



FINANCIAL
REPORT
2007/08

ANNUAL FINANCIAL REPORTS

For the year ended 30 June 2008



FINANCIAL
REPORT
2007/08

GENERAL PURPOSE FINANCIAL REPORT

For the year ended 30 June 2008

City of Canada Bay

General Purpose Financial Report for the financial year ended 30 June 2008

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Overview

- (i) This Financial Report covers the consolidated operations for City of Canada Bay.
- (ii) City of Canada Bay 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 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 31 /10/08.
Council has the power to amend and reissue the financial report.
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City of Canada Bay

General Purpose Financial Report for the financial year ended 30 June 2008

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:

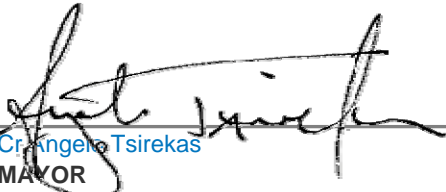
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

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 21 October 2008.



Cr Angela Tsirekas
MAYOR



Cr Jeanette O'Hara
COUNCILLOR



Mr Gary Sawyer
GENERAL MANAGER



Mr Bruce Cook
RESPONSIBLE ACCOUNTING OFFICER

City of Canada Bay

Income Statement

for the financial year ended 30 June 2008

Budget ⁽¹⁾ 2008	\$ '000	Notes	Actual 2008	Actual 2007
Income from Continuing Operations				
Revenue:				
32,679	Rates & Annual Charges	3a	32,954	30,696
5,480	User Charges & Fees	3b	5,918	5,133
1,268	Interest & Investment Revenue	3c	-	1,771
3,054	Other Revenues	3d	3,863	3,178
3,302	Grants & Contributions provided for Operating Purposes	3e,f	3,413	3,556
3,931	Grants & Contributions provided for Capital Purposes	3e,f	9,124	3,876
Other Income:				
-	Net gains from the disposal of assets	5	-	118
	Share of interests in Joint Ventures & Associated Entities using the Equity Method	19	-	-
49,714	Total Income from Continuing Operations		55,272	48,328
Expenses from Continuing Operations				
18,352	Employee Benefits & On-Costs	4a	17,890	16,895
527	Borrowing Costs	4b	265	311
17,006	Materials & Contracts	4c	16,549	16,827
7,000	Depreciation & Amortisation	4d	7,205	7,079
-	Impairment	4d	-	-
6,253	Other Expenses	4e	6,536	6,490
-	Interest & Investment Losses	3c	138	-
-	Net Losses from the Disposal of Assets	5	39	-
49,138	Total Expenses from Continuing Operations		48,622	47,602
576	Operating Result from Continuing Operations		6,650	726
576	Net Operating Result for the Year		6,650	726
576	Net Operating Result attributable to Council		6,650	726
(3,355)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(2,474)	(3,150)

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

City of Canada Bay

Balance Sheet

as at 30 June 2008

\$ '000	Notes	Actual 2008	Actual 2007
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	14,882	9,121
Investments	6b	3,064	8,509
Receivables	7	2,058	2,029
Inventories	8	40	27
Other	8	686	719
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		20,730	20,405
Non-Current Assets			
Investments	6b	2,146	3,000
Receivables	7	115	105
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	928,444	885,303
Investments Accounted for using the equity method	19	-	-
Investment Property	14	16,226	24,074
Intangible Assets	25	-	-
Other	8	-	-
Total Non-Current Assets		946,931	912,482
TOTAL ASSETS		967,661	932,887
LIABILITIES			
Current Liabilities			
Payables	10	13,227	9,088
Borrowings	10	739	795
Provisions	10	5,123	5,163
Total Current Liabilities		19,089	15,046
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	3,291	4,030
Provisions	10	292	297
Total Non-Current Liabilities		3,583	4,327
TOTAL LIABILITIES		22,672	19,373
Net Assets		944,989	913,514
EQUITY			
Retained Earnings	20	911,624	913,514
Revaluation Reserves	20	33,365	-
Council Equity Interest		944,989	913,514
Minority Equity Interest		-	-
Total Equity		944,989	913,514

City of Canada Bay

Statement of Changes in Equity
for the financial year ended 30 June 2008

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2008						
Opening Balance (as per Last Year's Audited Accounts)		913,514	-	913,514	-	913,514
a. Correction of Prior Period Errors	20 (c)	(8,540)	-	(8,540)	-	(8,540)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/07)		904,974	-	904,974	-	904,974
b. Current Year Income & Expenses Recognised direct to Equity						
- Transfers to/(from) Asset Revaluation Reserve	20b (ii)	-	33,365	33,365	-	33,365
- Transfers to/(from) Other Reserves	20b (ii)	-	-	-	-	-
- Other Income/Expenses recognised	20b (ii)	-	-	-	-	-
- Other Adjustments	20b (ii)	-	-	-	-	-
Net Income Recognised Directly in Equity		-	33,365	33,365	-	33,365
c. Net Operating Result for the Year		6,650	-	6,650	-	6,650
Total Recognised Income & Expenses (b&c)		6,650	33,365	40,015	-	40,015
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		911,624	33,365	944,989	-	944,989

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2007						
Opening Balance (as per Last Year's Audited Accounts)		912,788	-	912,788	-	912,788
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/06)		912,788	-	912,788	-	912,788
c. Current Year Income & Expenses Recognised direct to Equity						
- Transfers to/(from) Asset Revaluation Reserve	20b (ii)	-	-	-	-	-
- Transfers to/(from) Other Reserves	20b (ii)	-	-	-	-	-
- Other Income/Expenses recognised	20b (ii)	-	-	-	-	-
- Other Adjustments	20b (ii)	-	-	-	-	-
Net Income Recognised Directly in Equity		-	-	-	-	-
b. Net Operating Result for the Year		726	-	726	-	726
Total Recognised Income & Expenses		726	-	726	-	726
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		913,514	-	913,514	-	913,514

City of Canada Bay

Cash Flow Statement

for the financial year ended 30 June 2008

Budget 2008	\$ '000	Notes	Actual 2008	Actual 2007
Cash Flows from Operating Activities				
Receipts:				
32,679	Rates & Annual Charges		32,795	31,042
5,480	User Charges & Fees		6,229	4,387
1,268	Interest & Investment Revenue Received		1,616	2,204
6,356	Grants & Contributions		12,530	7,432
3,054	Other		3,083	6,273
Payments:				
(18,352)	Employee Benefits & On-Costs		(17,956)	(16,885)
(17,006)	Materials & Contracts		(13,768)	(17,151)
(527)	Borrowing Costs		(265)	(311)
(6,253)	Other		(6,393)	(8,051)
6,699	Net Cash provided (or used in) Operating Activities	11b	17,871	8,940
Cash Flows from Investing Activities				
Receipts:				
4,500	Sale of Investment Securities		4,254	-
885	Sale of Infrastructure, Property, Plant & Equipment		803	885
Payments:				
-	Purchase of Investment Securities		-	(4,000)
-	Purchase of Investment Property		-	(97)
(17,343)	Purchase of Infrastructure, Property, Plant & Equipment		(16,372)	(9,261)
(11,958)	Net Cash provided (or used in) Investing Activities		(11,315)	(12,473)
Cash Flows from Financing Activities				
Receipts:				
4,000	Proceeds from Borrowings & Advances		-	-
Payments:				
(795)	Repayment of Borrowings & Advances		(795)	(750)
3,205	Net Cash Flow provided (used in) Financing Activities		(795)	(750)
(2,054)	Net Increase/(Decrease) in Cash & Cash Equivalents		5,761	(4,283)
9,121	plus: Cash & Cash Equivalents - beginning of year	11a	9,121	13,404
7,067	Cash & Cash Equivalents - end of the year	11a	14,882	9,121

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

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

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n/a - not applicable

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

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 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

Council is required to comply with AAS 27 –“Financial Reporting by Local Government”, and where AAS 27 conflicts with AIFRS, the requirements of AAS 27 have been applied.

Where AAS 27 makes reference to another Australian accounting standard, the new Australian IFRS equivalent standards will apply and in particular any specific “not for profit” reporting requirements.

(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.

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.

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

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

(vi) Critical Accounting Estimates

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

It also requires management to exercise its judgement in the process of applying the 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 doubtful debts on rates 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 contributions required from developers under the provisions of S94 of the EPA Act 1979.

Whilst Council generally incorporates these amounts as part of A Development Consents Orders, 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 or 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 doubtful debt 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.

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

(c) Principles of Consolidation

These Financial Reports incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30/6/08) and **(ii)** all the related operating results (for the financial year ended the 30th June 2008).

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

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

Jointly Controlled Entities

The interest in a Joint Venture Partnership is 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 reserves is recognised in reserves in the balance sheet.

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

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

(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 “significantly 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.

Such entities are usually termed “Associates”.

(v) County Councils

Council is not a member of any County Councils.

(vi) Additional Information

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

(d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either 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 other long term payables.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

The interest element of the finance cost is charged 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.

(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**,

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

- **held-to-maturity investments**, and
- **available-for-sale financial assets**.

Each classification depends on the purpose/intention for which the investment 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 are financial assets held for trading.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

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

Assets in this category are 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 are 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.

