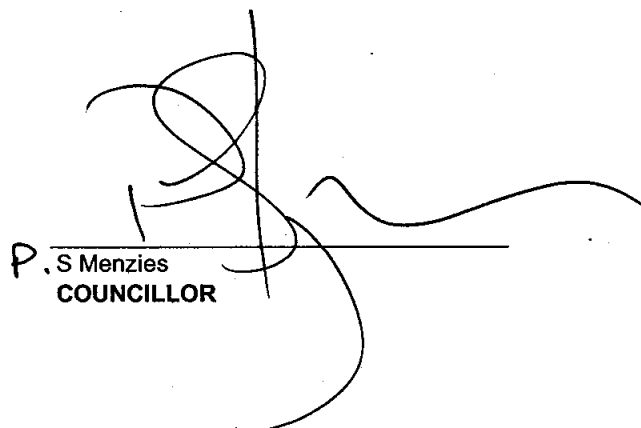
- presents fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 06 October 2009.



A S Connon
MAYOR



P. S Menzies
COUNCILLOR



V H R May
GENERAL MANAGER



M McDonald
RESPONSIBLE ACCOUNTING OFFICER

Mosman Council

Income Statement

for the financial year ended 30 June 2009

Budget ⁽¹⁾			Actual	Actual
2009	\$ '000	Notes	2009	2008
Income from Continuing Operations				
Revenue:				
18,342	Rates & Annual Charges	3a	18,951	17,615
5,385	User Charges & Fees	3b	5,324	5,945
438	Interest & Investment Revenue	3c	339	474
3,771	Other Revenues	3d	3,445	11,792
1,695	Grants & Contributions provided for Operating Purposes	3e,f	2,026	1,868
1,467	Grants & Contributions provided for Capital Purposes	3e,f	2,943	1,878
Other Income:				
60	Net gains from the disposal of assets	5	-	-
	Net Share of interests in Joint Ventures & Associated			
-	Entities using the Equity Method	19	13	42
31,158	Total Income from Continuing Operations		33,041	39,614
Expenses from Continuing Operations				
12,903	Employee Benefits & On-Costs	4a	12,417	12,081
325	Borrowing Costs	4b	378	367
9,606	Materials & Contracts	4c	9,191	9,169
3,600	Depreciation & Amortisation	4d	4,096	3,451
-	Impairment	4d	-	-
4,345	Other Expenses	4e	6,814	4,951
-	Interest & Investment Losses	3c	-	-
-	Net Losses from the Disposal of Assets	5	39	27
	Net Share of interests in Joint Ventures & Associated			
-	Entities using the Equity Method	19	-	-
30,779	Total Expenses from Continuing Operations		32,935	30,046
379	Operating Result from Continuing Operations		106	9,568
379	Net Operating Result for the Year		106	9,568
379	Net Operating Result attributable to Council		106	9,568
-	Net Operating Result attributable to Minority Interests		-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes				
(1,088)			(2,837)	7,690

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

Mosman Council

Balance Sheet

as at 30 June 2009

\$ '000	Notes	Actual 2009	Actual 2008
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	5,013	4,601
Investments	6b	500	-
Receivables	7	2,820	2,795
Inventories	8	115	103
Other	8	150	252
Total Current Assets		8,598	7,751
Non-Current Assets			
Receivables	7	101	89
Infrastructure, Property, Plant & Equipment	9	500,139	497,438
Investments accounted for using the equity method	19	423	410
Investment Property	14	36,609	38,237
Total Non-Current Assets		537,272	536,174
TOTAL ASSETS		545,870	543,925
LIABILITIES			
Current Liabilities			
Payables	10	6,420	6,467
Borrowings	10	1,776	1,395
Provisions	10	3,028	2,754
Total Current Liabilities		11,224	10,616
Non-Current Liabilities			
Borrowings	10	6,306	5,091
Provisions	10	116	100
Total Non-Current Liabilities		6,422	5,191
TOTAL LIABILITIES		17,646	15,807
Net Assets		528,224	528,118
EQUITY			
Retained Earnings	20	419,569	419,463
Revaluation Reserves	20	108,655	108,655
Council Equity Interest		528,224	528,118
Total Equity		528,224	528,118

Mosman Council

Statement of Changes in Equity
for the financial year ended 30 June 2009

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2009						
Opening Balance (as per Last Year's Audited Accounts)		419,463	108,655	528,118	-	528,118
Revised Opening Balance (as at 1/7/08)		419,463	108,655	528,118	-	528,118
d. Net Operating Result for the Year		106	-	106	-	106
Total Recognised Income & Expenses(c&d)		106	-	106	-	106
Equity - Balance at end of the reporting period		419,569	108,655	528,224	-	528,224

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2008						
Opening Balance (as per Last Year's Audited Accounts)		419,881	-	419,881	-	419,881
a. Correction of Prior Period Errors	20 (c)	(9,986)	-	(9,986)	-	(9,986)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/07)		409,895	-	409,895	-	409,895
c. Current Year Income & Expenses Recognised direct to Equity						
- Transfers to/(from) Asset Revaluation Reserve	20b (ii)	-	108,655	108,655	-	108,655
Net Income Recognised Directly In Equity		-	108,655	108,655	-	108,655
d. Net Operating Result for the Year		9,568	-	9,568	-	9,568
Total Recognised Income & Expenses(c&d)		9,568	108,655	118,223	-	118,223
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		419,463	108,655	528,118	-	528,118

Mosman Council

Cash Flow Statement

for the financial year ended 30 June 2009

Budget 2009	\$ '000	Notes	Actual 2009	Actual 2008
Cash Flows from Operating Activities				
Receipts:				
18,412	Rates & Annual Charges		18,902	17,600
5,555	User Charges & Fees		5,318	5,852
437	Interest & Investment Revenue Received		327	477
3,562	Grants & Contributions		4,972	3,679
4,371	Other		3,441	5,060
Payments:				
(12,803)	Employee Benefits & On-Costs		(12,127)	(12,019)
(10,306)	Materials & Contracts		(10,069)	(9,415)
(340)	Borrowing Costs		(358)	(380)
(4,745)	Other		(4,945)	(5,847)
4,143	Net Cash provided (or used in) Operating Activities	11b	5,461	5,007
Cash Flows from Investing Activities				
Receipts:				
60	Sale of Infrastructure, Property, Plant & Equipment		140	521
Payments:				
-	Purchase of Investment Securities		(500)	-
-	Purchase of Investment Property		(22)	-
(5,880)	Purchase of Infrastructure, Property, Plant & Equipment		(6,263)	(5,357)
(5,820)	Net Cash provided (or used in) Investing Activities		(6,645)	(4,836)
Cash Flows from Financing Activities				
Receipts:				
3,560	Proceeds from Borrowings & Advances		2,990	615
Payments:				
	Repayment of Borrowings & Advances		(1,072)	(1,046)
	Repayment of Finance Lease Liabilities		-	-
	Repayment of Deferred Creditors		(322)	(323)
3,560	Net Cash Flow provided (used in) Financing Activities		1,596	(754)
1,883	Net Increase/(Decrease) in Cash & Cash Equivalents		412	(583)
4,601	plus: Cash & Cash Equivalents - beginning of year	11a	4,601	5,184
6,484	Cash & Cash Equivalents - end of the year	11a	5,013	4,601

Please refer to Note 11 for information on the following:

- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net cash flow disclosures relating to any Discontinued Operations

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

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Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies

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

Under Australian Equivalents to International Financial Reporting Standards (AIFRS), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial reports.

(a) Basis of preparation**(i) Background**

This financial report is a general purpose financial report which has been prepared in accordance with;

- applicable Australian equivalents to International Financial Reporting Standards (AIFRSs),
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Urgent Issues Group Interpretations,
- the Local Government Act (1993) and Regulations and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

Australian Accounting Standards (AASB's) include Australian equivalents to International Financial Reporting Standards (IFRS's).

Because AASB's are sector neutral, some standards either (i) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's or (ii) specifically exclude application by Not for Profit entities.

Examples include;

- excluding Local Government from applying AASB 120 (IAS 20) for Grant Accounting and AASB 118 (IAS 18) for Segment Reporting, &

- different requirements on (a) Impairment of Assets relating to Not-For-Profit AASB 136 (IAS 36) and (b) AASB 116 (IAS 16) regarding accounting for the Revaluation of Assets.

Accordingly in preparing this Financial Report and Accompanying Notes, Council has been unable to comply fully with International Accounting Standards, but it has complied fully with Australian Accounting Standards.

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

(iii) Application of AAS 27

AAS 27 – Financial Reporting by Local Government was withdrawn from use from 1 July 2008.

All key elements however of the former Standard have been incorporated into other current Standards including AASB 1051, 1052 and 1004.

(iv) Basis of Accounting

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

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

(v) Changes in Accounting Policies

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

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

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

(vi) Critical Accounting Estimates

The preparation of this financial report (and financial statements) requires the use of certain critical accounting estimates (in conformity with AIFRS).

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

(b) Revenue recognition

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

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

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the

unused grant or contribution is disclosed in Note 3(g).

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

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

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

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

Rents are recognised as revenue on a proportional basis when the payment is due, the value of the

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

payment is notified, or the payment is received, whichever first occurs.

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

(c) Principles of Consolidation

These financial reports incorporate (i) the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30/6/09) and (ii) all the related operating results (for the financial year ended the 30th June 2009).

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

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

(i) The Consolidated Fund

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

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

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

- General Purpose Operations

(ii) The Trust Fund

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

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

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

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

(iii) Joint Venture Entities**Jointly Controlled Assets & Operations**

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

Jointly Controlled Entities

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

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

Details relating to such Entities and Partnerships (where applicable) are set out in Note 19.

(iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity), ie. where Council is deemed to have "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the Equity Method of Accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed "Associates".

(v) County Councils

Council is not a member of any County Councils.

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

(vi) Additional Information

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

(d) Leases

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

Finance Leases

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

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

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

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

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

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

Operating Leases

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

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

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

(e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

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

(f) Investments and Other Financial Assets

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

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

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

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

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

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

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

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

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

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

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

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

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

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

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

Accordingly, this classification principally comprises marketable equity securities, but can include all

types of financial assets that could otherwise be classified in one of the other investment categories.

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

Financial Assets – Reclassification

Following on from amendments made to AASB 139 - Financial Instruments: Recognition & Measurement in October 2008, Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

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

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

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

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

Actual Reclassifications

Council did not take up the option to reclassify some financial assets out of the held-for-trading category from 1 July 2008, following amendments made to AASB 139 in October 2008.

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(ii) Subsequent Measurement

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

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

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

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

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

Impairment

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

In the case of equity securities classified as available-for-sale, a significant or prolonged decline

in the fair value of a security below its cost is considered in determining whether the security is impaired.

