

FINANCIAL REPORT 2003/04



City of Canada Bay Council

**General Purpose Financial Reports
Notes to the Financial Statements
Special Schedules**

CITY OF CANADA BAY COUNCIL
GENERAL PURPOSE FINANCIAL REPORTS
for the year ended 30th June 2004

TABLE OF CONTENTS

	<u>Page</u>
Council Certificate [s 413 (2)(c)]	1
 Principal Financial Statements	
Statement of Financial Performance	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
 Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	N1-N8
Note 2 - Functions	N9-N10
Note 3 - Expenses from Ordinary Activities	N11-N12
Note 4 - Revenues from Ordinary Activities	N13-N15
Note 5 - Gain or Loss on Disposal of Assets	N16
Note 6 - Cash Assets and Investment Securities	N17-N18
Note 7 - Receivables	N19
Note 8 - Inventories & Other Assets	N20
Note 9 - Property, Plant & Equipment	N21-N24
Note 10 - Liabilities	N25-N26
Note 11 - Reconciliation to Statement of Cash Flows	N27-N28
Note 12 - Commitments for Expenditure	N29-N30
Note 13 - Statement of Performance Measurement	N31
Note 14 - Conditions Over Grants & Contributions	N32
Note 15 - Financial Instruments	N33-N34
Note 16 - Significant Variations from Original Budget	N35-N36
Note 17 - Statement of Contribution Plans	N37-N38
Note 18 - Assets & Liabilities not Recognised	N39
 Special Schedules (not audited)	
Special Schedule 1 - Net Cost of Services	S1-S2
Special Schedule 2(1) - Statement of Long Term Debt (All Purpose)	S3
Special Schedule 7 - Condition of Public Works	S4-S5
 Auditor's Report on the Financial Statements [s 417 (2)]	
 Auditor's Report on the Conduct of the Audit [s 417 (3)]	

CITY OF CANADA BAY COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

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

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

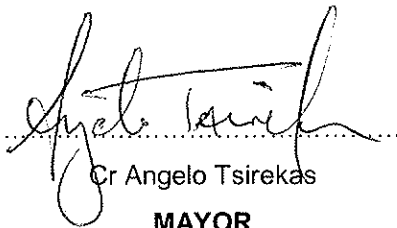
- The Local Government Act 1993 (as amended) and the Regulations made thereunder
- The Australian Accounting Standards and professional pronouncements
- The Local Government Code of Accounting Practice and Financial Reporting
- The Local Government Asset Accounting Manual.

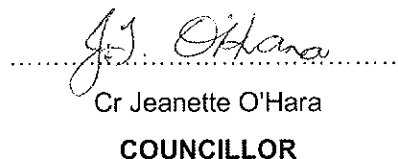
To the best of our knowledge and belief, these reports

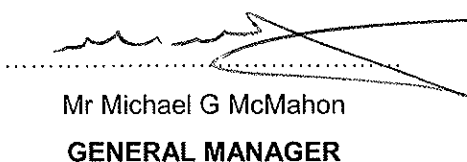
- Present fairly the Council's financial position and operating result for the year, and
- Accord with Council's accounting and other records

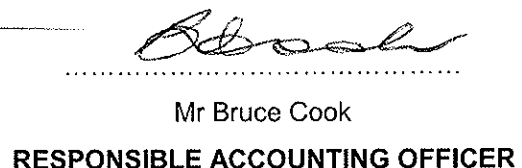
We are not aware of any matter that would render the reports false or misleading in any way.