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.

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.

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

(ii) Subsequent Measurement

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

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

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

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

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

The fair values of quoted investments are based on current bid prices. 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.

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 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.

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

Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

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 provision for doubtful debts.

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 Councils policy.

A provision for doubtful 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.

(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.

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.

Council engaged Rushton Valuers for the purpose of providing Fair Values for Operational Land and Buildings.

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

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

- **Investment Properties** which are valued at Fair Value – refer Note 1(m), and
- **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;

- **2008/09:** Roads, bridges, footpaths and drainage, land improvements, other structures and other assets
- **2009/10:** Community land

Until these designated future reporting periods, the above 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 assets cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition 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

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 recognising profit or loss, the 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.

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	100% Capitalised

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

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

Buildings & Land Improvements

Park Furniture & Equipment > \$2,000

Building

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

Other Structures > \$2,000

Stormwater Assets

Drains & Culverts > \$5,000

Other > \$5,000

Transport Assets

Road construction & reconstruction > \$10,000

Reseal/Re-sheet & major repairs: > \$10,000

Bridge construction & reconstruction > \$10,000

Stormwater Drainage

- Drains 80 to 100 years

- Culverts 50 to 80 years

Transportation Assets

- Sealed Roads : Surface 20 years

- Sealed Roads : Structure 50 years

- Unsealed roads 20 years

- Bridge : Concrete 100 years

- Bridge : Other 50 years

- Road Pavements 60 years

- Kerb, Gutter & Paths 40 years

Other Infrastructure Assets

- Bulk earthworks Infinite

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 their residual values) over its estimated useful life.

Land is not depreciated.

The range of estimated useful lives for Councils assets include:

Plant & Equipment

- Office Equipment 5 to 10 years

- Office furniture 10 to 20 years

- Computer Equipment 4 years

- Vehicles 5 to 8 years

- Heavy Plant/Road Making equip. 5 to 8 years

- Other plant and equipment 5 to 15 years

Other Equipment

- Playground equipment 5 to 15 years

- Benches, seats etc 10 to 20 years

Buildings

- Buildings – Masonry 50 to 100 years

- Other 20 to 40 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 (p) on Asset Impairment.

Disposal and De-recognition

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

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

(k) 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

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

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.

(l) 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.

(m) Investment property

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

Investment property is carried at fair value, representing an open-market value determined by

external valuers as at 30 June 2006. The current year market valuation was determined using the ABS House Price Index for established houses in Sydney which moved 4.4% from June 2007 to June 2008.

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.

(n) 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).

(o) Land under roads

Council has elected not to recognise land under roads in accordance with the deferral arrangements available to it under AASB 1045.

These deferral arrangements cease to apply as of 1 July 2008.

(p) Non-current assets held for sale

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis.

Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets classified as "Non Current Assets Held for Sale", an impairment loss is recognised where the

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

assets carrying value is greater than its fair value less costs to sell.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

(q) 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.

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

(r) 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.

(s) 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.

(t) 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.

(u) 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.

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

(v) 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.

The liability for absolute or vesting sick leave entitlements which accumulated in accordance with a Council agreement up until 15 February 1993, are required to be treated in a similar manner to other leave entitlements and are treated as a current liability.

Nominal values of vested sick leave liability are reported in these financial statements.

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.

Nominal values of long service leave liability are reported in these financial statements.

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 5 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 5 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.

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.

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.

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

Accordingly, Councils contributions to the scheme have been recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a). The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2008 was \$219,000.

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 19th June 2007 and covers the period ended 30 June 2006.

This valuation found that the Schemes assets were \$3,291.1 million and its past service liabilities were \$2,980.3 million, giving it a Surplus of \$310.8 million.

The existence of this surplus has resulted in Councils contributing during the 07/08 year at half the normal level of contributions.

The financial position of the Scheme is monitored annually and as a result of subsequent investment market conditions Councils will be required to contribute at the full 'notional' contribution rate from 1 July 2008.

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 arising from the payment of employee benefits in future periods – including Superannuation and Workers Compensation expenses which will be payable upon the future payment of some Leave Liabilities accrued as at 30/6/08.

(w) Self insurance

A provision for insurance excesses has been made to recognise outstanding claims the amount of which is detailed in Note 10.

(x) Allocation between current and non-current

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.

(y) 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 expense.

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

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

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

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST.

Accordingly, 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.

(z) 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 2008.

Council's assessment of the impact of these new standards and interpretations is set on the next page.

Applicable to Local Government with the implications:

- Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101

- AASB 1051 Land Under Roads,

AASB 1051 will allow Council to recognise or not recognise land under roads acquired before 30 June 2008.

Council will be required to nominate whether to recognise Land under roads (acquired after 30 June 2008) or to exclude these Assets from recognition.

This Standard could have a significant impact on the Council's Balance Sheet depending on Council's accounting policy choice.

- AASB 1052 Disaggregated Disclosures,

AASB 1052 requires disclosure of financial information by function or activity.

Council already provides this information in Note 2(a) so there will be no additional impact on the financial statements.

- AASB 1004 Contributions (revised),

AASB 1004 requires contributions made to Council to be recognised at fair value when they are controlled and to be appropriately disclosed.

Council already accounts for contributions in this manner so there will be no additional impact on the financial statements.

- AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AAS 27, AAS 29 and AAS 31,

Council will no longer apply AAS 27 from 1 July 2008 due to its withdrawal. Council currently applies AIFRS (but with AAS 27 taking precedence).

The withdrawal of AAS 27 will see specific paragraphs transferred to existing AIFRS, and accordingly there is little impact from its withdrawal.

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 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]

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

- AASB-I 12 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

whether an Arrangement contains a Lease and revised UIG 129 Service Concession Arrangements: Disclosures

- ASB-I 13 Customer Loyalty Programmes
- AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Not applicable to Local Government per se;

- AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8
- AASB 1049 Whole of Government and General Government Sector Financial Reporting
- AASB 1050 Administered Items
- Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities (revised)

Council has exercised its option not to adopt any of these standards prior to their commencement date.

(aa) Rounding of amounts

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

(ab) 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.

(ac) Disclaimer

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

Notes to the Financial Statements

for the financial year ended 30 June 2008

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 2008	Actual 2008	Actual 2007	Original Budget 2008	Actual 2008	Actual 2007	Original Budget 2008	Actual 2008	Actual 2007	Actual 2008	Actual 2007	Actual 2008	Actual 2007
Governance	-	20	1	1,160	1,686	1,478	(1,160)	(1,666)	(1,477)	2	-	25,756	372
Administration	6,457	11,315	4,300	13,921	14,219	14,365	(7,464)	(2,904)	(10,065)	15	14	50,737	25,926
Public Order & Safety	1,092	993	883	2,084	2,015	1,972	(992)	(1,022)	(1,089)	-	-	276	204
Health	109	19	19	186	162	4	(77)	(143)	15	-	-	118	77
Community Services & Education	1,004	953	661	1,890	1,645	1,341	(886)	(692)	(680)	489	506	5,248	2,983
Housing & Community Amenities	8,936	9,774	1,311	13,019	12,152	11,389	(4,083)	(2,378)	(10,078)	618	-	69,056	93,616
Water Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation & Culture	2,262	2,639	3,970	6,207	6,052	6,483	(3,945)	(3,413)	(2,513)	435	73	669,298	661,523
Fuel & Energy	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining, Manufacturing & Construction	516	302	331	1,872	1,902	2,091	(1,356)	(1,600)	(1,760)	-	2,014	330	452
Transport & Communication	823	1,675	1,975	8,027	7,761	7,701	(7,204)	(6,086)	(5,726)	374	438	146,819	147,677
Economic Affairs	920	1,306	639	772	1,028	778	148	278	(139)	-	-	23	57
Total Functions & Activities	22,119	28,996	14,090	49,138	48,622	47,602	(27,019)	(19,626)	(33,512)	1,933	3,045	967,661	932,887
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	27,595	26,276	34,238	-	-	-	27,595	26,276	34,238	2,080	1,989	-	-
Operating Result from Continuing Operations	49,714	55,272	48,328	49,138	48,622	47,602	576	6,650	726	4,013	5,034	967,661	932,887

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

City of Canada Bay

Notes to the Financial Statements for the financial year ended 30 June 2008

Note 2(b). Components of Functions / Activities

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

GOVERNANCE

Costs relating to the Council's role as a component of democratic government, including elections, members fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance, together with related administration costs.

ADMINISTRATION

Costs not otherwise attributed to other functions / activities.

PUBLIC ORDER & SAFETY

Fire protection, animal control, beach control, enforcement of local government regulations, emergency services, other.

HEALTH

Administration and inspection, immunisations, food control, insect/vermin control, noxious plants, health centres, other.

COMMUNITY SERVICES & EDUCATION

Administration, family day care, child care, youth services, other family and children, aged and disabled, migrant services, Aboriginal services, other community services, education.

HOUSING & COMMUNITY AMENITIES

Housing, town planning, domestic waste management services, other waste management services, street cleaning, other sanitation and garbage, urban stormwater drainage, environmental protection, public cemeteries, public conveniences, other community amenities.

WATER SUPPLIES SEWERAGE SERVICES

RECREATION & CULTURE

Public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens (lakes), other sport and recreation.