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

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

(iii) Types of Investments

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

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

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

(g) Fair value estimation

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

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

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

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

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

(h) Receivables

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

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

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

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

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

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

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Acquisition of assets

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

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

- **Investment Properties** – refer Note 1(o),
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised** (External Valuation)
- **Plant and Equipment** (as approximated by depreciated historical cost)

The remaining asset classes to be revalued in future reporting periods include;

- **2009/10:** Roads, Bridges, Footpaths and Drainage assets
- **2010/11:** Community land, Land improvements, Other structures and other assets

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

Initial Recognition

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

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

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

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

Subsequent costs

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

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

Asset Revaluations (including Indexation)

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

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

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

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Capitalisation Thresholds

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

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

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

Buildings & Land Improvements	
Park Furniture & Equipment	> \$2,000

Building	
- construction/extensions	100% Capitalised
- renovations	> \$10,000

Other Structures	> \$2,000
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Stormwater Assets	
Drains & Culverts	> \$2,000
Other	> \$2,000

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

Depreciation

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

Land is not depreciated.

Estimated useful lives for Councils assets include:

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

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

Buildings	
- Buildings	50 to 100 years

Stormwater Drainage	
- Drainage Infrastructure	100 years

Transportation Assets	
- Sealed Roads : Surface	100 years
- Sealed Roads : Structure	100 years
- Unsealed roads	100 years

- Road Pavements	100 years
- Kerb, Gutter & Paths	100 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1(s) on Asset Impairment.

Disposal and De-recognition

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

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

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

(k) Land

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

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

(l) Land under roads

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

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

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

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

(m) Intangible Assets

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project.

Amortisation is calculated on a straight line bases over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where Council has an intention and ability to use the asset.

(n) Crown Reserves

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

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

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

A working party of interested representatives from both State and Local Government is being formed to consider the accounting issues related to the Crown Reserves, with the intention of developing a consistent approach to their recognition and future accounting treatment across both tiers of government.

(o) Investment property

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

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

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

Full revaluations are carried out every three years with an appropriate index utilised each year in between the full revaluations.

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

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

(p) Impairment of assets

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

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

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

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

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

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

(q) Payables

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

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

(r) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

(s) Borrowing costs

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

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Council's outstanding borrowings during the year.

(t) Provisions

Provisions for legal claims and service warranties are recognised when:

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

Provisions are not recognised for future operating losses.

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

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

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

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

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

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

(u) Employee benefits

(i) Wages & salaries, annual leave and sick leave

Liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave are recognised in the provision for employee benefits in respect of employees' services up to the reporting date.

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

Calculations therefore incorporate (where the leave is expected to be paid more than 12 months after the reporting date) the use of discounted cash flows.

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

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

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits in respect of services provided by employees up to the reporting date.

Long Service Leave is measured at the present value of the expected future payments to be made using the projected unit credit method.

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

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

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been

classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

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

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

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

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

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

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

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities amounting to around \$290 million at 30 June 2009.

As a result, they have asked for significant increases in contributions from 2009/2010 onwards to recover that deficiency.

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

For this reason, no liability for the deficiency has been recognised in Council's accounts.

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

Define Contribution Plans

Contributions to Defined Contribution Plans are recognised as an expense as they become payable.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/09.

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

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

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

Exceptions

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

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

(w) Taxes

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

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

Goods & Services Tax (GST)

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

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

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

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

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(x) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2009.

Council has not adopted any of these standards early.

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

Applicable to Local Government with implications:

Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements.

If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period.

Council will apply the revised standard from 1 July 2009.

Applicable to Local Government but no implications for Council;

Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (effective from 1 January 2009)

The revised AASB 123 has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial reports as Council already capitalises borrowing costs relating to qualifying assets.

AASB 2008-1 Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations (effective from 1 January 2009)

AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions.

It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

There will be no impact on the financial reports as Council makes no share based payments.

AASB Interpretation 15 Agreements for the Construction of Real Estate (effective 1 January 2009)

AASB-I 15 clarifies whether AASB 118 Revenue or AASB 111 Construction Contracts should be applied to particular transactions.

Council intends to apply the interpretation from 1 July 2009. It has reviewed its current agreements for the sale of real estate in light of the new guidance and concluded that there would be no change to the accounting for these agreements if AASB-I 15 was adopted in the current financial year. Consequently, it does not expect to make any adjustment on the initial application of AASB-I 15.

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

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

Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective 1 July 2009)

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes.

For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement.

There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

All acquisition-related costs must be expensed. The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses.

The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss.

There will be no impact on the financial reports as Council has no exposure to these types of transactions.

AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective 1 July 2009)

The amendments to AASB 5 Discontinued Operations and AASB 1 First-Time Adoption of Australian-Equivalents to International Financial Reporting Standards are part of the IASB's annual improvements project published in May 2008.

They clarify that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control.

Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met

There will be no impact on the financial reports as Council does not have any subsidiaries it is proposing to dispose of.

AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 July 2009)

In July 2008, the AASB approved amendments to AASB 1 First-time Adoption of International Financial Reporting Standards and AASB 127 Consolidated and Separate Financial Statements. Council will apply the revised rules prospectively from 1 July 2009.

After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment.

AASB Interpretation 16 Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008)

AASB-I 16 clarifies which foreign currency risks qualify as hedged risk in the hedge of a net investment in a foreign operation and that hedging instruments may be held by any entity or entities within the group.

It also provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

There will be no impact on the financial reports as Council has no hedges of a net investment in a foreign operation.

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

AASB 2008-8 Amendment to IAS 39 Financial Instruments: Recognition and Measurement (effective 1 July 2009)

AASB 2008-8 amends AASB 139 Financial Instruments: Recognition and Measurement and must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges.

Council will apply the amended standard from 1 July 2009. It is not expected to have any impact on the financial reports.

AASB Interpretation 17 Distribution of Non-cash Assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17

AASB-I 17 applies to situations where an entity pays dividends by distributing non-cash assets to its shareholders.

These distributions will need to be measured at fair value and the entity will need to recognise the difference between the fair value and the carrying amount of the distributed assets in the income statement on distribution.

There will be no impact on the financial reports as Council has no exposure to these types of transactions.

Not applicable to Local Government per se;

AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009)

AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment

performance and deciding how to allocate resources to operating segments.

(y) Rounding of amounts

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

(z) Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within this Financial Report and/or the Notes.

(aa) Disclaimer

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

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 2(a). Functions / Activities - Financial Disclosures

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2009	Actual 2009	Actual 2008	Original Budget 2009	Actual 2009	Actual 2008	Original Budget 2009	Actual 2009	Actual 2008	Actual 2009	Actual 2008	Actual 2009	Actual 2008
Council, Community & Communication	1	1	4	1,123	1,133	947	(1,122)	(1,132)	(943)		-	-	
Resource & Asset Management	3,975	4,110	12,485	7,016	8,957	6,636	(3,041)	(4,847)	5,849		-	63,892	68,280
Urban Planning	135	381	411	671	616	638	(536)	(235)	(227)	275	303	18	36
Built Environment	1,385	770	1,151	1,504	1,062	1,368	(119)	(292)	(217)		-	77	137
Environment Management & Health	4,278	4,921	3,982	7,094	7,439	7,518	(2,816)	(2,518)	(3,536)	101	96	29,581	25,696
Parks & Recreation	564	1,568	558	1,672	2,437	2,486	(1,108)	(869)	(1,928)	1,107		325,218	323,531
Community Safety	16	180	259	1,551	1,222	1,185	(1,535)	(1,042)	(926)		-	146	120
Community Services	1,469	1,375	1,363	2,277	2,256	2,058	(808)	(881)	(695)	601	657	1,824	1,904
Library and Information	165	191	190	1,975	2,084	1,854	(1,810)	(1,893)	(1,664)	77	78	4,546	4,609
Cultural Development & Services	363	373	437	1,754	1,546	1,188	(1,391)	(1,173)	(751)		-	5,766	5,774
Transport and Traffic	3,115	3,531	3,719	3,963	3,979	3,981	(848)	(448)	(262)	469	286	114,379	113,428
Local and Regional Economy	7	16	-	179	204	187	(172)	(188)	(187)		-	-	-
Total Functions & Activities	15,473	17,417	24,559	30,779	32,935	30,046	(15,306)	(15,518)	(5,487)	2,630	1,420	545,447	543,515
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	13	42	-	-	-	-	13	42	-	-	423	410
General Purpose Income ¹	15,685	15,611	15,013	-	-	-	15,685	15,611	15,013	964	746	-	-
Operating Result from Continuing Operations	31,158	33,041	39,614	30,779	32,935	30,046	379	106	9,568	3,594	2,166	545,870	543,925

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

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 2(b). Components of Functions / Activities

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

COUNCIL, COMMUNITY AND COMMUNICATION

Council Secretariat & Civic Involvement, Governance & Communication.

RESOURCE & ASSET MANAGEMENT

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

URBAN PLANNING

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

BUILT ENVIRONMENT

Development Assessment & Regulation

ENVIRONMENT MANAGEMENT & HEALTH

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

PARKS & RECREATION.

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

COMMUNITY SAFETY

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

COMMUNITY SERVICES

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

LIBRARY & INFORMATION

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

CULTURAL DEVELOPMENT & SERVICES

Cultural Development, Gallery, Community Arts & Crafts, Civic Events, Friendship Agreements

TRANSPORT & TRAFFIC

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

LOCAL AND REGIONAL ECONOMY

Business & Employment, Marketing Mosman, Regional Economic Development

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2009	Actual 2008
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		12,931	12,510
Business		1,389	1,342
Total Ordinary Rates		14,320	13,852
Special Rates			
Nil			
Annual Charges (pursuant to s.496 & s.501)			
Domestic Waste Management Services		4,631	3,763
Total Annual Charges		4,631	3,763
TOTAL RATES & ANNUAL CHARGES		18,951	17,615

Council has used 2005 year valuations provided by the NSW Valuer General in calculating its rates.