Signed in accordance with a resolution of Council made on 14 September 2004


.....
Cr Angelo Tsirekas
MAYOR


.....
Cr Jeanette O'Hara
COUNCILLOR


.....
Mr Michael G McMahon
GENERAL MANAGER


.....
Mr Bruce Cook
RESPONSIBLE ACCOUNTING OFFICER

CITY OF CANADA BAY COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30th June 2004

Budget 2004 \$'000		Notes	Actual 2004 \$'000	Actual 2003 \$'000
	EXPENSES FROM ORDINARY ACTIVITIES			
14,130	Employee Costs	3(a)	13,360	13,205
11,234	Materials & Contracts		13,275	13,110
442	Borrowing Costs	3(b)	262	110
6,800	Depreciation & Amortisation	3(c)	6,915	6,597
6,652	Other Expenses	3(d)	6,820	8,229
-	Loss from Disposal of Assets	5	-	-
39,258	Total Expenses from Ordinary Activities		40,632	41,251
	REVENUES FROM ORDINARY ACTIVITIES			
25,268	Rates & Annual Charges	4(a)	25,413	24,224
5,496	User Charges & Fees	4(b)	5,167	5,035
791	Investment Revenues	4(c)	1,224	884
2,806	Grants & Contributions - Operating	4(e),(f)	3,186	2,988
1,750	Other Revenues	4(d)	2,340	2,968
5	Profit from Disposal of Assets	5	2,664	315
36,116	Revenues from Ordinary Activities before Capital Amounts		39,994	36,414
(3,142)	SURPLUS(DEFICIT) FROM ORDINARY ACTIVITIES BEFORE CAPITAL AMOUNTS		(638)	(4,837)
3,400	Grants & Contributions - Capital	4(e),(f)	3,802	3,810
258	SURPLUS(DEFICIT) FROM ORDINARY ACTIVITIES AFTER CAPITAL AMOUNTS		3,164	(1,027)
	Previous year rounding adjustment.		-	4
258	TOTAL CHANGES IN EQUITY		\$ 3,164	\$ (1,023)

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

CITY OF CANADA BAY COUNCIL
STATEMENT OF FINANCIAL POSITION
as at 30th June 2004

	Notes	Actual 2004 \$'000	Actual 2003 \$'000
CURRENT ASSETS			
Cash Assets	6	3,314	4,239
Investment Securities	6	9,521	8,566
Receivables	7	3,053	2,600
Inventories	8	10	30
Other	8	460	434
TOTAL CURRENT ASSETS		<u>16,358</u>	<u>15,869</u>
NON-CURRENT ASSETS			
Cash Assets	6	-	-
Investment Securities	6	8,743	8,107
Receivables	7	140	916
Inventories	8	-	-
Other	8	-	-
Property, Plant & Equipment	9	892,324	886,472
TOTAL NON-CURRENT ASSETS		<u>901,207</u>	<u>895,495</u>
TOTAL ASSETS		<u>917,565</u>	<u>911,364</u>
CURRENT LIABILITIES			
Payables	10	6,371	6,188
Borrowings	10	709	554
Provisions	10	1,151	872
TOTAL CURRENT LIABILITIES		<u>8,231</u>	<u>7,614</u>
NON-CURRENT LIABILITIES			
Payables	10	3,337	2,827
Borrowings	10	6,333	4,242
Provisions	10	3,648	3,829
TOTAL NON CURRENT LIABILITIES		<u>13,318</u>	<u>10,898</u>
TOTAL LIABILITIES		<u>21,549</u>	<u>18,512</u>
NET ASSETS		\$ <u>896,016</u>	<u>892,852</u>
EQUITY			
Accumulated Surplus		896,016	892,848
Rounding Adjustment		-	4
Council Equity Interest		<u>896,016</u>	<u>892,852</u>
TOTAL EQUITY		\$ <u>896,016</u>	<u>892,852</u>