FUEL & ENERGY - Gas Supplies

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries and pits, other.

TRANSPORT & COMMUNICATION

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RTA works, street lighting, other.

ECONOMIC AFFAIRS

Camping areas, caravan parks, tourism and area promotion, industrial development promotion, saleyards & markets, real estate development, commercial nurseries, other business undertakings.

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2008	Actual 2007
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		20,729	19,168
Business		3,679	3,670
Total Ordinary Rates		24,408	22,838
Special Rates			
Environmental Levy		-	612
Sustainable City Levy		654	631
Total Special Rates		654	1,243
Annual Charges (pursuant to s.496 & s.501)			
Domestic Waste Management Services		7,258	6,615
Stormwater Management Services		634	-
Total Annual Charges		7,892	6,615
<u>TOTAL RATES & ANNUAL CHARGES</u>		<u>32,954</u>	<u>30,696</u>

Council has used 2006 year valuations provided by the NSW Valuer General in calculating its rates.

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2008	Actual 2007
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Waste Management Services (non-domestic)		150	180
Total User Charges		150	180
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s608, 610A & 611)			
Building Regulation		288	325
Planning		746	619
Private Works		886	550
Registration Fees		21	22
Section 149 Certificates (EPA Act)		171	184
Section 603 Certificates		100	102
Section 611 Charges		39	36
Total Fees & Charges - Statutory/Regulatory		2,251	1,838
(ii) Fees & Charges - Other (incl. General User Charges (per s.610C))			
Aged Care		93	72
Child Care		280	56
Golf Course Fees		1,313	1,304
Leaseback Fees - Vehicles		210	217
Library		31	33
Halls & Meeting Rooms		129	94
Park Rents		174	229
Parking Fees		55	55
Road Restoration Charges		680	581
Admission & Service Fees		551	420
Other		1	54
Total Fees & Charges - Other		3,517	3,115
TOTAL USER CHARGES & FEES		5,918	5,133

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2008	Actual 2007
(c). Interest & Investment Revenue (incl. losses)			
Interest on Overdue Rates & Annual Charges		74	69
Interest earned on Investments (interest & coupon payment income)		1,603	1,702
Fair Valuation Movements in Investments (unrealised capital gains/(losses))		(1,815)	-
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>(138)</u>	<u>1,771</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges		74	69
General Council Cash & Investments		(331)	615
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		-	557
Restricted Investments/Funds - Internal:			
Internally Restricted Assets		119	530
<u>Total Interest & Investment Revenue Recognised</u>		<u>(138)</u>	<u>1,771</u>
(d). Other Revenues			
Fair Value Adjustments - Investment Properties	14	639	-
Fines		993	863
Legal Fees Recovery - Rates & Charges (Extra Charges)		39	73
Legal Fees Recovery - Other		13	169
Commissions & Agency Fees		3	9
Sale of Abandoned Vehicles		19	13
Sales - General		9	19
Lease Rental		1,924	1,865
Sponsorships		58	94
Waste Management Performance Bonus		116	54
Other		50	19
<u>TOTAL OTHER REVENUE</u>		<u>3,863</u>	<u>3,178</u>

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations (continued)

\$ '000	2008 Operating	2007 Operating	2008 Capital	2007 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance	1,646	1,571	-	-
Pensioners' Rates Subsidies - General Component	434	418	-	-
Total General Purpose	2,080	1,989	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Domestic Waste Management	113	124	-	-
Aged Care	1	1	-	-
Community Care Services	484	503	-	-
Employment & Training Programs	15	16	-	-
Environmental Projects	14	73	511	99
Heritage & Cultural	5	15	-	-
Library	188	184	-	-
Planning	-	1	-	-
Sport & Recreation	18	-	10	1,715
Street Lighting	41	38	-	-
Traffic Route Subsidy	38	43	-	-
Transport (Roads to Recovery)	-	-	295	-
Transport (Other Roads & Bridges Funding)	-	-	200	233
Total Specific Purpose	917	998	1,016	2,047
Total Grants	2,997	2,987	1,016	2,047
Grant Revenue is attributable to:				
- Commonwealth Funding	1,661	1,587	295	-
- State Funding	1,335	1,319	721	2,047
- Other Funding	1	81	-	-
	2,997	2,987	1,016	2,047

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations (continued)

\$ '000	2008 Operating	2007 Operating	2008 Capital	2007 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 93F - Contributions using Planning Agreements	-	-	500	-
S 94 - Contributions towards amenities/services	-	-	5,900	684
S 94A - Fixed Development Consent Levies	-	-	1,519	927
Total Developer Contributions	17	-	7,919	1,611
Other Contributions:				
Recreation & Culture	-	-	189	-
RTA Contributions (Regional/Local, Block Grant)	345	332	-	50
Other	71	237	-	168
Total Other Contributions	416	569	189	218
Total Contributions	416	569	8,108	1,829
TOTAL GRANTS & CONTRIBUTIONS	3,413	3,556	9,124	3,876

\$ '000	Actual 2008	Actual 2007
(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	11,352	12,626
add: Grants and contributions recognised in the current period which have not been spent:	5,170	4,321
less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(9,193)	(5,595)
Net Increase (Decrease) in Restricted Assets during the Current Reporting Period	(4,023)	(1,274)
Unexpended at the Close of this Reporting Period and held as Restricted Assets	7,329	11,352
Comprising:		
- Specific Purpose Unexpended Grants	2,133	2,335
- Developer Contributions	5,196	9,017
	7,329	11,352

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2008	Actual 2007
(a) Employee Benefits & On-Costs			
Salaries and Wages		14,879	13,820
Travelling		19	16
Employee Leave Entitlements (ELE)		1,458	1,595
Superannuation - Defined Contribution Plans		1,117	1,213
Superannuation - Defined Benefit Plans		219	109
Workers' Compensation Insurance		508	381
Fringe Benefit Tax (FBT)		107	97
Training Costs (other than Salaries & Wages)		110	203
Other		11	10
Total Employee Costs		18,428	17,444
less: Capitalised Costs		(538)	(549)
TOTAL EMPLOYEE COSTS EXPENSED		17,890	16,895
Number of "Equivalent Full Time" Employees at year end		285	277
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		308	297
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		265	311
Total Interest Bearing Liability Costs		265	311
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		265	311
(ii) Other Borrowing Costs			
Nil		-	-
Total Other Borrowing Costs		-	-
TOTAL BORROWING COSTS EXPENSED		265	311

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2008	Actual 2007
(c) Materials & Contracts			
Raw Materials & Consumables		2,289	2,372
Contractor & Consultancy Costs		5,514	5,607
- Contractor & Consultancy Costs - Waste Management		6,036	5,713
- Contractor & Consultancy Costs - Information Technology		434	341
- Contractor & Consultancy Costs - Cleaning		241	379
- Contractor & Consultancy Costs - Swimming Pool Management		72	321
- Contractor & Consultancy Costs - Golf Course Management		97	96
- Contractor & Consultancy Costs - Rate Payment Agencies		79	72
Auditors Remuneration			
- Audit Services (Council's Auditor):		43	34
Infringement Notice Contract Costs (SEINS)		154	150
Legal Expenses - Planning & Development		589	758
Legal Expenses - Other		293	193
Legal Expenses - Debt Recovery		23	-
Operating Lease Rentals - Minimum Lease Payments ¹		685	791
Total Materials & Contracts		16,549	16,827
less: Capitalised Costs		-	-
TOTAL MATERIALS & CONTRACTS		16,549	16,827
1. Operating Leases are attributable to:			
- Computers		685	-
- Other		-	791
		685	791

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Depreciation/Amortisation		Impairment Costs	
	Actual 2008	Actual 2007	Actual 2008	Actual 2007
(d) Depreciation, Amortisation & Impairment				
Plant and Equipment	859	951	-	-
Office Equipment	54	53	-	-
Furniture & Fittings	44	46	-	-
Land Improvements (depreciable)	415	287	-	-
Buildings - Non Specialised	576	530	-	-
Buildings - Specialised	162	162	-	-
Other Structures	496	479	-	-
Infrastructure:				
- Roads, Bridges & Footpaths	3,340	3,350	-	-
- Stormwater Drainage	968	968	-	-
Other Assets				
- Library Books	266	229	-	-
- Other	25	24	-	-
Total Depreciation & Impairment Costs	7,205	7,079	-	-
less: Capitalised Costs	-	-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED	7,205	7,079	-	-

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2008	Actual 2007
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		297	243
Agency Personnel		322	302
Bank Charges		67	71
Child Care - Parent Fees		210	225
Contributions to Other Levels of Government			
- NSW Fire Brigade Levy		1,129	1,104
- Department of Planning Levy		131	127
Councillor Expenses - Mayoral Fee		32	30
Councillor Expenses - Councillors Fees		131	125
Councillors Expenses (incl. Mayor) - Other (excluding fees above)		3	7
Donations, Contributions & Assistance to other organisations (Section 356)		189	155
Electricity & Heating		288	282
Fuel & Oil		530	499
Insurance - Premiums		770	707
Insurance - Excess		109	80
Motor Vehicle Registrations		69	71
Postage		130	96
Printing & Stationery		128	356
Revaluation Decrements (applicable to Fair Valuation of Investment Property)	14	-	87
Street Lighting		756	690
Subscriptions & Publications		113	115
Telephone & Communications		513	456
Valuation Fees		89	118
Water		214	270
Other - Contribution to LGSA		5	-
Other - Contribution to Meals on Wheels Volunteers		8	-
Other - Strata Levies		31	21
Other		272	253
Total Other Expenses		6,536	6,490
less: Capitalised Costs		-	-
TOTAL OTHER EXPENSES		6,536	6,490