(b). User Charges & Fees

Specific User Charges (per s.502 - Specific "actual use" charges)

Domestic Waste Management Services	39	24
Total User Charges	39	24

Other User Charges & Fees

(i) Fees & Charges - Statutory & Regulatory Functions(per s608, 610A & 611)

Planning & Building Regulation	692	1,067
Regulatory Fees	76	85
Section 149 Certificates (EPA Act)	124	129
Section 603 Certificates	47	49
Section 611 Charges	21	19
Other	33	42
Total Fees & Charges - Statutory/Regulatory	993	1,391

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2009	Actual 2008
(b). User Charges & Fees (continued)			
(ii) Fees & Charges - Other(incl. General User Charges(per s.610C))			
Art Prize Fees		27	33
Children's Leisure & Learning		11	20
Community Restaurant		31	30
Cultural Centre		100	111
Dinghy Storage Racks		29	27
Family Day Care Parent Levy		25	33
Filming Permits		1	28
Footpath Occupation		95	93
Hoarding Fees		172	243
Kidzone - Vacation		7	27
Lease Rentals (Property)		919	956
Leaseback Fees - Council Vehicles		59	78
Market Days (Stall Holders)		95	102
Meals on Wheels		122	100
Mini Skips		27	30
Mosman Occasional Child Care		256	235
Occasional Child Care		10	7
Out of School Care		184	163
Oval Rents		104	100
Parking Fees - Foreshore		567	488
Parking Fees - Foreshore Stickers		50	45
Parking Fees - Resident Parking Scheme Permits		14	14
Photocopying - Civic Centre		4	5
Photocopying - Library		12	13
Reserve Rents		86	86
Restoration Charges		603	735
Section 153 Land Leases		116	69
Stand Plant Permits		100	116
Trading Rights - Foreshore		10	12
Vacation Care		61	49
Vehicular Crossing		11	46
Vehicular Crossing - Inspection Fees		12	16
Work Zone Fees		56	165
Other		316	255
Total Fees & Charges - Other		4,292	4,530
TOTAL USER CHARGES & FEES		5,324	5,945

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2009	Actual 2008
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		51	39
- Interest earned on Investments (interest & coupon payment income)		288	435
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>339</u>	<u>474</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges		51	39
General Council Cash & Investments		276	375
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		12	60
Total Interest & Investment Revenue Recognised		<u>339</u>	<u>474</u>
(d). Other Revenues			
Fair Value Adjustments - Investment Properties	14	-	8,322
Rental Income - Investment Properties	14	1,832	1,801
Fines		1,482	1,520
Commissions & Agency Fees		26	26
Other		105	123
<u>TOTAL OTHER REVENUE</u>		<u>3,445</u>	<u>11,792</u>

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations (continued)

\$ '000	2009 Operating	2008 Operating	2009 Capital	2008 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance - General Component	658	501	-	-
Financial Assistance - Local Roads Component	244	182	-	-
Pensioners' Rates Subsidies - General Component	62	63	-	-
Total General Purpose	964	746	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Domestic Waste Management	21	21	-	-
Aged Care	421	411	-	-
Child Care	178	241	-	-
Community Care	1	1	-	-
Environmental Protection - Coastal Care	13	-	-	-
Environmental Protection - Creek Rehabilitation	-	-	-	23
Environmental Protection - Marine Structures	-	-	138	-
Environmental Protection - Stormwater Devices	-	-	227	107
Excess Weight Subsidy	17	13	-	-
Housing & Community Amenities	67	52	48	155
Library	77	78	-	-
Recreation & Culture	-	-	1,107	41
Traffic Route Subsidy	68	66	-	-
Transport (Roads to Recovery)	-	-	69	207
Transport (Other Roads & Bridges Funding)	-	-	177	-
Youth Care	1	4	-	-
Total Specific Purpose	864	887	1,766	533
Total Grants	1,828	1,633	1,766	533
Grant Revenue is attributable to:				
- Commonwealth Funding	902	683	1,246	207
- State Funding	926	950	520	326
	1,828	1,633	1,766	533

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations (continued)

\$ '000	2009 Operating	2008 Operating	2009 Capital	2008 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 94 - Contributions towards amenities/services	-	-	127	429
S 94A - Fixed Development Consent Levies	-	-	884	782
Total Developer Contributions 17	-	-	1,011	1,211
Other Contributions:				
Housing & Community	-	8	-	6
Public Order & Safety	-	2	-	3
Recreation & Culture	19	69	15	12
Roads & Bridges	13	2	132	51
RTA Contributions (Regional/Local, Block Grant)	152	154	19	62
Youth Programs	14	-	-	-
Total Other Contributions	198	235	166	134
Total Contributions	198	235	1,177	1,345
TOTAL GRANTS & CONTRIBUTIONS	2,026	1,868	2,943	1,878

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2009	Actual 2008
(g). Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	887	1,398
add: Grants and contributions recognised in the current period which have not been spent:	1,574	642
less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(852)	(1,153)
Net Increase (Decrease) in Restricted Assets during the Current Reporting Period	722	(511)
Unexpended at the Close of this Reporting Period and held as Restricted Assets	1,609	887
Comprising:		
- Specific Purpose Unexpended Grants	1,181	419
- Developer Contributions	428	468
- Other Contributions	-	-
	1,609	887

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2009	Actual 2008
(a) Employee Benefits & On-Costs			
Salaries and Wages		9,509	9,460
Travelling		116	125
Employee Leave Entitlements (ELE)		1,473	1,200
Superannuation - Defined Contribution Plans		854	878
Superannuation - Defined Benefit Plans		172	96
Workers' Compensation Insurance		152	176
Fringe Benefit Tax (FBT)		14	44
Training Costs (other than Salaries & Wages)		116	111
Other		11	10
Total Employee Costs		12,417	12,100
less: Capitalised Costs		-	(19)
TOTAL EMPLOYEE COSTS EXPENSED		12,417	12,081
Number of "Equivalent Full Time" Employees at year end		164	168
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)			-
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		360	337
Other Debts		18	30
Total Interest Bearing Liability Costs		378	367
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		378	367
(ii) Other Borrowing Costs			
Nil			
TOTAL BORROWING COSTS EXPENSED		378	367

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2009	Actual 2008
(c) Materials & Contracts			
Raw Materials & Consumables		212	215
Contractor & Consultancy Costs			
- Aged Services		144	127
- Bushcare		397	396
- Cleansing		1,731	1,743
- Consultancies		176	156
- Infrastructure		1,026	970
- Parks, Gardens & Civic Spaces		494	455
- Plant Running		138	170
- Recreational Facilities		349	323
- Structures		503	589
- Tree Pruning/Removal		202	223
- Waste Management		2,190	2,176
- Other		1,123	953
Auditors Remuneration			
i. Audit Services - Council's Auditor		38	34
Legal Expenses:			
- Legal Expenses - Planning & Development		156	319
- Legal Expenses - Other		48	46
Operating Leases:			
Operating Lease Rentals - Minimum Lease Payments ⁽¹⁾		114	113
Printing		150	161
Total Materials & Contracts		9,191	9,169
less: Capitalised Costs		-	-
TOTAL MATERIALS & CONTRACTS		9,191	9,169
1. Operating Lease Payments are attributable to:			
- Buildings		-	-
- Computers		-	-
- Motor Vehicles		-	-
- Other		114	113
		114	113

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Depreciation/Amortisation		Impairment Costs	
	Actual 2009	Actual 2008	Actual 2009	Actual 2008
(d) Depreciation, Amortisation & Impairment				
Plant and Equipment	143	159	-	-
Office Equipment	84	63	-	-
Furniture & Fittings	20	22	-	-
Land Improvements (depreciable)	387	383	-	-
Buildings - Non Specialised	492	205	-	-
Buildings - Specialised	384	159	-	-
Other Structures	7	7	-	-
Infrastructure:				
- Roads, Bridges & Footpaths	1,586	1,567	-	-
- Stormwater Drainage	500	489	-	-
Other Assets				
- Heritage Collections	1	1	-	-
- Library Books	156	148	-	-
- Other	336	248	-	-
Total Depreciation & Impairment Costs	4,096	3,451	-	-
less: Capitalised Costs	-	-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED	4,096	3,451	-	-

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2009	Actual 2008
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		174	163
Bad & Doubtful Debts		44	125
Bank Charges		51	34
Catering		77	67
Computer Software Charges		491	396
Contributions to Other Levels of Government			
- NSW Fire Brigade Levy		870	834
- Department of Planning Levy		133	130
- Local Government & Shires Association		27	26
Councillor Expenses - Mayoral Fee		33	32
Councillor Expenses - Councillors' Fees		147	175
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		64	55
Donations, Contributions & Assistance to other organisations (Section 356)		377	420
Election Expenses		152	-
Electricity & Heating		222	192
Equipment Maintenance		93	51
Insurance		675	660
Leases - Photocopiers		48	37
Leases - Property		40	38
Postage		67	79
Revaluation Decrements (applicable to Fair Valuation of Investment Properties) 14		1,650	-
Section 94 Contribution Refund		124	329
Street Lighting		453	414
Subscriptions & Publications		78	70
Telephone & Communications		125	130
Waste Disposal & Recycling Centre		279	184
Water		88	57
Other		232	253
Total Other Expenses		6,814	4,951
less: Capitalised Costs		-	-
TOTAL OTHER EXPENSES		6,814	4,951

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 5. Gains or Losses on Disposal of Assets

\$ '000	Notes	Actual 2009	Actual 2008
Property (excl. Investment Property)			
Proceeds from Disposal		-	63
less: Carrying Amount of Property Assets Sold		-	-
Net Gain/(Loss) on Disposal		-	63
Plant & Equipment			
Proceeds from Disposal		140	399
less: Carrying Amount of P&E Assets Sold		(179)	(489)
Net Gain/(Loss) on Disposal		(39)	(90)
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(39)	(27)

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

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

	2009 Actual Current	2009 Actual Non Current	2008 Actual Current	2008 Actual Non Current
\$ '000				
Cash & Cash Equivalents (Note 6a)				
Cash on Hand and at Bank	263	-	236	-
Cash-Equivalent Assets ¹				
- Deposits at Call	1,250	-	-	-
- Short Term Deposits	3,500	-	4,365	-
Total Cash & Cash Equivalents	5,013	-	4,601	-
Investment Securities (Note 6b)				
- Long Term Deposits	500	-	-	-
Total Investment Securities	500	-	-	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS	5,513	-	4,601	-

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

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

Cash & Cash Equivalents

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

5,013	-	4,601	-
--------------	----------	--------------	----------

Investments

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

- "Held for Trading"	6(b-i)	-	-	-	-
- "Designated At Fair Value on Initial Recognition"	6(b-i)	-	-	-	-
b. "Held to Maturity"	6(b-ii)	500	-	-	-
c. "Loans & Receivables"	6(b-iii)	-	-	-	-
d. "Available for Sale"	6(b-iv)	-	-	-	-
Investments		500	-	-	-

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 6b. Investments (continued)

	2009	2009	2008	2008
	Actual	Actual	Actual	Actual
\$ '000	Current	Non Current	Current	Non Current

Note 6(b-i)

Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"

Nil

Note 6(b-ii)

Reconciliation of Investments classified as "Held to Maturity"