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

CITY OF CANADA BAY COUNCIL

STATEMENT OF CHANGES IN EQUITY

for the year ended 30th June 2004

	Refer Note	2004 \$'000				2003 \$'000					
		Accum Surplus	Asset Revaluation Reserve	Council Equity Interest	Outside Equity Interest	Total	Accum Surplus	Asset Revaluation Reserve	Council Equity Interest	Outside Equity Interest	Total
Balance at Beginning of the Reporting Period		892,852	-	892,852	-	892,852	893,875	-	893,875	-	893,875
Change in Net Assets recognised in the Statement of Financial Performance		3,164	-	3,164	-	3,164	(1,027)	-	(1,027)	-	(1,027)
Previous year rounding adjustment.	1	-	-	-	-	-	4	-	4	-	4
Transfers to Asset Revaluation Reserve	22	-	-	-	-	-	-	-	-	-	-
Transfers from Asset Revaluation Reserve	22	-	-	-	-	-	-	-	-	-	-
Cash Contributions by Outside Equity Interests	19	-	-	-	-	-	-	-	-	-	-
Cash Distributions to Outside Equity Interests	19	-	-	-	-	-	-	-	-	-	-
Other Adjustments to Outside Equity Interest	19	-	-	-	-	-	-	-	-	-	-
Balance at End of the Reporting Period		896,016	-	896,016	-	896,016	892,852	-	892,852	-	892,852

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

CITY OF CANADA BAY COUNCIL

STATEMENT OF CASH FLOWS for the year ended 30th June 2004

Budget 2004 \$'000		Notes	Actual 2004 \$'000	Actual 2003 \$'000
	CASH FLOWS FROM OPERATING ACTIVITIES			
	<u>Receipts</u>			
25,400	Rates & Annual Charges		25,419	24,432
5,500	User Charges & Fees		5,500	4,913
750	Investments Income		1,181	920
6,000	Grants & Contributions		6,392	7,084
4,000	Other operating receipts		6,348	3,320
	<u>Payments</u>			
(14,150)	Employee Costs		(13,064)	(12,542)
(12,000)	Materials & Contracts		(14,885)	(13,713)
(440)	Borrowing Costs		(262)	(111)
(6,000)	Other operating payments		(8,110)	(8,223)
9,060	Net Cash provided by (or used in) Operating Activities	11	8,519	6,080
	CASH FLOWS FROM INVESTING ACTIVITIES			
	<u>Receipts</u>			
400	Proceeds from sale of Property, Plant & Equipment		3,176	315
-	Proceeds from sale of Investment Securities		-	-
-	Repayments from Deferred Debtors		-	-
	<u>Payments</u>			
(10,000)	Purchase of Property, Plant & Equipment		(13,275)	(3,992)
(2,000)	Purchase of Investment Securities		(1,591)	(4,177)
-	Loans to Deferred Debtors		-	(57)
(11,600)	Net Cash provided by (or used in) Investing Activities		(11,690)	(7,911)
	CASH FLOWS FROM FINANCING ACTIVITIES			
	<u>Receipts</u>			
2,800	Proceeds from Borrowings & Advances		2,800	3,500
	<u>Payments</u>			
(550)	Repayments of Borrowings & Advances		(554)	(338)
2,250	Net Cash provided by (or used in) Financing Activities		2,246	3,162
(290)	Net Increase (Decrease) in cash held		(925)	1,331
#NAME?	Cash at beginning of reporting period	11	4,239	2,908
-	Adjustment to opening Cash due to adoption of revised Accounting Standards	1	-	-
#NAME?	Cash at end of reporting period	11	3,314	4,239

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

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2004

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

1. The Local Government Reporting Entity

A statement summarising the significant accounting policies adopted by the City of Canada Bay Council is set out in this note in accordance with the Australian Accounting Standard AAS 6 "Accounting Policies: Determination, Application and Disclosure".

The City of Canada Bay has its principal business office at the Civic Centre, 1a Marlborough Street, Drummoyne NSW 2047. The City of Canada Bay Council is empowered by the New South Wales Local Government Act (LGA) 1993 and its Charter is specified in Section 8 of the Act.

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

The General Purpose Financial Statements incorporate the assets and liabilities of all entities controlled by Council (the parent entity) and the results of all controlled entities of the financial period ended 30th June 2004. They include the consolidated fund and other entities through which Council controls resources to carry on its functions.

In the process of reporting on the local government as a single unit, all transactions and balances between activities (for example, loans, creditors and debtors) have been eliminated.

1.1 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.