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 5. Gains or Losses on Disposal of Assets

\$ '000	Notes	Actual 2008	Actual 2007
Property (excl. Investment Property)			
Proceeds from Disposal		-	27
less: Carrying Amount of Property Assets Sold		-	-
Net Gain/(Loss) on Disposal		-	27
Plant & Equipment			
Proceeds from Disposal		803	858
less: Carrying Amount of P&E Assets Sold		(596)	(767)
Net Gain/(Loss) on Disposal		207	91
Financial Assets*			
Proceeds from Disposal		4,254	-
less: Carrying Amount of Financial Assets Sold		(4,500)	-
Net Gain/(Loss) on Disposal		(246)	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(39)	118
* Financial Assets disposals include:			
- Net Gain/(Loss) from Financial Instruments "At Fair Value through profit & loss"		(246)	-
Net Gain/(Loss) on Disposal of Financial Instruments		(246)	-

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	2008	2008	2007	2007
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)				
Cash on Hand and at Bank	675	-	401	-
Cash-Equivalent Assets ¹				
- Deposits at Call	2,813	-	-	-
- Short Term Deposits	9,910	-	8,720	-
- NCD's, FRN's	1,484	-	-	-
Total Cash & Cash Equivalents	14,882	-	9,121	-
Investment Securities (Note 6b)				
- Equity Linked Notes	743	-	-	-
- NCD's, FRN's (with Maturities > 3 months)	-	2,146	3,000	3,000
- CDO's	2,321	-	5,509	-
Total Investment Securities	3,064	2,146	8,509	3,000
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS	17,946	2,146	17,630	3,000

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"	14,882	-	9,121	-
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Investments

a. "At Fair Value through the Profit & Loss"				
- "Held for Trading" 6(b-i)	3,064	2,146	8,509	-
- "Designated At Fair Value on Initial Recognition" 6(b-i)	-	-	-	-
b. "Held to Maturity" 6(b-ii)	-	-	-	3,000
c. "Loans & Receivables"	-	-	-	-
d. "Available for Sale"	-	-	-	-
Investments	3,064	2,146	8,509	3,000

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 6b. Investments (continued)

\$ '000	2008	2008	2007	2007
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Balance at the Beginning of the Year	8,509	-	7,500	-
Revaluations (through the Income Statement)	(1,445)	(354)	9	-
Additions	-	-	1,000	-
Disposals (sales & redemptions)	(4,000)	(500)	-	-
Transfers from/(to) "Held to Maturity"	-	3,000	-	-
Balance at End of Year	3,064	2,146	8,509	-
Comprising:				
- Equity Linked Notes	743	-	-	-
- NCD's, FRN's (with Maturities > 3 months)	-	-	3,000	-
- CDO's	2,321	-	5,509	-
- Other Long Term Maturity Financial Assets	-	2,146	-	-
Total	3,064	2,146	8,509	-
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	-	3,000	-	1,000
Transfers from/(to) "At Fair Value"	-	(3,000)	-	-
Balance at End of Year	-	-	-	3,000
Comprising:				
- NCD's, FRN's (with Maturities > 3 months)	-	-	-	1,000
- Other Long Term Maturity Financial Assets	-	-	-	2,000
Total	-	-	-	3,000

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 6c. Restricted Cash, Cash Equivalents & Investments

\$ '000	2008	2008	2007	2007
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	17,946	2,146	17,630	3,000
attributable to:				
External Restrictions (refer below)	6,419	2,146	11,945	-
Internal Restrictions (refer below)	4,729	-	4,831	-
Unrestricted	6,798	-	854	3,000
	17,946	2,146	17,630	3,000

2008 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
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Details of Restrictions

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	320	-	(320)	-
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External Restrictions - Included in Liabilities	320	-	(320)	-
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External Restrictions - Other

Developer Contributions - General (D)	9,017	7,919	(11,740)	5,196
Specific Purpose Unexpended Grants (F)	2,335	841	(202)	2,133
Domestic Waste Management (G)	-	467	-	467
Stormwater Management (G)	-	634	(177)	457
Sustainability Levy (G)	273	654	(615)	312

External Restrictions - Other	11,625	10,515	(12,734)	8,565
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Total External Restrictions	11,945	10,515	(13,054)	8,565
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Internal Restrictions

Plant & Vehicle Replacement	160	1,814	(1,269)	705
Infrastructure Replacement	-	532	(337)	195
Employees Leave Entitlement	949	-	-	949
Carry Over Works	662	391	(520)	533
Asset Acquisition	2,851	-	(1,338)	1,513
Concord Oval	209	-	-	209
Loan Repayment Sinking Fund	-	595	-	595
Election of Councillors	-	30	-	30

Total Internal Restrictions	4,831	3,362	(3,464)	4,729
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TOTAL RESTRICTIONS	16,776	13,877	(16,518)	13,294
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City of Canada Bay

Notes to the Financial Statements for the financial year ended 30 June 2008

Note 6c. Restricted Cash, Cash Equivalents & Investments

Details relating to Restricted Cash, Cash Equivalents & Investments

- 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** 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.

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 7. Receivables

\$ '000	2008		2007	
	Current	Non Current	Current	Non Current
Purpose				
Rates & Annual Charges	638	59	483	55
Interest & Extra Charges	49	56	6	50
User Charges & Fees	50	-	92	-
Private Works	9	-	302	-
Accrued Revenues				
- Interest on Investments	102	-	106	-
Government Grants & Subsidies	49	-	42	-
Net GST Receivable	611	-	353	-
Road Restorations	149	-	182	-
Employee Advances	49	-	47	-
General Debtors	238	-	364	-
Property Leases	66	-	37	-
Other Debtors	48	-	37	-
Total	2,058	115	2,051	105
less: Provision for Impairment				
User Charges & Fees	-	-	(22)	-
Total Provision for Impairment - Receivables	-	-	(22)	-
TOTAL NET RECEIVABLES	2,058	115	2,029	105
Externally Restricted Receivables				
Domestic Waste Management	179	-	145	-
Stormwater Management	20	-	-	-
Other				
- Environmental Levy	5	-	15	-
- Sustainability Levy	15	-	11	-
Total External Restrictions	219	-	171	-
Internally Restricted Receivables	-	-	-	-
Unrestricted Receivables	1,839	115	1,858	105
TOTAL NET RECEIVABLES	2,058	115	2,029	105

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% (2007 9.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

City of Canada Bay

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 8. Inventories & Other Assets

\$ '000	2008		2007	
	Current	Non Current	Current	Non Current
Inventories				
Stores & Materials	40	-	27	-
Total Inventories	40	-	27	-
Other Assets				
Prepayments	686	-	719	-
Total Other Assets	686	-	719	-
<u>TOTAL INVENTORIES & OTHER ASSETS</u>	<u>726</u>	<u>-</u>	<u>746</u>	<u>-</u>
 (i) Externally Restricted Assets				
Nil				
Total Externally Restricted Assets	-	-	-	-
Total Internally Restricted Assets	-	-	-	-
Total Unrestricted Assets	726	-	746	-
TOTAL INVENTORIES & OTHER ASSETS	726	-	746	-

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2007			Asset Movements during the Reporting Period						as at 30/6/2008			
	At Cost	Accumulated Deprec.	Carrying Value	Asset Additions	WDV-Asset Disposals	Depreciation Expense	Adjustments & Transfers (Note 20 (c))	Tfrs from/(to) Investment Properties	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated Dep'n	Carrying Value
Plant & Equipment	5,129	1,578	3,551	1,756	(596)	(859)	-	-	-	-	5,749	1,897	3,852
Office Equipment	223	163	60	790	-	(54)	-	-	-	-	1,012	216	796
Furniture & Fittings	482	248	234	411	-	(44)	-	-	-	-	893	292	601
Land:													
- Operational	9,319	-	9,319	1,135	-	-	-	1,862	26,246	-	38,562	-	38,562
- Community	633,856	-	633,856	-	-	-	-	-	-	633,856	-	-	633,856
- Land under Roads	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Improvements - non depreciable	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Improvements - depreciable	8,646	839	7,807	809	-	(415)	-	-	-	9,455	-	1,254	8,201
Buildings - Non Specialised	31,130	11,652	19,478	7,947	-	(576)	(8,540)	6,625	7,119	-	58,653	26,600	32,053
Buildings - Specialised	8,129	2,269	5,860	77	-	(162)	-	-	-	-	8,205	2,430	5,775
Other Structures	11,576	3,321	8,255	2,042	-	(496)	-	-	-	13,619	-	3,818	9,801
Infrastructure:													
- Roads, Bridges, Footpaths	259,414	116,296	143,118	2,159	-	(3,340)	-	-	-	261,573	-	119,636	141,937
- Bulk Earthworks (non-depreciable)	-	-	-	-	-	-	-	-	-	-	-	-	-
- Stormwater Drainage	90,834	38,017	52,817	312	-	(968)	-	-	-	91,146	-	38,985	52,161
Other Assets:													
- Heritage Collections	-	-	-	-	-	-	-	-	-	-	-	-	-
- Library Books	1,405	540	865	192	-	(266)	-	-	-	1,594	-	803	791
- Other	225	142	83	-	-	(25)	-	-	-	225	-	167	58
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	1,060,368	175,065	885,303	17,630	(596)	(7,205)	(8,540)	8,487	33,365	1,011,468	113,074	196,098	928,444

Plant & Equipment B/F Bal for At Cost and Accum Depreciation corrected to write back accum depreciation on sales that occurred in 06/07

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000 Class of Asset	Actual 2008				Actual 2007			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Domestic Waste Management Plant & Equipment	-	-	-	-	56	-	16	40
Total DWM	-	-	-	-	56	-	16	40
TOTAL RESTRICTED I,PP&E	-	-	-	-	56	-	16	40

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

Council does not believe that any of its I,PP&E assets were impaired either at year end or during the year.