Balance at the Beginning of the Year

Additions

Balance at End of Year

-	-	-	-
500	-	-	-
500	-	-	-
Comprising:			
- Long Term Deposits	500	-	-
Total	500	-	-

Note 6(b-iii)

Reconciliation of Investments classified as "Loans & Receivables"

Nil

Note 6(b-iv)

Reconciliation of Investments classified as "Available for Sale"

Nil

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 6c. Restricted Cash, Cash Equivalents & Investments

\$ '000	2009 Actual Current	2009 Actual Non Current	2008 Actual Current	2008 Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	5,513	-	4,601	-
attributable to:				
External Restrictions (refer below)	1,863	-	898	-
Internal Restrictions (refer below)	3,221	-	3,611	-
Unrestricted	429	-	92	-
	5,513	-	4,601	-

2009 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Nil

External Restrictions - Other

Developer Contributions - General (D)	468	1,023	(1,063)	428
Specific Purpose Unexpended Grants (F)	419	762	-	1,181
Community Environmental Contract (G)	-	102	-	102
Infrastructure Levy (G)	11	141		152
External Restrictions - Other	898	2,028	(1,063)	1,863
Total External Restrictions	898	2,028	(1,063)	1,863

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

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

2009 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	50	20	-	70
Infrastructure Works	-	301	-	301
Employees Leave Entitlement	450	50	-	500
Carry Over Works	616	394	(616)	394
Deposits, Retentions & Bonds	850	500		1,350
Drill Hall Common	500	-	(386)	114
Capital Works Reserve	418	-	(418)	-
Swim Centre	71	71	(36)	106
Other/C/Centre	41	-	(7)	34
Stormwater Programs	540	-	(540)	-
Financial Assistance Grant	-	182	-	182
PABX	-	95	-	95
Grand Hall Mechanical Ventilation	75	-	-	75
Total Internal Restrictions	3,611	1,613	(2,003)	3,221
TOTAL RESTRICTIONS	4,509	3,641	(3,066)	5,084

- A** Loan moneys which must be applied for the purposes for which the loans were raised.
- B** Advances by the Roads and Traffic Authority for works on the State's classified roads.
- C** Self Insurance liability resulting from reported claims or incurred claims not yet reported.
- D** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- E** RTA Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- F** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- G** Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 7. Receivables

\$ '000	2009		2008	
	Current	Non Current	Current	Non Current
Purpose				
Rates & Annual Charges	287	101	250	89
Interest & Extra Charges	29	-	15	-
User Charges & Fees	1,662	-	1,652	-
Accrued Revenues				
- Interest on Investments	19	-	21	-
- Other Income Accruals	798	-	790	-
Government Grants & Subsidies	179	-	197	-
Net GST Receivable	275	-	249	-
Other Debtors	109	-	137	-
Total	3,358	101	3,311	89
less: Provision for Impairment				
User Charges & Fees	(493)	-	(473)	-
Other Debtors	(45)	-	(43)	-
Total Provision for Impairment - Receivables	(538)	-	(516)	-
<u>TOTAL NET RECEIVABLES</u>	<u>2,820</u>	<u>101</u>	<u>2,795</u>	<u>89</u>
Externally Restricted Receivables				
Domestic Waste Management	103	-	88	-
Total External Restrictions	103	-	88	-
Internally Restricted Receivables				
Nil				
Unrestricted Receivables	2,717	101	2,707	89
<u>TOTAL NET RECEIVABLES</u>	<u>2,820</u>	<u>101</u>	<u>2,795</u>	<u>89</u>

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest is charged on overdue rates & charges at 10.00% (2008 10.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 8. Inventories & Other Assets

\$ '000	2009		2008	
	Current	Non Current	Current	Non Current
Inventories				
Stores & Materials	68	-	55	-
Trading Stock	47	-	48	-
Total Inventories	115	-	103	-
Other Assets				
Prepayments	150	-	252	-
Total Other Assets	150	-	252	-
TOTAL INVENTORIES & OTHER ASSETS	265	-	355	-

(i) Externally Restricted Assets

Water
Nil

Sewerage
Nil

Domestic Waste Management
Nil

Other
Nil

Total Externally Restricted Assets	-	-	-	-
Total Internally Restricted Assets	-	-	-	-
Total Unrestricted Assets	265	-	355	-
TOTAL INVENTORIES & OTHER ASSETS	265	-	355	-

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2008				Asset Movements during the Reporting Period				as at 30/6/2009			
	At Cost	At Fair Value	Accumul'd Deprec.	Carrying Value	Asset Additions	WDV-Asset Disposals	Depreciation Expense	Adjustments & Transfers	At Cost	At Fair Value	Accumul'd Dep'n	Carrying Value
Capital Work in Progress	738	-	-	738	125	-	-	(738)	125	-	-	125
Plant & Equipment	-	2,058	989	1,069	162	(179)	(143)	-	-	1,991	1,082	909
Office Equipment	-	2,878	2,639	239	144	-	(84)	-	-	3,022	2,723	299
Furniture & Fittings	-	973	533	440	41	-	(20)	-	-	1,014	553	461
Land:												
- Operational Land	-	103,168	-	103,168	-	-	-	-	-	103,168	-	103,168
- Community Land	216,643	-	-	216,643	-	-	-	-	216,643	-	-	216,643
Land Improvements - depreciable	10,979	-	3,863	7,116	619	-	(387)	-	11,598	-	4,250	7,348
Buildings - Non Specialised	-	32,172	11,569	20,603	186	-	(492)	-	-	32,358	12,061	20,297
Buildings - Specialised	-	14,036	5,796	8,240	2,345	-	(384)	738	-	17,119	6,180	10,939
Other Structures	154	-	97	57	-	-	(7)	-	154	-	104	50
Infrastructure:												
- Roads, Bridges, Footpaths	157,078	-	46,808	110,270	1,468	-	(1,586)	-	158,546	-	48,394	110,152
- Stormwater Drainage	49,543	-	23,275	26,268	887	-	(500)	-	50,430	-	23,775	26,655
Other Assets:												
- Heritage Collections	16	-	2	14	-	-	(1)	-	16	-	3	13
- Library Books	3,091	-	2,556	535	168	-	(156)	-	3,259	-	2,712	547
- Other	4,506	-	2,468	2,038	831	-	(336)	-	5,337	-	2,804	2,533
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	442,748	155,285	100,595	497,438	6,976	(179)	(4,096)	-	446,108	158,672	104,641	500,139

Mosman Council**Notes to the Financial Statements**
for the financial year ended 30 June 2009**Note 9b. Infrastructure, Property, Plant & Equipment
that is Externally Restricted**

\$ '000

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

**Note 9c. Infrastructure, Property, Plant & Equipment
Gains/(Losses) arising from the Impairment of Assets**

Council has not recognised any impairment losses during the reporting period nor reversed any prior period losses.

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2009		2008	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		1,153	-	1,740	-
Goods & Services - capital expenditure		716	-	18	-
Payments Received In Advance		14	-	30	-
Accrued Expenses;					
- Borrowings		55	-	35	-
Security Bonds, Deposits & Retentions		4,482	-	4,644	-
Total Payables		6,420	-	6,467	-
Borrowings					
Loans - Secured ¹		1,453	5,786	1,072	4,249
Deferred Payment Liabilities		323	520	323	842
Total Borrowings		1,776	6,306	1,395	5,091
Provisions					
Employee Benefits;					
Annual Leave		1,285	-	1,244	-
Long Service Leave		1,743	116	1,510	100
Sub Total - Aggregate Employee Benefits		3,028	116	2,754	100
Total Provisions		3,028	116	2,754	100
Total Payables, Borrowings & Provisions		11,224	6,422	10,616	5,191

(i) Liabilities relating to Restricted Assets

	2009		2008	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Domestic Waste Management	103	-	88	-
Other	506	-	336	-
Liabilities relating to externally restricted assets	609	-	424	-
Internally Restricted Assets				
Nil				
Total Liabilities relating to restricted assets	609	-	424	-

¹ Loans are secured over the General Rating Income of Council

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

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000	2009	2008
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	1,783	1,529
Security Bonds, Deposits & Retentions	4,082	4,124
	<u>5,865</u>	<u>5,653</u>

Note 10b. Description of and movements in Provisions

Class of Provision	2008	Additional Provisions	Decrease due to Payments	2009	Unused amounts reversed	Closing Balance as at 30/6/09
	Opening Balance as at 1/7/08			Remeasurement effects due to Discounting		
Annual Leave	1,244	969	(928)	-	-	1,285
Long Service Leave	1,610	504	(255)	-	-	1,859
TOTAL	2,854	1,473	(1,183)	-	-	3,144

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

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 11. Cash Flow Statement - Additional Information

\$ '000	Notes	Actual 2009	Actual 2008
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	5,013	4,601
Less Bank Overdraft	10	-	-
BALANCES as per the CASH FLOW STATEMENT		5,013	4,601
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		106	9,568
Adjust for non cash items:			
Depreciation & Amortisation		4,096	3,451
Net Losses/(Gains) on Disposal of Assets		39	27
Non Cash Capital Grants and Contributions		(15)	-
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investment Properties		1,650	(8,322)
Share of Net (Profits) or Losses of Associates/Joint Ventures		(13)	(42)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(59)	(212)
Increase/(Decrease) in Provision for Doubtful Debts		22	125
Decrease/(Increase) in Inventories		(12)	(6)
Decrease/(Increase) in Other Current Assets		102	(174)
Increase/(Decrease) in Payables		(587)	488
Increase/(Decrease) in accrued Interest Payable		20	-
Increase/(Decrease) in other accrued Expenses Payable		-	-
Increase/(Decrease) in Other Current Liabilities		(178)	-
Increase/(Decrease) in Employee Leave Entitlements		290	104
Increase/(Decrease) in Other Provisions		-	-
NET CASH PROVIDED FROM/(USED IN)		5,461	5,007
OPERATING ACTIVITIES from CASH FLOW STATEMENT		5,461	5,007

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 11. Cash Flow Statement - Additional Information(continued)

\$ '000	Notes	Actual 2009	Actual 2008
(c) Non-Cash Investing & Financing Activities			
Other Non Cash Items		15	-
Total Non-Cash Investing & Financing Activities		15	-
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		90	90
Credit Cards / Purchase Cards		32	61
Other		-	-
Total Financing Arrangements		122	151
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		-	-
- Other		-	-
Total Financing Arrangements Utilised		-	-

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

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

(ii) Secured Loan Liabilities

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

(e) Net Cash Flows Attributable to Discontinued Operations

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

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2009	Actual 2008
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		3,500	1,250
Investment Property			
- Land			-
- Buildings			-
- Other			-
Total Commitments		3,500	1,250
These expenditures are payable as follows:			
Within the next year		3,000	1,250
Later than one year and not later than 5 years		500	-
Later than 5 years			-
Total Payable		3,500	1,250
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		-	1,250
Future Grants & Contributions		1,000	-
Sect 94 Funds/Reserves		1,500	-
Unexpended Grants		1,000	-
Externally Restricted Reserves			-
Internally Restricted Reserves			-
Total Sources of Funding		3,500	1,250
(b) Other Expenditure Commitments (exclusive of GST)			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
DWM & Recycling Services		6,814	9,357
Audit Services		132	165
Other		1,271	1,736
Total Commitments		8,217	11,258
These expenditures are payable as follows:			
Within the next year		3,095	3,078
Later than one year and not later than 5 years		5,122	8,180
Later than 5 years			-
Total Payable		8,217	11,258

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2009	Actual 2008
(c) Finance Lease Commitments			
Nil			
(d) Operating Lease Commitments (Non Cancellable)			
a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:			
Within the next year		132	158
Later than one year and not later than 5 years		179	207
Later than 5 years		-	-
Total Non Cancellable Operating Lease Commitments		311	365

b. Non Cancellable Operating Leases include the following assets:

Motor Vehicles, Heavy Plant, Office Rentals.....

Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2009	Actual 2008
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Conditions relating to Finance & Operating Leases:

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

(e) Investment Property Commitments

Nil

(f) Remuneration Commitments

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

Within the next year	768	733
Later than one year and not later than 5 years	1,635	1,584
Later than 5 years		42
Total Payable	2,403	2,359

(g) Investment in Associates / Joint Ventures - Commitments

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

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 13. Statement of Performance Measurement - Indicators

\$ '000	Amounts 2009	Indicator 2009	Prior Periods 20082007	
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	6,632	1.40 : 1	1.49	1.50
Current Liabilities less Specific Purpose Liabilities ^(2,3)	4,750			
2. Debt Service Ratio				
Debt Service Cost	1,772	6.10%	4.74%	6.56%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	29,036			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	18,951	57.36%	44.47%	55.33%
Revenue from Continuing Operations	33,041			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	417	2.15%	1.97%	2.06%
Rates, Annual & Extra Charges Collectible	19,356			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾ [Buildings & Infrastructure]	2,903	98.01%	85.00%	n/a
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	2,962			

Notes

⁽¹⁾ Refer Notes 6-8 inclusive.

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

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

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 14. Investment Properties

\$ '000	Actual 2009	Actual 2008
(a) Investment Properties at Fair value		
Investment Properties on Hand	36,609	38,237
Reconciliation of Annual Movement:		
Opening Balance	38,237	29,915
- Capitalised Expenditure - this year	22	-
- Net Gain/(Loss) from Fair Value Adjustments	(1,650)	8,322
CLOSING BALANCE - INVESTMENT PROPERTIES	36,609	38,237
(b) Valuation Basis		
<p>The basis of Valuation of Investment Properties is Fair Value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.</p> <p>The 2009 revaluations were based on Independent Assessments made by: (Scott Fullarton Valuers).</p>		
(e) Investment Property Income & Expenditure - summary		
Rental Income from Investment Properties:		
- Minimum Lease Payments	1,832	1,801
- Contingent Rentals	-	-
- Other Income	-	-
Direct Operating Expenses on Investment Properties:		
- that generated rental income	(83)	(42)
- that did not generate rental income	-	-
Net Revenue Contribution from Investment Properties	1,749	1,759
plus:		
Fair Value Movement for year	(1,650)	8,322
Total Income attributable to Investment Properties	99	10,081

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 15. Financial Risk Management

\$ '000

Risk Management

Council's activities expose it to a variety of financial risks including (i) price risk, (ii) credit risk, (iii) liquidity risk and (iv) interest rate risk.

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

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

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

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

	Carrying Value		Fair Value	
	2009	2008	2009	2008
Financial Assets				
Cash and Cash Equivalents	5,013	4,601	5,013	4,601
Investments				
- "Held to Maturity"	500	-	500	-
Receivables	2,921	2,884	2,921	2,884
Total Financial Assets	8,434	7,485	8,434	7,485
Financial Liabilities				
Payables	6,406	6,437	6,406	6,437
Loans / Advances	8,082	6,486	8,082	6,486
Total Financial Liabilities	14,488	12,923	14,488	12,923

Fair Value is determined as follows:

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

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2009				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	55	55	(55)	(55)
2008				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	46	46	(46)	(46)

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

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

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

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

	2009	2009	2008	2008
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	291	2,303	254	2,296
Past due by up to 30 days	97	768	85	765
	<u>388</u>	<u>3,071</u>	<u>339</u>	<u>3,061</u>
(ii) Movement in Provision for Impairment of Receivables			2009	2008
Balance at the beginning of the year			516	391
+ new provisions recognised during the year			44	125
- amounts already provided for & written off this year			(22)	-
Balance at the end of the year			<u>538</u>	<u>516</u>

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 15. Financial Risk Management(continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2009									
Trade/Other Payables	4,482	1,924	-	-	-	-	-	6,406	6,406
Loans & Advances	-	1,776	1,580	1,244	812	707	1,963	8,082	8,082
Total Financial Liabilities	4,482	3,700	1,580	1,244	812	707	1,963	14,488	14,488
2008									
Trade/Other Payables	4,644	1,793	-	-	-	-	-	6,437	6,437
Loans & Advances	-	1,395	1,463	1,245	887	430	1,066	6,486	6,486
Total Financial Liabilities	4,644	3,188	1,463	1,245	887	430	1,066	12,923	12,923

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

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

	2009		2008	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	6,406	0.0%	6,437	0.0%
Loans & Advances - Fixed Interest Rate	8,082	6.5%	6,486	6.6%
	<u>14,488</u>		<u>12,923</u>	

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 08/09 was incorporated as part of its Management Plan and was adopted by the Council on 3 June 2008.

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

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

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

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

\$ '000	2009 Budget	2009 Actual	2009 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	18,342	18,951	609	3%	F
User Charges & Fees	5,385	5,324	(61)	(1%)	U
Interest & Investment Revenue	438	339	(99)	(23%)	U
Negative variance attributed to reduction in forecasted interest rates as a result of the Global Financial Crisis					
Other Revenues	3,771	3,445	(326)	(9%)	U
Operating Grants & Contributions	1,695	2,026	331	20%	F
Positive variance can in the main be attributed to first instalment of 2009/2010 Financial Assistance Grant paid in advance (June 2009) totalling \$182K					
Capital Grants & Contributions	1,467	2,943	1,476	101%	F
Positive variance can in the main be attributed to \$1M unbudgeted grant from Federal Government for Indoor Sports Complex at Cross Street together with Section 94 Contributions exceeding original budget by \$411K					
Net Gains from Disposal of Assets	60	-	(60)	(100%)	U
Budgeted land sale was not actioned					
Share of Net Profits - Joint Ventures & Associates	-	13	13	0%	F
Council's 2008/2009 Budget did not include an allocation regarding revenues from Joint Ventures					

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 16. Material Budget Variations (continued)

\$ '000	2009 Budget	2009 Actual	2009 Variance*		
EXPENSES					
Employee Benefits & On-Costs	12,903	12,417	486	4%	F
Borrowing Costs	325	378	(53)	(16%)	U
Original budget based on borrowing allocation being undertaken in June 2009 however an amount of \$1.440M was drawn down in February 2009 with the resultant impact being interest expense of \$30K					
Materials & Contracts	9,606	9,191	415	4%	F
Depreciation & Amortisation	3,600	4,096	(496)	(14%)	U
Negative variance can be attributed to increase in depreciation on buildings from 08 to 09 of \$512K as a result of Fair Value valuations which was not included in original budget.					
Other Expenses	4,345	6,814	(2,469)	(57%)	U
Negative variance can in the main be attributed to \$1.650M variance in Investment Property Fair Value together with an unbudgeted refund of a Section 94 Contribution of \$124K					
Net Losses from Disposal of Assets	-	39	(39)	0%	U
Council's 2008/2009 Budget did not provide for a net loss from Disposal of Assets					

Mosman Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES											
PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	127	-	-	(127)	-	-	855	(855)	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
S94 Contributions - under a Plan	-	127	-	-	(127)	-	-	855	(855)	-	-
S94A Levies - under a Plan	468	884	-	12	(936)	-	428	3,406	(3,834)	-	-
Total S94 Revenue Under Plans	468	1,011	-	12	(1,063)	-	428	4,261	(4,689)	-	-
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	-	-	-	-	-	-	-	-	-	-	-
S64 Contributions	-	-	-	-	-	-	-	-	-	-	-
Total Contributions	468	1,011	-	12	(1,063)	-	428	855	(855)	-	-

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-						-			-	
Roads	-						-			-	
Traffic Facilities	-						-			-	
Parking	-						-			-	
Open Space	-	127		-	(127)		-	855	(855)	-	
Community Facilities	-						-			-	
Other	-						-			-	
Total	-	127	-	-	(127)	-	-	855	(855)	-	-

Mosman Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN - Open Space & Car Parking

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-						-				-
Roads	-						-				-
Traffic Facilities	-						-				-
Parking	-						-				-
Open Space	468	884		12	(936)		428	3,406	(3,834)		-
Community Facilities	-						-				-
Other	-						-				-
Total	468	884	-	12	(936)	-	428	3,406	(3,834)	-	-

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:**1. Guarantees****(i) Defined Benefit Superannuation Contribution Plans**

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

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

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

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from its Defined Benefit Scheme obligations in accordance with AASB 119.

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

Mosman Council**Notes to the Financial Statements**
for the financial year ended 30 June 2009**Note 18. Contingencies & Other Assets/Liabilities Not Recognised**(continued)

\$ '000

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

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

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

(ii) S94 Plans

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

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

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

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

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

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

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000

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

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

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

Subsidiaries

Note 19(a)

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

Associated Entities & Joint Venture Entities

Note 19(b)(i)&(ii)

Arrangements in the form of a Separate Entity that deploys the resources of the operation itself. Under Associated Entities, Council significantly influences the operations (but does not control them, whilst for JV Entities, Council Jointly Controls the Operations with other parties.

Joint Venture Operations

Note 19(c)

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

Subsidiaries, Associated Entities and Joint Ventures Not Recognised

Note 19(d)

Accounting Recognition:

- (i) Subsidiaries disclosed under Note 19(a), and Joint Venture Operations disclosed at Note 19(c), are accounted for on a Line by Line Consolidation basis within the Income Statement and Balance Sheet.
- (ii) Associated Entities and Joint Venture Entities as per Notes 19(b)(i) & (ii) are accounted for using the Equity Accounting Method - and are disclosed as a 1 line entry in the Income Statement and Balance Sheet.