1.2 The Trust Fund

In accordance with the provisions of Section 411 of the LGA 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 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's office by any person free of charge.

2. Basis of Accounting

2.1 Compliance

This General Purpose Financial report has been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the Local Government Act and Regulations, the Local Government Code of Accounting Practice and Financial Reporting and the Local Government Asset Accounting Manual.

2.2 Basis

This General Purpose Financial report has been prepared using the accrual basis of accounting. Except for assets, which are at current cost valuation, this report has been prepared in accordance with the historical cost convention.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2004**

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

2.3 Transition to International Financial Reporting Standards (IFRS's)

Australia is currently preparing for the introduction of IFRS's effective for the financial years commencing 1 January 2005. This will require the production of accounting data for future comparatives that will be required for Council's financial accounts for the year ended 30 June 2006.

In accordance with AASB 1047 "Disclosing the Impact of Adopting AASB Equivalents to IASB Standards", Council is required to:

include information regarding its managing of the transition to IFRS's, and disclose key differences in accounting policies expected to arise as a result of the transition.

Accordingly, the following is provided:

The Council's Finance Section is accountable for achieving the transition to IFRS reporting, which must be finalised for the General Purpose Financial Report for the 12 months ending June 2006. Presently, the Finance Section is assessing the significance of this transition and preparing for the implementation of Australian Equivalent IFRS's.

The transition to Australian Equivalents IFRS's is a specific Management Plan Objective, and it is envisaged that the implementation project will consist of three phases:

1. Assessment and Planning Phase

The assessment and planning phase aims to produce a high level overview of the impacts of conversion to IFRS reporting on existing accounting and reporting policies and procedures, systems and processes, business structures and staff.

This phase will involve staff becoming more familiar with specific IFRS standards, education and general liaison with Local Government Industry bodies to provide the necessary background information.

It is considered that the assessment and planning phase will be complete in most respects as at 31 December 2004.

2. Design Phase

The design phase aims to formulate the changes required to existing accounting policies and procedures and systems and processes in order to ensure the transition to IFRS. It is expected the design phase will be finalised by 30 June 2005.

3. Implementation Phase

The implementation phase will include implementation of identified changes to accounting and business procedures, processes, and systems and operational training for staff. It is expected that this phase will be substantially complete by 31 December 2006.

Key differences between existing Accounting Standards and IFRS. At present it is envisaged that the major differences in the accounting policies and reporting requirements that will be applied upon adopting Australian Equivalents IFRS's include:

1. The "booking" of any surplus or deficit relating to any Defined Benefit Superannuation Plans that Council is a contributor to, rather than just a disclosure.
2. Future Changes in Accounting Policies will be retrospective to comparatives under the IFRS regime, rather than being booked in the current year.
3. A new asset category called "Investment Property" will be reported on the face of the Balance Sheet.
4. The standards prescribe a new classification of and measurement basis for Financial Instruments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2004

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

3. Rates

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

4. Grants, Contributions and Donations

Grants, contributions and donations (in cash or in kind) are recognised as revenues when the Council obtains control over the assets comprising the contributions. Control over granted assets is normally obtained upon their receipt or upon prior notification that a grant has been secured and that Council acts in reliance of that notification.

4.1 Contributions under Section 94 of the Environmental Planning & Assessment Act

Council has an obligation to provide facilities from contributions required from developers under the provisions of Section 94 of the Environmental Planning and Assessment Act 1991.

Contributions received each year are required to be held as restricted assets until used for the purposes designated in the formal contribution plans.

Amounts may be expended only for the purposes for which the contributions were acquired, but the Council may, within each area of benefit, apply conditions according to the priorities established in the relevant contributions plans and accompanying work schedules.

Details of the Contribution Plans adopted by Council are available for public inspection, free of cost.

Council also holds contributions obtained prior to the requirements to have contribution plans in place. These monies must only be applied for the purpose for which they were obtained.

5. Cash Assets and Investment Securities

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

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition. Where cash and investments held are subject to restrictions and Council's management plan for the ensuing reporting period does not provide for the discharge of those restrictions, the amounts have been classified as non-current.