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2008		2007	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - Operating		4,883	-	2,089	-
Goods & Services - Capital Expenditure		1,258	-	-	-
Payments Received In Advance		54	-	56	-
Accrued Expenses;					
- Other Expenditure Accruals		328	-	942	-
Security Bonds, Deposits & Retentions		6,511	-	5,990	-
Payroll		193	-	11	-
Total Payables		13,227	-	9,088	-
Borrowings					
Loans - Secured ¹		739	3,291	795	4,030
Total Borrowings		739	3,291	795	4,030
Provisions					
Employee Benefits;					
Annual Leave		1,401	-	1,431	-
Sick Leave		400	-	427	-
Long Service Leave		3,230	292	3,235	297
Sub Total - Aggregate Employee Benefits		5,031	292	5,092	297
Self Insurance - Claims Incurred		92	-	71	-
Total Provisions		5,123	292	5,163	297
Total Payables, Borrowings & Provisions		19,089	3,583	15,046	4,327

(i) Liabilities relating to Restricted Assets

	2008		2007	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Domestic Waste Management	1,131	-	578	-
Liabilities relating to externally restricted assets	1,131	-	578	-
Internally Restricted Assets				
Nil				
Liabilities relating to internally restricted assets	-	-	-	-
Total Liabilities relating to restricted assets	1,131	-	578	-

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.

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000

(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.	2008	2007
Provisions - Employees Benefits	4,556	3,865
Security Bonds, Deposits & Retentions	5,200	4,500
	<u>9,756</u>	<u>8,365</u>

Note 10b. Description of and movements in Provisions

Class of Provision	2007			2008		Closing Balance as at 30/6/08
	Opening Balance as at 1/7/07	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	1,431	1,033	(1,063)	-	-	1,401
Sick Leave	427	20	(47)	-	-	400
Long Service Leave	3,532	405	(415)	-	-	3,522
Self Insurance	71	21	-	-	-	92
TOTAL	<u>5,460</u>	<u>1,480</u>	<u>(1,525)</u>	<u>-</u>	<u>-</u>	<u>5,415</u>

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.

b. Self Insurance Provisions represent both (i) Claims Incurred but Not reported and (ii) Claims Reported & Estimated as a result of Council's being a self insurer up to certain levels of Excess.

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 11. Cash Flow Statement - Additional Information

\$ '000	Notes	Actual 2008	Actual 2007
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	14,882	9,121
Less Bank Overdraft	10	-	-
BALANCES as per the CASH FLOW STATEMENT		14,882	9,121
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		6,650	726
Adjust for non cash items:			
Depreciation & Amortisation		7,205	7,079
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L			
- Investments classified as "@ Fair Value" or "Held for Trading"		1,815	(10)
- Investment Properties		(639)	97
Net Losses/(Gains) on Disposal of Assets		39	(118)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(17)	648
Increase/(Decrease) in Provision for Doubtful Debts		(22)	(16)
Decrease/(Increase) in Inventories		(13)	25
Decrease/(Increase) in Other Current Assets		33	(347)
Increase/(Decrease) in Payables		2,794	140
Increase/(Decrease) in other accrued Expenses Payable		(614)	285
Increase/(Decrease) in Other Current Liabilities		685	-
Increase/(Decrease) in Employee Leave Entitlements		(66)	387
Increase/(Decrease) in Other Provisions		21	44
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from CASH FLOW STATEMENT		17,871	8,940

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	Notes	Actual 2008	Actual 2007
(c) Non-Cash Investing & Financing Activities			
Nil			
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ¹		500	500
Credit Cards / Purchase Cards		150	150
Total Financing Arrangements		650	650
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		3	-
Total Financing Arrangements Utilised		3	-

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

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2008	Actual 2007
(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		185	8,010
Recreation Facilities		4,601	-
Total Commitments		4,786	8,010
These expenditures are payable as follows:			
Within the next year		4,786	8,010
Total Payable		4,786	8,010
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		4,786	8,010
Total Sources of Funding		4,786	8,010
(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:			
Waste Management Services		12,421	18,363
Total Commitments		12,421	18,363
These expenditures are payable as follows:			
Within the next year		6,178	6,681
Later than one year and not later than 5 years		6,243	11,682
Later than 5 years		-	-
Total Payable		12,421	18,363

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2008	Actual 2007
(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		200	625
Later than one year and not later than 5 years		500	657
Later than 5 years		-	-
Total Non Cancellable Operating Lease Commitments		700	1,282

Conditions relating to Operating Leases:

- All 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		892	864
Later than one year and not later than 5 years		1,637	2,313
Later than 5 years		-	27
Total Payable		2,529	3,204

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 13. Statement of Performance Measurement

\$ '000	Amounts 2008	Indicator 2008	Prior Periods 2007 2006	
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	<u>14,092</u>	1.72 : 1	1.36	1.64
Current Liabilities less Specific Purpose Liabilities ^(2,3)	<u>8,202</u>			
2. Debt Service Ratio				
Debt Service Cost	<u>1,060</u>	2.37%	2.47%	2.73%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>44,815</u>			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	<u>32,954</u>	59.62%	63.52%	62.40%
Revenue from Continuing Operations	<u>55,272</u>			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	<u>802</u>	2.38%	1.87%	2.81%
Rates, Annual & Extra Charges Collectible	<u>33,661</u>			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾	<u>2,825</u>	55.98%	n/a	n/a
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	<u>5,046</u>			

Notes

⁽¹⁾ Refer Notes 6-8 inclusive.

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

⁽²⁾ Refer to Note 10(a).⁽³⁾ Refer to Note 10(c) - excludes all ELE not expected to be paid in the next 12 months.⁽⁴⁾ Asset Renewals represents Capital Expenditure on the replacement, refurbishment or upgrade to an existing Asset/s.

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 14. Investment Properties

\$ '000	Actual 2008	Actual 2007
(a) Investment Properties at Fair value		
<u>Investment Properties on Hand</u>	<u>16,226</u>	<u>24,074</u>
Reconciliation of Annual Movement:		
Opening Balance	24,074	24,150
- Capitalised Expenditure - this year	-	21
- Net Gain/(Loss) from Fair Value Adjustments	639	(97)
- Transfers from/(to) Owner Occupied (Note 9)	(8,487)	-
CLOSING BALANCE - INVESTMENT PROPERTIES	<u>16,226</u>	<u>24,074</u>
(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 2008 revaluations are based on an Independent Assessment and Valuation conducted in the year ended 30 June 2006.</p> <p>The current year market valuation was determined using the ABS House Price Index for established houses in Sydney which moved 4.4% from June 2007 to June 2008.</p>		
(c) Contractual Obligations at Reporting Date		
Refer to Note 12 for disclosures relating to any Capital and Service obligations that have been contracted.		
(d) Investment Property Income & Expenditure - summary		
Rental Income from Investment Properties:		
- Minimum Lease Payments	243	235
- Other Income	8	10
Direct Operating Expenses on Investment Properties:		
- that generated rental income	(31)	(35)
- that did not generate rental income	-	(26)
Net Revenue Contribution from Investment Properties	<u>220</u>	<u>184</u>
plus:		
Fair Value Movement for year	<u>639</u>	<u>(97)</u>
Total Income attributable to Investment Properties	<u>859</u>	<u>87</u>

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

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	
	2008	2007	2008	2007
Financial Assets				
Cash and Cash Equivalents	14,882	9,121	14,882	8,121
Investments				
- "Held for Trading"	5,210	8,509	5,210	9,509
- "Held to Maturity"	-	3,000	-	3,000
Receivables	2,173	2,134	2,173	2,134
Total Financial Assets	22,265	22,764	22,265	22,764
Financial Liabilities				
Payables	13,173	9,032	13,173	9,032
Loans / Advances	4,030	4,825	4,111	4,922
Total Financial Liabilities	17,203	13,857	17,284	13,954

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.