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2009	Actual 2008	Actual 2009	Actual 2008
Associated Entities	25	46	375	350
Joint Venture Entities	(12)	(4)	48	60
Total	13	42	423	410

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

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

\$ '000

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

Council has no interest in any Subsidiaries.

19(b) Associated Entities & Joint Venture Entities

(i) ASSOCIATED ENTITIES

(a) Net Carrying Amounts - Council's Share

Name of Entity	Principal Activity	2009	2008
Kimbriki Recycling & Waste Disposal Centre	Waste Management & Disposal	375	350
Total Carrying Amounts - Associated Entities		375	350

(b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2009	2008	2009	2008	2009	2008
Kimbriki Recycling & Waste Disposal Centre	4%	4%	4%	4%	17%	17%

(c) Movement in Carrying Amounts of Councils Equity Interest

	Kimbriki Recycling & Waste Disposal Centre	
	2009	2008
Opening Balance	350	304
Share in Operating Result	25	55
Adjustments to Equity	-	(9)
Councils Equity Share in the Joint Venture Entity	375	350

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

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

\$ '000

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

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

2009	Assets	Liabilities	Net Assets	Revenues	Profit
Kimbriki Recycling & Waste Disposal Centre	461	86	375	545	25
Totals	461	86	375	545	25
2008	Assets	Liabilities	Net Assets	Revenues	Profit
Kimbriki Recycling & Waste Disposal Centre	425	75	350	517	46
Totals	425	75	350	517	46

(e) Share of Associated Entities Expenditure Commitments

2009

2008

Capital Commitments

-

-

Other Expenditure Commitments

-

-

Lease Commitments

-

-

-

-

(f) Contingent Liabilities of Associates

2009

2008

Share of Contingent Liabilities incurred jointly with other investors

-

-

Share of Contingent Liabilities for which Council is severally liable

-

-

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000

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

(ii) JOINT VENTURE ENTITIES

(a) Carrying Amounts

Name of Entity	Principal Activity	2009	2008
Shorelink Library Network	Sharing of Library Infrastructure	48	60
Total Carrying Amounts - Joint Venture Entities		48	60

(b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2009	2008	2009	2008	2009	2008
Shorelink Library Network	13%	13%	17%	17%	20%	20%

(c) Movement in Carrying Amounts

	Shorelink Library Network	
	2009	2008
Opening Balance	60	64
Share in Operating Result	(12)	(4)
Councils Equity Share in the Joint Venture Entity	48	60

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000

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

(d) Share of Joint Ventures Assets & Liabilities

	Assets		Liabilities		Net Assets
	Current	Non Current	Current	Non Current	
2009					
Shorelink Library Network	40	13	5	-	48
Totals	40	13	5	-	48
2008					
Shorelink Library Network	41	25	6	-	60
Totals	41	25	6	-	60

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

	2009			2008		
	Revenues	Expenses	Result	Revenues	Expenses	Result
Shorelink Library Network	72	84	(12)	73	77	(4)
Totals	72	84	(12)	73	77	(4)

(f) Share of Joint Venture Entities Expenditure Commitments

2009 2008

Capital Commitments	-	-
Other Expenditure Commitments	-	-
Lease Commitments	-	-

(g) Contingent Liabilities of Joint Venture Entities

2009 2008

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

Mosman Council

Notes to the Financial Statements for the financial year ended 30 June 2009

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

\$ '000

19(c) Joint Venture Operations

Council has no interest in any Joint Venture Operations.

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

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

Mosman Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2009	Actual 2008
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		419,463	419,881
a. Correction of Prior Period Errors	20 (c)	-	(9,986)
b. Changes in Accounting Policies (Prior Period Effects)	20 (d)	-	-
c. Current Year Income & Expenses Recognised direct to Equity excluding direct to Reserves transactions		-	-
d. Net Operating Result for the Year		106	9,568
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
g. Other Changes (disclosure required)		-	-
Balance at End of the Reporting Period		<u>419,569</u>	<u>419,463</u>

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

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

(ii). Reconciliation of movements in Reserves:

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

(iii). Nature & Purpose of Reserves

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

Mosman Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

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

\$ '000	Notes	Actual 2009	Actual 2008
c. Correction of Error/s relating to a Previous Reporting Period			
In previous years Council had not consistently reviewed the estimates of useful lives of certain assets. In the course of the revaluations carried out in the current reporting period, it was found that the combined effect resulted in a significant reduction in the depreciation that had previously been charged. It was found to be impracticable to calculate the distortion occurring in each of the previous years, and the adjustment has been made to current year balances.			
		-	(6,735)
In the course of the revaluations carried out in the current reporting period, it was found that a number of buildings had been recognised in error.			
		-	(3,251)
In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.			
These amounted to the following Equity Adjustments:			
- Adjustments to Opening Equity - 1/7/07 (relating to adjustments for the 30/6/07 reporting year end and prior periods)		-	(9,986)
- Adjustments to Closing Equity - 30/6/08 (relating to adjustments for the 30/6/08 year end)		-	-
Total Prior Period Adjustments - Prior Period Errors		-	(9,986)

d. Voluntary Changes in Accounting Policies

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



SPENCER STEER
CHARTERED ACCOUNTANTS

MOSMAN COUNCIL

GENERAL PURPOSE FINANCIAL REPORT

INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying *general purpose financial report of Mosman Council*, which comprises the Balance Sheet as at 30 June 2009, Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial report includes the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

Responsibility of Council for the Financial Report

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

Auditors' Responsibility

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

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



SPENCER STEER
CHARTERED ACCOUNTANTS

includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

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

Independence

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

Auditor's Opinion

In our opinion,

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

SPENCER STEER
Chartered Accountants

N. MAH CHUT
Partner

Dated at Sydney this 7th day of October 2009



SPENCER STEER
CHARTERED ACCOUNTANTS

7 October 2009

The Mayor
Mosman Council
PO Box 211
SPIT JUNCTION NSW 2088

Mayor,

Audit Report - Year Ended 30 June 2009

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2009 and that all information required by us was readily available. We have signed our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General and Special Purpose Financial Reports.

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 equivalents to International Financial Reporting Standards (AIFRS) and the Local Government Code of Accounting Practice and Financial Reporting.

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

1. RESULTS FOR THE YEAR

1.1 Operating Result

The operating result for the year was a Surplus of \$106,000 as compared with a \$9.568 million in the previous year.



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

	2009	% of Total	2008	% of Total	Increase (Decrease)
	\$000		\$000		\$000
Revenues before capital items					
Rates & annual charges	18,951	63%	17,615	47%	1,336
User charges, fees & other revenues	8,782	29%	17,779	47%	(8,997)
Grants & contributions provided for operating purposes	2,026	7%	1,868	5%	158
Interest & investment revenue	339	1%	474	1%	(135)
	30,098	100%	37,736	100%	(7,638)
Expenses					
Employee benefits & costs	12,417	38%	12,081	40%	336
Materials, contracts & other expenses	16,044	49%	14,147	47%	1,897
Depreciation, amortisation & impairment	4,096	12%	3,451	11%	645
Borrowing costs	378	1%	367	1%	11
	32,935	100%	30,046	100%	2,889
Surplus(Deficit) before capital items	(2,837)		7,690		(10,527)
Grants & contributions provided for capital purposes	2,943		1,878		1,065
Net Surplus(Deficit) for the year	106		9,568		(9,462)

The table above shows an overall decrease over the previous year of \$9.462 million. The previous year saw the recognition of fair value increases to investment properties of \$8.322 million and is the main reason for the decline.

1.2 Funding Result

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



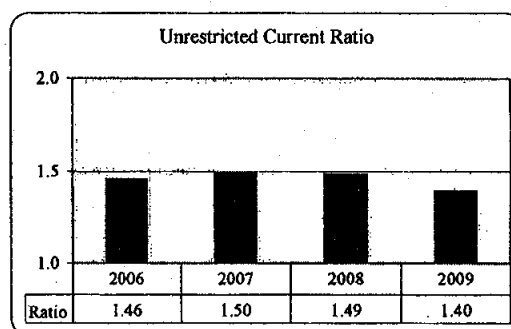
	2009	2008
Funds were provided by:-	\$000	\$000
Operating Result (as above)	106	9,568
Add back non funding items:-		
- Depreciation, amortisation & impairment	4,096	3,451
- Book value of non current assets sold	179	489
- (Gain)Loss of fair value to investment properties	1,650	(8,322)
- (Surplus)Deficit in joint ventures	(13)	(42)
	6,018	5,144
New loan borrowings	2,990	615
Transfers from externally restricted assets (net)	0	592
Transfers from internal reserves (net)	390	0
Net Changes in current/non current assets & liabilities	116	120
	9,514	6,471
Funds were applied to:-		
Purchase and construction of assets	(6,998)	(5,100)
Principal repaid on loans	(1,394)	(1,369)
Transfers to externally restricted assets (net)	(795)	0
Transfers to internal reserves (net)	0	(739)
	(9,187)	(7,208)
Increase(Decrease) in Available Working Capital	327	(737)

2. FINANCIAL POSITION

2.1 Unrestricted Current Ratio

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

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to \$1.882 million representing a factor of 1.40 to 1.



2.2 Available Working Capital – (Working Funds)

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

At the close of the year the Available Working Capital of Council stood at \$2.082 million as detailed below;



	2009	2008	Change
	\$000	\$000	\$000
Net Current Assets (Working Capital) as per Accounts	(2,626)	(2,865)	239
<i>Add:</i> Payables & provisions not expected to be realised in the next 12 months included above	5,865	5,653	212
Adjusted Net Current Assets	3,239	2,788	451
<i>Add:</i> Budgeted & expected to pay in the next 12 months			
- Borrowings	1,776	1,395	381
- Employees leave entitlements	1,245	1,225	20
- Deposits & retention moneys	400	520	(120)
<i>Less:</i> Externally restricted assets	(1,357)	(562)	(795)
<i>Less:</i> Internally restricted assets	(3,221)	(3,611)	390
Available Working Capital as at 30 June	2,082	1,755	327

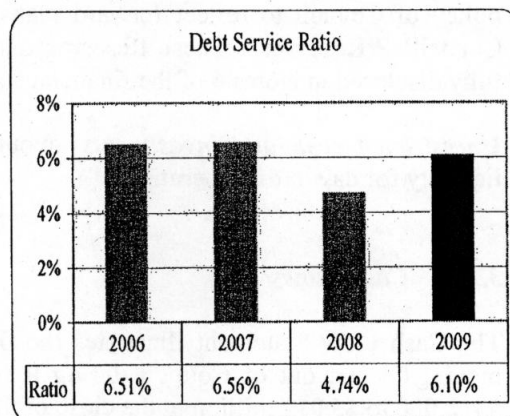
The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures. Taking into consideration the nature and level of the internally restricted assets (Reserves) set aside we are of the opinion that Available Working Capital as at 30 June 2009 was adequate.