6. Receivables

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

Other receivables are generally unsecured and do not bear interest.

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

7. Inventories

Inventories held in respect of business undertakings have been valued at the lower of cost or net realisable value. Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential. In both cases, costs have been assigned to particular inventory items by the method of specific identification (or weighted average cost, if so decided by the Council).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2004

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

8. Property, Plant & Equipment

8.1 Transitional Provisions

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

Land under Roads

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

8.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

8.3 Valuation

Council is exempted from the "recoverable amounts test" except in relation to recognised trading operations under the provision of paragraph 2.1 of AAS 10 "Recoverable Amount of Non Current Assets".

Assets acquired after 1st January 1993 were recorded at historical cost. Assets acquired prior to that date and depreciated in accordance with the (now superseded) Local Government Accounting Regulations 1979 were recorded at deemed cost, being the carrying amount of those assets held as at 31 December 1992. All assets have now been recorded at "deemed cost", being the carrying amount of those assets held as at 30 June 2001.

With effect from 1 July 2000, Council elected to adopt the 'cost basis' method of accounting for non-current assets and disclose them on the cost basis in accordance with AAS 38 (AASB 1041) paragraph 10.4(a) of the Standard.

Pursuant to clause 8.2.1 of AAS36, Council has undertaken current valuations of all land.

An independent valuation of operational land based on market value was undertaken as at 1 July 2003 by the Valuer-General. The market valuation was determined at \$M 58.08. These new valuations have not been brought to account as Council will continue to adopt the "cost" basis for recording these classes of assets.

Land not categorised by Council as operational land is deemed to be community land. It was valued by Council officers at municipal site value during the reporting period ended 30 June 2004 and totalled \$M 2,339.41. The municipal site rate is calculated by dividing the land area (hectares) of all rateable land into the dollar value of that rateable land as determined by the Valuer-General and then applying that rate towards the non rateable property controlled by the council.

An independent valuation of buildings and other structures, based on written down current replacement costs as at October 2003 was undertaken by Mr Mark Lim (Valuer #6532) and Mr A Robson (Valuer #6228) of the Rushton Group, Sydney. The market value of the valuation was \$16,035,500. The new valuation has not been brought to account as Council has continued to adopt the 'cost basis' for recording this asset class.

Council's stormwater drainage infrastructure was valued as at 30 June 1997 at written down current replacement cost, based on actual costs incurred during the reporting period ended 30 June 1997. All acquisitions made after the respective dates of valuation were recorded at cost. All stormwater drainage assets have now been recorded at "deemed cost", being the carrying amount of those assets at 30 June 2001.

Transportation assets were valued at written down current replacement cost during the reporting period ended 30 June 1996. All acquisitions made after the respective dates of valuation were recorded at cost. All transportation assets have now been recorded at "deemed cost", being the carrying amount of those assets at 30 June 2001.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2004

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

8.4 Depreciation of Non-Current Assets

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

Depreciation is recognised on a straight-line basis. All non-current assets having a limited useful life are systematically depreciated over their useful lives, in a manner, which reflects the consumption of the service potential embodied in those assets. Land is not a depreciable asset.

Major depreciation periods are:

· Plant & Equipment (including vehicles)	5 to 10 years
· Office Equipment, Furniture & Fittings	3 to 10 years
· Other Plant & Equipment	6 to 10 years
· Buildings	50 years
· Roads, Footpaths	10 to 100 years
· Bridges	50 to 100 years
· Stormwater Drainage	10 to 100 years

Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

8.5 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with Australian Accounting Standard AAS 34 (AASB 1036) "Borrowing Costs". The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 4. All borrowing costs capitalised relate to funds borrowed specifically for the qualifying assets, and accordingly paragraph 5.2 of the standard does not apply.