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

Council has an Investment Policy which complies with the Local Government Act & Ministers 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 its 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
2008				
Impact of a 10% movement in Market Values	521	521	(521)	(521)
Impact of a 1% movement in Interest Rates	149	149	149	149
2007				
Impact of a 10% movement in Market Values	1,251	1,251	(1,251)	(1,251)
Impact of a 1% movement in Interest Rates	210	210	(210)	(210)

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

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

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

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

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

	2008	2008	2007	2007
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Aging of Receivables				
Current (not yet overdue)	-	1,160	-	1,086
Past due by up to 30 days	-	53	-	87
Past due between 31 and 180 days	-	101	-	189
Past due between 181 and 365 days	542	53	398	101
Past due by more than 1 year	155	109	140	155
	697	1,476	538	1,618
(ii) Movement in Provision for Impairment of Receivables			2008	2007
Balance at the beginning of the year			22	22
- amounts already provided for & written off this year			(22)	-
Balance at the end of the year			-	22

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

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 and 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		
2008									
Trade/Other Payables	6,511	6,662	-	-	-	-	-	13,173	13,173
Loans & Advances	-	958	1,719	2,391	380	-	-	5,448	4,030
Total Financial Liabilities	6,511	7,620	1,719	2,391	380	-	-	18,621	17,203
2007									
Trade/Other Payables	5,990	3,042	-	-	-	-	-	9,032	9,032
Loans & Advances	-	1,322	1,305	1,743	2,020	380	-	6,770	4,825
Total Financial Liabilities	5,990	4,364	1,305	1,743	2,020	380	-	15,802	13,857

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:

	2008		2007	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	13,173	0.0%	9,032	0.0%
Loans & Advances - Fixed Interest Rate	4,030	6.4%	4,825	6.4%
	<u>17,203</u>		<u>13,857</u>	

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 07/08 was incorporated as part of its Management Plan and was adopted by the Council on 5 June 2007.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act permits Council to review its Financial Budget on a Quarterly Basis, so that it is able to manage the various movements in 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	2008 Budget	2008 Actual	2008 Variance*		
REVENUES					
Rates & Annual Charges	32,679	32,954	275	0.8%	F
User Charges & Fees	5,480	5,918	438	8%	F
Interest & Investment Revenue	1,268	(138)	(1,406)	(111%)	U
Provision for fair valuation movement in investments not budgetted for. Market valuations as at 30 June 2008 brought to account. This provision will be unwound as investment valuations strengthen as the investments approach maturity.					
Actual interest earned on Investments \$1,357 compared to budget of \$1,190.					
Other Revenues	3,054	3,863	809	26%	F
Operating Grants & Contributions	3,302	3,413	111	3%	F
Capital Grants & Contributions	3,931	9,124	5,193	132%	F
Developer contributions in the amount of \$7.919M were received during 2007/08. This represented a favourable variance over budget of \$4.929M.					
Grant from the NSW Environmental Trust in the amount of \$226K received to fund stormwater harvesting projects. The grant was not originally budgetted for and as a result, represents a favourable variation of \$226K.					

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 16. Material Budget Variations (continued)

\$ '000	2008 Budget	2008 Actual	2008 Variance*		
EXPENSES					
Employee Benefits & On-Costs	18,352	17,890	462	3%	F
Borrowing Costs	527	265	262	50%	F
Planned loan borrowings of \$4M deferred until more favourable interest rate climate returns. As a result, anticipated interest repayments on the loan were not required. Interest repayment savings of \$262K have been set aside in a loan sinking fund to help meet future debt servicing costs.					
Materials & Contracts	17,006	16,549	457	3%	F
Depreciation & Amortisation	7,000	7,205	(205)	(3%)	U
Other Expenses	6,253	6,536	(283)	(5%)	U
Net Losses from Disposal of Assets	-	39	(39)	0%	U

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 17. Statement of Developer Contributions

\$ '000

Under Section 94 & Section 94A of the Environmental Planning and Assessment Act 1979, a Council may require (i) the payment of a monetary contribution or dedication of land or (ii) a % levy on the value of development, in relation to development works that are subject to a development consent issued by Council.

These developer contributions (under S94) or developer levies (under S94A) must be spent specifically for the purpose they were levied and any interest applicable to unspent funds must be attributed to the funds and also spent in accordance with the purpose levied.

As well, Council may under Section 93F enter into a Planning Agreement with Developers under which the developer is required to either dedicate land free of cost, pay a monetary contribution, or provide any other material public benefit (or any combination of the three) to be used for or applied towards a public purpose.

S93F funds are also required to be spent on the public purposes nominated within each individual Planning Agreement.

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 use by their nature and must be spent for the specific purposes raised.

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Received during Year		Interest earned in Yr	Exp. during Yr	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding
Administration	-	-	-	-	-	-	-	-	-	-
Drainage	100	-	-	-	(6)	-	94	-	-	94
Roads	2,110	-	-	-	(374)	-	1,736	-	(1,736)	-
Infrastructure	26	-	-	-	(8)	-	18	-	-	18
Town Centre	-	-	-	-	-	-	-	-	-	-
Parking	454	-	-	-	-	-	454	-	500	954
Open Space	1,941	2,579	-	-	(1,575)	1,538	1,407	1,000	(2,406)	1
Community Facilities	1,676	3,705	-	-	(5,092)	-	289	1,000	(1,471)	(182)
Other	1,124	(384)	-	-	(2,278)	(1,538)	-	1,000	(1,000)	-
S94 Contributions - under a Plan	7,431	5,900	-	-	(9,333)	-	3,998	3,000	(6,113)	885
S94A Levies - under a Plan	1,086	1,519	-	-	(1,907)	-	698	10,000	(10,649)	49
Total S94 Revenue Under Plans	8,517	7,419	-	-	(11,240)	-	4,696	13,000	(16,762)	934
S94 not under Plans	500	-	-	-	(500)	-	-	-	-	-
S93F Planning Agreements	-	500	-	-	-	-	500	-	-	500
S64 Contributions	-	-	-	-	-	-	-	-	-	-
Total Contributions	9,017	7,919	-	-	(11,740)	-	5,196	13,000	(16,762)	1,434

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - CONCORD AREA

PURPOSE	Opening Balance	Received during Year		Interest earned in Yr	Exp. during Yr	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding
Roads	2,052	-	-	-	(316)	-	1,736	-	(1,736)	-
Parking	66	-	-	-	-	-	66	-	-	66
Open Space	1,941	2,579	-	-	(1,575)	1,538	1,407	1,000	(2,406)	1
Community Facilities	1,755	3,678	-	-	(4,961)	-	472	1,000	(1,471)	1
Other	1,124	(384)	-	-	(2,278)	(1,538)	-	1,000	(1,000)	-
Total	6,938	5,873	-	-	(9,130)	-	3,681	3,000	(6,613)	68

CONTRIBUTION PLAN - DRUMMOYNE AREA

PURPOSE	Opening Balance	Received during Year		Interest earned in Yr	Exp. during Yr	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding
Drainage	100	-	-	-	(6)	-	94	-	-	94
Roads	58	-	-	-	(58)	-	-	-	-	-
Infrastructure	26	-	-	-	(8)	-	18	-	-	18
Parking - Gt North Rd	327	-	-	-	-	-	327	-	-	327
Parking - Victoria Rd	61	-	-	-	-	-	61	-	-	61
Community Facilities	(79)	27	-	-	(131)	-	(183)	-	-	(183)
Total	493	27	-	-	(203)	-	317	-	-	317

S94A LEVIES - UNDER A PLAN

PURPOSE	Opening Balance	Received during Year		Interest earned in Yr	Exp. during Yr	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding
Community Facilities	1,086	1,519	-	-	(1,907)	-	698	10,000	(10,649)	49
Total	1,086	1,519	-	-	(1,907)	-	698	10,000	(10,649)	49

S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Received during Year		Interest earned in Yr	Exp. during Yr	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding
Parking	500	-	-	-	(500)	-	-	-	-	-
Total	500	-	-	-	(500)	-	-	-	-	-

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

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) 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.

(ii) 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.

(ii) StateCover Limited (continued)

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

(iii) Other Guarantees

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

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.

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

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

(iii) Legal matters

(a) Legal matter - CITY OF CANADA BAY COUNCIL v PHOENIX COMMERCIAL ENTERPRISES

Council is currently involved in a legal matter involving the termination of a contract with Phoenix Commercial Enterprises as a result of a breach of contract, viz a non-payment of a lease fee.

A counter claim for damages has been served against Council which, in the opinion of Council's solicitor is not likely to succeed.

(b) Legal matter - CITY OF CANADA BAY COUNCIL v F & D BONACCORSO

Land & Environment Court Proceedings No. 40134 of 2003 - Determination of Costs

The Court determined that Council should pay a proportion of the Applicant's costs of the LEC proceedings after 1st September 2006.

Council was unaware of the quantum of these costs as at 30th June 2008.

The matter specifically related to DA 649/06 referring to properties 2-12, 11-15, & 21 Chapman Street, Strathfield.

ASSETS NOT RECOGNISED:

(i) Infringement Notices/Fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

(i) Infringement Notices/Fines (continued)

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at Year End, there is a potential asset due to Council representing issued but updated Infringement Notices.

Due to the limited information available on the status, value and duration of outstanding Notices, Council is unable to determine the value of outstanding income.