2.3 Debt

Operating revenue (excluding special purpose grants and contributions) required to service debt (loan repayments) was 6.10%.

New loans of \$2.990 million were taken up during the year.

Principal and interest paid was \$1.772 million leaving total debt as at 30 June 2009 at \$8.082 million.



2.4 Summary

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

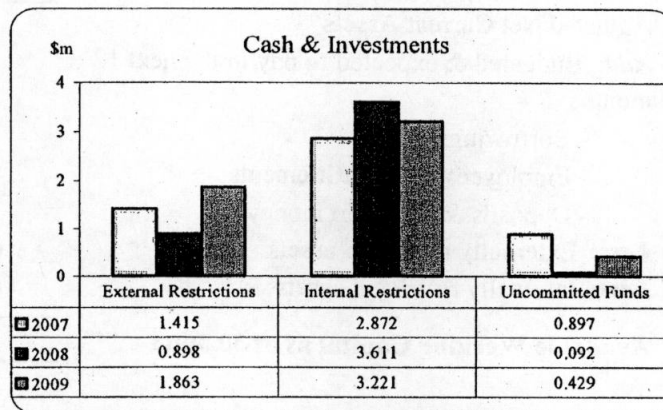


3. CASH ASSETS

3.1 Cash & Investments

Cash and investments held at the close of the year amounted to \$5.513 million as compared with \$4.601 million and \$5.184 million at the close of financial years 2008 and 2007 respectively.

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



Externally restricted cash and investments are restricted in their use by externally imposed requirements and consist of unexpended development contributions under Section 94 - \$428,000 and specific purpose grants and levies - \$1.435 million.

Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's "**Reserves**". These Reserves totalled \$3.221 million and their purposes are more fully disclosed in Notes 6 of the financial statements.

Unrestricted cash and investments amounted to \$429,000, which is available to provide liquidity for day to day operations.

3.2 Cash Flows

The Cash Flow Statement illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that Cash Assets increased by \$412,000 to \$5.013 million at the close of the year.

In addition to operating activities which contributed net cash of \$5.461 million were the proceeds from the sale of assets (\$140,000) and new loans (\$2.990 million). Cash outflows other than operating activities were used to repay loans and finance leases (\$1.394 million), purchase investments (\$500,000) and to purchase and construct assets (\$6.285 million).

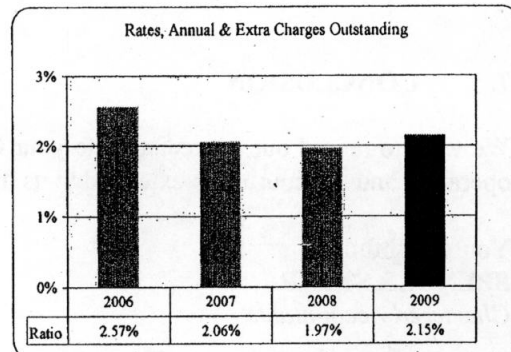
4. RECEIVABLES

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

Net rates and annual charges levied during the year totalled \$18.951 million and represented 57.36% of Council's total revenues. Including arrears, the total rates and annual charges collectible was \$19.290 million of which \$18.902 million (97.99%) was collected.

4.2 Rates, Annual & Extra Charges

Arrears of rates, annual & extra charges stood at \$417,000 at the end of the year & represented 2.15% of those receivables.



4.3 Other Receivables

Receivables (other than Rates & Annual Charges) totalled \$3.042 million and mainly consisted of user charges and fees - \$1.662 million and infringements notices - \$798,000. Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$538,000.

5. PAYABLES

5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$3.144 million. A cash reserve of \$500,000 was held at year end representing 15.90% of this liability.

5.2 Deposits, Retentions & Bonds

Deposits, retentions and bonds held at year end amounted to \$4.482 million and a cash reserve was held amounting to \$1.350 million representing 30.12% of this liability and was sufficient to meet anticipated repayments in the near future.

6. REVALUATION OF ASSETS

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



SPENCER STEER
CHARTERED ACCOUNTANTS

Fair valuation of remaining asset categories, including transport infrastructure (roads, bridges and footpaths), drains, community land and other structures, will be required over the next two reporting years. The Department of Local Government has issued guidance on the revaluation implementation plan which outlines the major steps and suggested timeframes.

We have discussed the guidelines and milestones with management and advise that nothing has come to our attention to suggest that Council will not satisfactorily complete the remaining revaluation projects within the required timeframes.

7. CONCLUSION

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

Yours faithfully,
SPENCER STEER
Chartered Accountants

N. MAH CHUT
Partner

Mosman Council

SPECIAL PURPOSE FINANCIAL REPORTS
for the year ended 30 June 2009

***"To protect and enhance the distinctive
qualities of Mosman in a responsive,
friendly and caring way"***

Mosman Council

Special Purpose Financial Reports for the financial year ended 30 June 2009

Contents	Page
1. Statement by Councillors & Management	2
2. Special Purpose Financial Reports:	
- Income Statement of Other Business Activities	3
- Balance Sheet of Other Business Activities	5
3. Notes to the Special Purpose Financial Reports	7
4. Auditor's Report	

Background

- (i) These Special Purpose Financial Reports have been prepared for the use by both Council and the Department of Local Government in fulfilling their requirements under National Competition Policy.
- (ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

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

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

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

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

Mosman Council

Special Purpose Financial Reports for the financial year ended 30 June 2009

Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

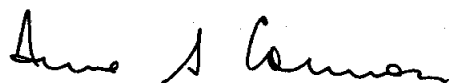
- The NSW Government Policy Statement "Application of National Competition Policy to Local Government"
- The Department of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality"
- The Local Government Code of Accounting Practice and Financial Reporting.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

To the best of our knowledge and belief, these Reports:

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

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

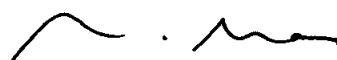
Signed in accordance with a resolution of Council made on 6 October 2009.



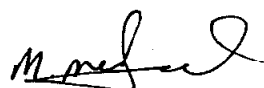
A S Connors
MAYOR



P. S Menzies
COUNCILLOR



V H R May
GENERAL MANAGER



M McDonald
RESPONSIBLE ACCOUNTING OFFICER

Mosman Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2009

\$ '000	Commercial Property Management		Development Approvals	
	Actual 2009	Actual 2008	Actual 2009	Actual 2008
Income from continuing operations				
User charges	919	955	630	946
Other income	1,832	10,123	-	-
Total income from continuing operations	2,751	11,078	630	946
Expenses from continuing operations				
Employee benefits and on-costs	55	53	636	796
Materials and contracts	83	42	3	3
Depreciation and impairment	152	55	-	-
Calculated taxation equivalents	116	92	-	-
Other expenses	1,650	15	180	329
Total expenses from continuing operations	2,056	257	819	1,128
Surplus (deficit) from Continuing Operations before capital amounts	695	10,821	(189)	(182)
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	695	10,821	(189)	(182)
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	695	10,821	(189)	(182)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(209)	(3,246)	-	-
SURPLUS (DEFICIT) AFTER TAX	487	7,575	(189)	(182)
plus Opening Retained Profits	43,727	35,460	(213)	(197)
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	116	92	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	209	3,246	-	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	224	166
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	(1,512)	(2,646)	-	-
Closing Retained Profits	43,026	43,727	(178)	(213)
Return on Capital %	10.8%	197.1%	n/a	n/a
Subsidy from Council	-	-	189	166

Mosman Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2009

\$ '000	Core Group (Private Works)	
	Actual 2009	Actual 2008
Income from continuing operations		
Other income	288	361
Total income from continuing operations	288	361
Expenses from continuing operations		
Employee benefits and on-costs	239	301
Materials and contracts	102	121
Depreciation and impairment	60	10
Calculated taxation equivalents	20	23
Other expenses	7	7
Total expenses from continuing operations	428	462
Surplus (deficit) from Continuing Operations before capital amounts	(140)	(101)
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(140)	(101)
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	(140)	(101)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	(140)	(101)
plus Opening Retained Profits	1,536	1,468
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	20	23
add:		
- Subsidy Paid/Contribution To Operations	-	146
less:		
- TER dividend paid	-	-
- Dividend paid	-	-
Closing Retained Profits	1,416	1,536
Return on Capital %	-11.4%	-7.0%
Subsidy from Council	208	146

Mosman Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2009

	Commercial Property Management Category 1		Development Approvals Category 2	
\$ '000	Actual 2009	Actual 2008	Actual 2009	Actual 2008
ASSETS				
Current Assets				
Receivables	547	243	-	-
Total Current Assets	547	243	-	-
Non-Current Assets				
Infrastructure, property, plant and equipment	6,417	5,490	-	-
Investment property	36,609	38,237	-	-
Total Non-Current Assets	43,026	43,727	-	-
TOTAL ASSETS	43,573	43,970	-	-
LIABILITIES				
Current Liabilities				
Payables	547	243	-	-
Provisions	-	-	47	85
Total Current Liabilities	547	243	47	85
Non-Current Liabilities				
Provisions	-	-	131	128
Total Non-Current Liabilities	-	-	131	128
TOTAL LIABILITIES	547	243	178	213
NET ASSETS	43,026	43,727	(178)	(213)
EQUITY				
Retained earnings	43,026	43,727	(178)	(213)
Council equity interest	43,026	43,727	(178)	(213)
Minority equity interest	-	-	-	-
TOTAL EQUITY	43,026	43,727	(178)	(213)

Mosman Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2009

	Core Group (Private Works) Category 2	
\$ '000	Actual 2009	Actual 2008
ASSETS		
Current Assets		
Receivables	233	150
Total Current Assets	233	150
Non-Current Assets		
Inventories	68	55
Infrastructure, property, plant and equipment	1,229	1,446
Total Non-Current Assets	1,297	1,501
TOTAL ASSETS	1,530	1,651
LIABILITIES		
Current Liabilities		
Provisions	33	34
Total Current Liabilities	33	34
Non-Current Liabilities		
Provisions	81	81
Total Non-Current Liabilities	81	81
TOTAL LIABILITIES	114	115
NET ASSETS	1,416	1,536
EQUITY		
Retained earnings	1,416	1,536
Council equity interest	1,416	1,536
TOTAL EQUITY	1,416	1,536

Mosman Council

Special Purpose Financial Reports for the financial year ended 30 June 2009

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	8

Mosman Council

Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2009

Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Report (SPFR) prepared for use by the Council and the Department of Local Government.