(ii) Defined Benefit Superannuation Contribution Plans

Council participates in an employer sponsored

Defined Benefit superannuation Scheme, and makes contributions as determined by the Superannuations Trustees.

The Local Government Superannuation Scheme however, has advised that it is unable to provide Council with an accurate estimate of its share of the Defined Benefit Schemes assets and liabilities in accordance with AASB 119.

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were

more than sufficient to meet the accrued benefits of the Schemes defined benefit member category.

Council has not recorded any asset in these Financial Reports to represent any future economic benefit relating to the Scheme's Financial Position, nor has it recorded any movements in the Schemes Financial Position in these Accounts.

City of Canada Bay

Notes to the Financial Statements for the financial year ended 30 June 2008

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

\$ '000

ASSETS NOT RECOGNISED (continued):

(ii) Defined Benefit Superannuation Contribution Plans (continued)

benefit relating to the Scheme's Financial Position, nor has it recorded any movements in the Schemes Financial Position in these Accounts.

Accordingly, contributions made to the defined benefit scheme are recognised as an expense when they become payable - similar to accounting for a defined contributions plan.

(iii) Land Under Roads

As permitted under AASB 1045 and in accordance with DLG recommendations, Council has not brought to account in these Reports the value of Land Under Roads.

This is due to the divergence of opinion as to what value should be ascribed to such assets.

At present, the transitional period for deferral of recognition ends on 1 July, 2008.

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

Council has no interest in any Controlled Entities, Associated Entities or Joint Ventures.

City of Canada Bay

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2008	Actual 2007
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		913,514	912,788
a. Correction of Prior Period Errors		(8,540)	-
b. Net Operating Result for the Year		6,650	726
Balance at End of the Reporting Period		911,624	913,514
b. Reserves			
(i) Reserves are represented by:			
Infrastructure, Property, Plant & Equipment Reserve		33,365	-
Total		33,365	-
(ii). Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Reserve			
- Opening Balance		-	-
- Revaluations for the year	9(a)	33,365	-
- Balance at End of Year		33,365	-
TOTAL VALUE OF RESERVES		33,365	-
(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.			

City of Canada Bay

Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	Notes	Actual 2008	Actual 2007
c. Correction of Error/s relating to a Previous Reporting Period			
<p>As part of Council's transition to measuring all its I,PP&E at Fair Values, Council this year reviewed and brought to account Fair Values for its Buildings.</p> <p>As part of that evaluation & measurement process, the remaining useful life of each asset has been reassessed to actual.</p> <p>This reassessment has resulted in a material difference as to where some assets actually sit in relation to their asset life cycle relative to what the value of accumulated depreciation in Council's Financial Reports had previously indicated. In addition, Council discovered some building and land assetshad not been previously reported.</p> <p>Council does not have sufficient and reliable information that will allow the restatement of information prior to 30/6/07 (the closing date for the comparative figures in this report).</p> <p>As a result, Council has adjusted the accumulated depreciation for Buildings as at 1/7/07 to reflect the correct value of accumulated depreciation;</p>			
Buildings - Non Specialised increase/(decrease) to cost		1,604	
Buildings - Non Specialised (increase)/decrease to accumulated depreciation		(10,144)	
This adjustment resulted in net (decrease) in Council's Accumulated Surplus as at 1/7/07.		(8,540)	
These amounted to the following Equity Adjustments:			
- Adjustments to Closing Equity - 1/7/07		<u>(8,540)</u>	<u>-</u>
Total Prior Period Adjustments - Prior Period Errors		<u>(8,540)</u>	<u>-</u>

d. Voluntary Changes in Accounting Policies

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

City of Canada Bay

Notes to the Financial Statements for the financial year ended 30 June 2008

Note 21. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

Not Applicable

Note 22. Non Current Assets/Liabilities classified as "Held for Sale"

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

Note 23. Events occurring after Balance Sheet Date

Events that occur after the reporting date of 30 June 2008, up to and including the date when the financial report is "authorised for issue" have been taken into account in preparing this financial report.

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

Accordingly, the "authorised for issue" date is 31/10/08.

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

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

These financial reports (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2008.

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

These financial reports (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2008 and which are only indicative of conditions that arose after 30 June 2008.

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

City of Canada Bay

Notes to the Financial Statements for the financial year ended 30 June 2008

Note 24. Discontinued Operations

\$ '000

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

Note 25. Intangible Assets

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

Council is unaware of any control over Intangible Assets that warrant their recognition in the Financial Reports, including either internally generated and developed assets or purchased assets.

City of Canada Bay

Notes to the Financial Statements for the financial year ended 30 June 2008

Note 26. Additional Council Disclosures - Council Information

Principal Place of Business:

1A Marlborough Street
Drummoyne NSW 2047

Contact Details

Mailing Address:

Locked Bag 1470
Drummoyne NSW 2047

Telephone: 02 9911 6555

Facsimile: 02 9911 6550

Opening Hours

8.30 am to 4.30 pm
Monday to Friday

Internet: www.canadabay.nsw.gov.au

Email: council@canadabay.nsw.gov.au

Officers

GENERAL MANAGER

Mr. Gary Sawyer

RESPONSIBLE ACCOUNTING OFFICER

Mr. Bruce Cook

PUBLIC OFFICER

Mr. Paul Giunta

AUDITORS

PriceWaterhouseCoopers

Elected Members

MAYOR

Mayor Angelo Tsirekas

COUNCILLORS

Cr. Mirjana Cestar

Cr. Tony Fasanella

Cr. Neil Kenzler

Cr. Helen McCaffrey

Cr. Michael Megna

Cr. Marian O'Connell

Cr. Jeanette O'Hara

Cr. Pauline Tyrrell

Other Information

ABN: 79 130 029 350

CITY OF CANADA BAY COUNCIL

**Independent Audit Report to the Council
S417(2) – Report on the general purpose financial report**

Qualified audit opinion

In our opinion because of the existence of the limitation on the scope of our work as described in the paragraph below titled Basis for qualified Auditor's Opinion and except for the effects of such adjustments if any, as might have been determined to be necessary on the financial statements had the limitation not existed,

- (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) are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial report that have come to light during the course of the audit.

This opinion must be read in conjunction with the rest of our audit report.

Basis for Qualified Auditor's Opinion

Since July 2008, global financial markets have experienced a period of high volatility led by events in the US housing market, particularly sub prime loans, which has impacted the value, recoverability, liquidity, cash flows and rates of return of many financial assets including Collateralised Debt Obligations (CDOs), Equity Linked Notes (ELNs) and certain other Managed Funds.

At 30 June 2008, City of Canada Bay Council's investment portfolio totalled \$20 million and included securities totalling \$5.2 million that have been impacted by this market volatility. The impact on individual securities varies depending on their degree of exposure to affected markets.

Many of these securities do not have market values that are independently quoted and they are not widely traded. Independent market valuations are not readily available and in many cases, values are assessed based on estimates from issuers and/or evaluation models for which there is limited market evidence available to verify their reasonableness. Further, the ongoing volatility of financial markets creates greater uncertainty to the valuation process.

These circumstances have resulted in our inability to obtain sufficient appropriate audit evidence to satisfy ourselves as to the fair value and recoverability of \$20 million of Council's total investment portfolio.

Scope and summary of our role

The financial report and Council's responsibility

The financial report comprises the Balance Sheet, Income Statement, Cash Flow Statement, accompanying notes to the financial statements, and the Statement by Councillors and Management in the approved form as required by Section 413(2) of the Local Government Act 1993 for Canada Bay Council (the Council), for the year ended 30 June 2008.

The Council is responsible for the preparation and true and fair presentation of the financial report in accordance with the Local Government Act 1993. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on them to the Council. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. Our audit responsibility does not extend to the Original Budget figures included in the Income Statement, Cash Flow Statement and the Original Budget disclosures in Notes 2(a) and 16 to the financial statements and accordingly, we express no opinion on them. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1993, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Council's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Council.


When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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

Independence

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



PricewaterhouseCoopers
Chartered Accountants

J A Gordon
Partner

31 October 2008



The Mayor
Councillor Angelo Tsirekas
City of Canada Bay Council
Locked Bag 1470
DRUMMOYNE NSW 1470

Dear Councillor Tsirekas,

**REPORT ON THE CONDUCT OF THE AUDIT OF
THE CITY OF CANADA BAY COUNCIL
FOR YEAR ENDED 30TH JUNE, 2008 - SECTION 417(3)**

We have completed our audit of the financial reports of the City of Canada Bay Council for the year ended 30th June 2008, in accordance with Section 415 of the Local Government Act, 1993.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial reports are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial reports, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial reports are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), as well as statutory requirements so as to present a view which is consistent with our understanding of the Council's financial position, the results of its operations and its cash flows.

Flowing from our audit there are a number of comments, which we wish to raise concerning the trends in Council's finances. These are set out below.

Operating Result

Council's Operating Result improved from a surplus of \$726K in the previous year to a surplus of \$6m in the current period. The increase was mainly the result of higher capital grants and contributions (up \$5m).

Cash Position

The Council's overall cash position fell from \$20.6m to \$20.1m during the period under review, as the table below demonstrates:

	6/07	6/08
	<u>\$m</u>	<u>\$m</u>
Externally Restricted	11.9	8.6
Internally Restricted	4.8	4.7
Unrestricted	<u>3.9</u>	<u>6.8</u>
<i>Total</i>	<i>20.6</i>	<i>20.1</i>

The reduction in external restrictions is mainly through lower developer contributions held at year-end.

Working Capital

Council's net current assets fell from \$5.3m to \$1.6m during the period under review.

The value of net current assets needs to be adjusted in order to establish Council's available working capital.

	6/07	6/08
	<u>\$'000</u>	<u>\$'000</u>
Net Current Assets	5,359	1,641
<u>Less</u>		
External Restrictions	11,945	6,419
Internal Restrictions	<u>4,831</u>	<u>4,729</u>
<u>Sub Total</u>	(11,417)	(9,507)
<u>Add</u>		
Current Liabilities to be funded from other sources	<u>10,459</u>	<u>10,970</u>
<i>Available Working Capital</i>	<u><i>\$(958)</i></u>	<u><i>\$1,463</i></u>

The Available Working Capital upon which Council could build its 2008/09 budget was a \$1.5m deficit.

Performance Indicators

The financial reports disclose a number of indicators in Note 13 and these are detailed below:

	6/07	6/08
	%	%
Unrestricted Current Ratio	136	172
Debt Service Ratio	2.47	2.39
Rate Coverage Ratio	63	60
Rates Outstanding Ratio	1.87	2.38

The Unrestricted Current Ratio increased and remained above the industry benchmark of 100%.

The Debt Service Ratio improved to 2.39% of operating revenue reflecting the drop in outstanding loans from \$4.8m to \$4m. The ratio is well below the industry benchmark of 10%.

The Rate Coverage Ratio declined to around 60% of total revenue, reflecting the increase in capital grants and contributions.

The Rates Outstanding Ratio increased to 2.38% of collectables and remains better than the industry benchmark of 5%.

Council is considered to be in a sound and stable financial position. All indicators stand better than accepted industry benchmarks.

Investments

Since July 2007 global financial markets have experienced a period of high volatility led by events in the United States housing market, particularly sub-prime loans, which has impacted the value, recoverability, liquidity, cash flows and rates of return of many financial assets, including Collateralised Debt Obligations (CDOs), Equity Linked Notes (ELNs) and certain other managed funds.

At 30 June 2008 Council's investment portfolio totalled \$20m and included securities that have been impacted by this market volatility. These securities were principally CDOs and Equity Linked Notes which were written down by \$1.8m to their fair value.

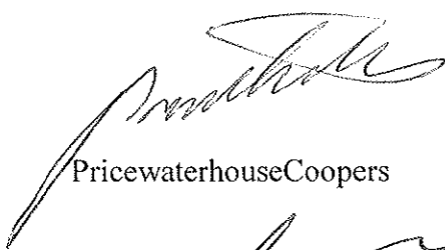
Asset Revaluation

Council re-valued operational land and buildings on 30 June 2008 in accordance with the Department of Local Government's fair value schedule. The re-valuation resulted in an increase of \$33m which has been booked to the asset values and the Asset Revaluation Reserve.


General

The books of accounts and records inspected by us have been kept in an accurate and conscientious manner. We thank the General Manager and his staff for the co-operation and courtesy extended to us during the course of our audit.

Yours faithfully,



PricewaterhouseCoopers





J A Gordon
Partner

31 October 2008.



FINANCIAL
REPORT
2007/08

SPECIAL PURPOSE FINANCIAL REPORT

For the year ended 30 June 2008

City of Canada Bay

Special Purpose Financial Reports for the financial year ended 30 June 2008

Council has resolved that it does not operate any business activities as set out in the National Competition Policy and Department of Local Government Guidelines.

As a result of this resolution, Council has no Special Purpose Financial Reports which are comprised of an Income Statement and Balance Sheet by Business Activities.



FINANCIAL
REPORT
2007/08

SPECIAL SCHEDULES

For the year ended 30 June 2008

City of Canada Bay

Special Schedules

for the financial year ended 30 June 2008

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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. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply - Income Statement	n/a
- Special Schedule No. 4	Water Supply - Balance Sheet	n/a
- Special Schedule No. 5	Sewerage Service - Income Statement	n/a
- Special Schedule No. 6	Sewerage Service - Balance Sheet	n/a
- Notes to Special Schedules No. 3 & 5		n/a
- Special Schedule No. 7	Condition of Public Works	6
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¹ Special Purpose Schedules are not audited.

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the 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.
-

City of Canada Bay

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2008

\$'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	1,686	1,686	20	-	20	(1,666)	(1,666)
Administration							
Corporate Support	11,077		3,324	7,919		166	
Engineering and Works	3,142		72	-		(3,070)	
Other Support Services	-	14,219	-	-	11,315	-	(2,904)
Public Order and Safety							
Contributions to Fire Service Levy	1,130		-	-		(1,130)	
Fire Protection – Other	-		19	-		19	
Animal Control	-		3	-		3	
Enforcement of Local Govt Regs	826		971	-		145	
Emergency Services	59		-	-		(59)	
Other	-	2,015	-	-	993	-	(1,022)
Health							
Administration and Inspection	161		19	-		(142)	
Immunisations	1		-	-		(1)	
Other	-	162	-	-	19	-	(143)
Community Services and Education							
Administration	364		130	-		(234)	
Family Day Care	407		381	-		(26)	
Child Care	253		226	-		(27)	
Youth Services	74		7	-		(67)	
Other Families and Children	130		9	-		(121)	
Aged and Disabled	380		200	-		(180)	
Education	37	1,645	-	-	953	(37)	(692)

City of Canada Bay

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

for the financial year ended 30 June 2008

\$'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	1,806		1	-		(1,805)	
Town Planning	578		935	-		357	
Domestic Waste Management	6,781		8,297	-		1,516	
Other Waste Management	572		19	-		(553)	
Street Cleaning	752		-	-		(752)	
Drainage	1,148		-	-		(1,148)	
Environmental Protection	484		31	491		38	
Public Conveniences	31		-	-		(31)	
Other Community Amenities	-	12,152	-	-	9,774	-	(2,378)
Recreation and Culture							
Public Libraries	1,880		238	7		(1,635)	
Museums	3		6	-		3	
Community Centres	81		-	-		(81)	
Public Halls	26		128	-		102	
Other Cultural Services	541		296	-		(245)	
Swimming Pools	146		-	-		(146)	
Sporting Grounds	1,045		131	-		(914)	
Parks and Gardens (Lakes)	1,151		108	222		(821)	
Other Sport and Recreation	1,179	6,052	1,313	190	2,639	324	(3,413)
Mining, Manufacturing and Construction							
Building Control	1,902		302	-		(1,600)	
Other	-	1,902	-	-	302	-	(1,600)

City of Canada Bay

Special Schedule No. 1 - Net Cost of Services (continued)
for the financial year ended 30 June 2008

\$'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	4,722		209	295		(4,218)	
Urban Roads - Regional	96		284	-		188	
Bridges on UR - Local	12		-	-		(12)	
Footpaths	882		682	-		(200)	
Parking Areas	39		-	-		(39)	
Bus Shelters and Services	74		22	-		(52)	
RTA Works (State)	756		42	-		(714)	
Street Lighting	1,180		41	-		(1,139)	
Other	-	7,761	100	-	1,675	100	(6,086)
Economic Affairs							
Tourism and Area Promotion	359		420	-		61	
Industrial Development Promotion	-		-	-		-	
Other Business Undertakings	669	1,028	886	-	1,306	217	278
Totals – Functions		48,622	19,872	9,124	28,996		(19,626)
General Purpose Revenues⁽¹⁾			26,276		26,276	26,276	26,276
NET OPERATING RESULT FOR YEAR		48,622	46,148	9,124	55,272	6,650	6,650

Notes:

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

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

for the financial year ended 30 June 2008

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	795	4,030	4,825	-	795	-	-	265	739	3,291	4,030
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	795	4,030	4,825	-	795	-	-	265	739	3,291	4,030
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	795	4,030	4,825	-	795	-	-	265	739	3,291	4,030

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).

City of Canada Bay

Special Schedule No. 8 - Financial Projections

as at 30 June 2008

\$ million	Actual ⁽¹⁾ 07/08	Forecast 08/09	Forecast 09/10	Forecast ⁽³⁾ 10/11
(i) RECURRENT BUDGET				
Income from continuing operations	55.3	53.4	55.1	56.8
Expenses from continuing operations	48.6	52.8	54.8	56.6
Operating Result from Continuing Operations	6.7	0.6	0.3	0.2
(ii) CAPITAL BUDGET				
New Capital Works ⁽²⁾	7.0	1.5	1.0	1.0
Replacement/Refurbishment of Existing Assets	2.8	6.4	3.0	3.0
Total Capital Budget	9.8	7.9	4.0	4.0
Funded by:				
– Loans	-	-	-	-
– Asset sales	-	0.5	-	-
– Reserves	-	1.0	-	-
– Grants/Contributions	7.2	3.4	2.0	2.0
– Recurrent revenue	2.6	3.0	2.0	2.0
– Other	-	-	-	-
	9.8	7.9	4.0	4.0

Notes:

(1) From 07/08 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.