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

This special purpose financial report, unless otherwise stated, has been prepared in accordance with;

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Urgent Issues Group Interpretations,
- the Local Government Act and Regulations,
- the Local Government Code of Accounting Practice and Financial Reporting, and
- the Local Government Asset Accounting Manual.

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

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

National Competition Policy

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

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

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the 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

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

a. Commercial Property Management

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

Category 2

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

a. Development Approvals

Takes into account the development approvals process within Council.

b. Core Group

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

Mosman Council

Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2009

Note 1. Significant Accounting Policies (continued)

Monetary Amounts

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

(i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties. 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 Income Tax Rate – 30%

Land Tax – The first \$368,000 of combined land values attracts 0%. From \$368,001 to \$2,250,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$2,250,000, a premium marginal rate of 2.0% applies.

Payroll Tax – 5.875% on the value of taxable salaries and wages in excess of \$623,000.

Income Tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a

provision equivalent to the corporate income tax rate, currently 30%.

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

Since 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. Accordingly, there is no need for disclosure of internal charges in the GPFR.

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

Local Government Rates & Charges

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

Loan & Debt Guarantee Fees

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

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

(ii) Subsidies

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

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

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return'

Mosman Council

Notes to the Special Purpose Financial Reports for the financial year ended 30 June 2009

Note 1. Significant Accounting Policies (continued)

pricing and revenue generated from prices set by the council in any given financial year.

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

(iii) Return on Investments (Rate of Return)

The Policy statement requires that councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field".

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 5.54% at 30/6/09.

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

(iv) Dividends

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



SPENCER STEER
CHARTERED ACCOUNTANTS

MOSMAN COUNCIL

SPECIAL PURPOSE FINANCIAL REPORT

INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying *special purpose financial report* of *Mosman Council*, which comprises the Balance Sheet as at 30 June 2009, Income Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

Responsibility of Council for the Financial Report

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

Auditors' Responsibility

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

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



SPENCER STEER
CHARTERED ACCOUNTANTS

The financial report has 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 report to which it relates to any person other than the Council or the Department of Local Government, or for any purpose other than that for which it was prepared.

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

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

Independence

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

Auditor's Opinion

In our opinion, the special purpose financial report of the Council is 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 7th day of October 2009

Mosman Council

SPECIAL SCHEDULES

for the year ended 30 June 2009

***"To protect and enhance the distinctive
qualities of Mosman in a responsive,
friendly and caring way"***

Mosman Council

Special Schedules

for the financial year ended 30 June 2009

Contents	Page
Special Schedules¹	
- Special Schedule No. 1	Net Cost of Services
	2
- Special Schedule No. 2(a)	Statement of Long Term debt (all purposes)
	5
- Special Schedule No. 7	Condition of Public Works
	6
- Special Schedule No. 8	Financial Projections
	8

¹ Special Purpose Schedules are not audited.

Background

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

- the NSW Grants Commission
- the Australian Bureau of Statistics (ABS),
- the Department of Energy, Utilities & Sustainability (DEUS), and
- the Department of Local Government (DLG).

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

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

Mosman Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2009

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
Governance	1,125	1,125			-	(1,125)	(1,125)
Administration							
Corporate Support	5,259		94			(5,165)	
Engineering and Works	503		67			(436)	
Other Support Services	435	6,197			161	(435)	(6,036)
Public Order and Safety							
Contributions to Fire Service Levy	870					(870)	
Fire Protection – Other						-	
Animal Control	26		8			(18)	
Beach Control	77		32			(45)	
Enforcement of Local Govt Regs	304		122			(182)	
Emergency Services	42					(42)	
Other	32	1,351	172		334	140	(1,017)
Health							
Administration and Inspection	135		6			(129)	
Immunisations	14		12			(2)	
Food Control	41		26			(15)	
Insect/Vermin Control						-	
Noxious Plants	34					(34)	
Health Centres	8					(8)	
Other		232			44	-	(188)
Community Services and Education							
Administration	355		1			(354)	
Family Day Care	98		93			(5)	
Child Care	606		628			22	
Youth Services	266		28			(238)	
Other Families and Children						-	
Aged and Disabled	693		611			(82)	
Migrant Services						-	
Aboriginal Services						-	
Other Community Services	64					(64)	
Education		2,082			1,361	-	(721)

Mosman Council

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

for the financial year ended 30 June 2009

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
Housing and Community Amenities							
Housing						-	
Town Planning	1,312		789	10		(513)	
Domestic Waste Management	4,273		4,631			358	
Other Waste Management	126		173			47	
Street Cleaning	935					(935)	
Other Sanitation and Garbage	620					(620)	
Drainage						-	
Stormwater Management	725		1	228		(496)	
Environmental Protection	932		13			(919)	
Public Cemeteries						-	
Public Conveniences	230					(230)	
Other Community Amenities	48	9,201	12	1,011	6,868	975	(2,333)
Water Supplies		-			-	-	-
Sewerage Services		-			-	-	-
Recreation and Culture							
Public Libraries	2,033		186			(1,847)	
Museums						-	
Art Galleries	340		108	15		(217)	
Community Centres	130		100			(30)	
Public Halls						-	
Other Cultural Services	588		118			(470)	
Swimming Pools	226		230			4	
Sporting Grounds	893		109	1,089		305	
Parks and Gardens (Lakes)	1,475		113	18		(1,344)	
Other Sport and Recreation	94	5,779			2,086	(94)	(3,693)
Fuel and Energy							
Gas Supplies		-			-	-	-
Mining, Manufacturing and Construction							
Building Control	812		69			(743)	
Abattoirs						-	
Quarries and Pits						-	
Other		812			69	-	(743)

Mosman Council

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

for the financial year ended 30 June 2009

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
Transport and Communication							
Urban Roads (UR) - Local	2,270		929	293		(1,048)	
Urban Roads - Regional						-	
Sealed Rural Roads (SRR) - Local						-	
Sealed Rural Roads - Regional						-	
Unsealed Rural Roads (URR) - Local						-	
Unsealed Rural Roads - Regional						-	
Bridges on UR - Local						-	
Bridges on UR - Regional						-	
Bridges on SRR - Local						-	
Bridges on SRR - Regional						-	
Bridges on URR - Local						-	
Bridges on URR - Regional						-	
Footpaths	290		107	104		(79)	
Aerodromes						-	
Parking Areas	811		2,061			1,250	
Bus Shelters and Services	9					(9)	
Water Transport	2			138		136	
RTA Works (State)	21					(21)	
Street Lighting	461		69			(392)	
Other	373	4,237			3,701	(373)	(536)
Economic Affairs							
Camping Areas						-	
Caravan Parks						-	
Tourism and Area Promotion	146		28			(118)	
Industrial Development Promotion						-	
Saleyards and Markets						-	
Real Estate Development						-	
Commercial Nurseries						-	
Other Business Undertakings	1,773	1,919	2,728	37	2,793	992	874
Totals – Functions		32,935	14,474	2,943	17,417		(15,518)
General Purpose Revenues⁽¹⁾			15,611	-	15,611	15,611	15,611
Share of interests - joint ventures & associates using the equity method	-	-	13		13	13	13
NET OPERATING RESULT FOR YEAR	32,935		30,098	2,943	33,041	106	106

Notes:

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

Mosman Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)
for the financial year ended 30 June 2009

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year	
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current
Loans (by Source)										
Commonwealth Government	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-
Financial Institutions	1,072	4,249	5,321	2,990	1,072	-	-	360	1,453	5,786
Other	-	-	-	-	-	-	-	-	-	-
Total Loans	1,072	4,249	5,321	2,990	1,072	-	-	360	1,453	5,786
Other Long Term Debt										
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-
Deferred Payments	323	842	1,165	-	322	-	-	18	323	520
Total Long Term Debt	323	842	1,165	-	322	-	-	18	323	520
Total Debt	1,395	5,091	6,486	2,990	1,394	-	-	378	1,776	6,306
										8,082

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

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

Special Schedule No. 7 - Condition of Public Works
as at 30 June 2009

[illegible]

Special Schedule No. 7 - Condition of Public Works (continued)
as at 30 June 2009

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n. Expense (\$)	Cost Valuation	Accumulated Depreciation & Impairment	Carrying Amount (WDV)	Asset Condition*	Estimated cost to bring up to a satisfactory condition Maintenance standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
		per Note 1	per Note 4	<<<<<<<<< per Note 9 >>>>>>>>			<<<<<<<< per Section 428(2d) >>>>>>>>			
Drainage Works	Gully Pits	100%	315	31,500	17,856	13,644	3	2,711	600	171
	HW Inlets	100%	17	1,700	1,049	651	3	-	32	8
	HW Outlets	100%	74	7,400	2,760	4,640	3	1,110	141	41
	Junction. Pits	100%	25	2,500	1,709	791	3	-	48	14
	Pipe Works	100%	11	1,284	92	1,192	3	8,100	101	28
	S/W Devices	100%	58	6,046	309	5,737	2	-	80	80
	sub total			500	50,430	-	23,775	26,655	11,921	1,002
	TOTAL - ALL ASSETS		2,969	209,130	49,477	90,514	168,093	28,282	3,679	2,617

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

Asset Unserviceable- Critical, Beyond Repair

1	Near Perfect - Ranges from New or Good	5
2	Superficial Deterioration - Ranges from Generally Good to Fair	6
3	Deterioration Evident - Ranges from Fair to Marginal	7
4	Requires Major Reconstruction - Ranges from Poor to Critical	8

Mosman Council

Special Schedule No. 8 - Financial Projections
as at 30 June 2009

\$'000	Actual ⁽¹⁾ 08/09	Forecast 09/10	Forecast 10/11	Forecast ⁽³⁾ 11/12	Forecast ⁽³⁾ 12/13
(i) RECURRENT BUDGET					
Income from continuing operations	33,041	34,163	32,751	34,041	35,072
Expenses from continuing operations	32,935	31,846	32,872	33,952	35,114
Operating Result from Continuing Operations	106	2,317	(121)	89	(42)
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾	2,409	5,227	589	-	-
Replacement/Refurbishment of Existing Assets	4,567	3,801	2,808	3,108	3,011
Total Capital Budget	6,976	9,028	3,397	3,108	3,011
Funded by:					
- Loans	2,594	3,550	500	-	-
- Asset sales	140	160	-	160	-
- Reserves	539	581	268	130	130
- Grants/Contributions	1,710	2,292	120	-	-
- Recurrent revenue	1,993	2,445	2,509	2,818	2,881
- Other					
	6,976	9,028	3,397	3,108	3,011

Notes:

(1) From 08/09 Income Statement.

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

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