9. Payables

9.1 Goods & Services

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

9.2 Payments Received in Advance & Deposits

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

10. Borrowings

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

11. Employee Benefits

11.1 Salaries, Wages & Compensated Absences

A liability for wages and salaries is recognised and is measured as the amount unpaid at balance date, at current pay rates, in respect of employees' services up to that date. The total number of equivalent full-time employees at the beginning and end of the financial year were 227 and 239 respectively.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2004**

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

Employee benefits are accrued on a pro-rata basis for annual leave, sick leave and long service leave and gratuities in respect of services provided by employees up to the reporting date in accordance with AASB 1028. Such accruals are assessed as at each reporting date, having regard to a number of factors including experience of employee departures, projected employee rates of pay and their periods of service. The amounts provided have been apportioned between current and non-current, the current provision being the entitlement which is expected to be paid in the next twelve months.

The Standard requires liabilities in respect of wages and salaries, annual leave, and sick leave (regardless of whether they are expected to be settled within 12 months of reporting date) to be measured at the nominal amounts. The nominal basis of measurement uses remuneration rates that Council expects to pay as at each reporting date and does not discount cash flows to their present value.

Council also uses the nominal method in calculating the liability and expense for long service leave entitlements in accordance with existing State Government policy and the relevant provisions in the NSW Treasurer's directions. This is because the difference arising from the use of the nominal method, compared to the use of a present value calculation, does not result in a material error in the financial statements.

Nominal values of long service leave liability are reported in these financial statements as follows:

- Proportional entitlement for employees with between 1 and 10 years of service
- Absolute entitlement for employees with 10 or more years of service

The liability for long service leave is separated into current and non-current categories based on the expected payments of long service leave within the next twelve months (current) and beyond twelve months (non-current). Historically, 20% of the total long service leave entitlement is paid out each financial year; the balance of the liability is treated as non-current.

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

The liability for gratuities, which accumulate in accordance with Council policy, is determined on a similar basis to the liability for other leave entitlements, with current and non-current liability components determined on the basis of past experience.

11.2 Superannuation

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

The following disclosures are made pursuant to AASB 1028, paragraph 6.10:

As at the balance date, a number of council staff had been making contributions to a defined benefit scheme referred to as the Local Government Superannuation Scheme. That scheme was one of five superannuation schemes provided by State Super, which were incorporated without change into the Local Government Superannuation Scheme from 1st July 1997. It is referred to in the Trust Deed as Division D.

A defined benefit scheme may generally be described as one where the amount of benefits payable are, in part, defined by a member's final salary. This scheme, which is heavily subsidised by the member's employer, was closed to new members on 1st July 1985. The Local Government Superannuation Scheme is a \$2 billion fully-funded Scheme and members are offered a range of benefits payable. The benefit payable on retirement is directly related to a member's final salary and the level of their contributions. This benefit is drawn from a pool that contains the combined accumulated contributions of the member and the employer plus investment earnings.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2004

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

The value of accrued benefits in respect of all defined benefits plans in which Council participates has been determined on the basis of the present value of expected payments which arise from its membership in the superannuation scheme at the date of the actual review. The actual review was performed as at 30th June 2004.

The following table provides the information for the defined benefits schemes:

Superannuation Scheme	Employer Liability	Employer Assets	2004 Surplus
City of Canada Bay	\$4,965,779	\$5,500,326	\$534,548

12. Financial Instruments

Council complies with Australian Accounting Standard AAS 33 (AASB 1033) "Presentation & Disclosure of Financial Instruments"; the disclosures required by that Standard are made in Note 6 (Cash Assets and Investment Securities), Note 7 (Receivables) and Note 15 (Financial Instruments).

13. Joint Ventures and Associated Entities

Council participates in cooperative arrangements with Burwood Council for the provision of library services and facilities under the Burwood-Canada Bay Joint Library Service. This service has been terminated from the end of this reporting period.

14. Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AAS 17 (AASB 1008) "Accounting for Leases".

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed as assets under lease, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease. Council currently has no involvement with finance leases.

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

15. Statewide Mutual Liability

The former Concord Council, and, effective from 1st July 2002, the City of Canada Bay Council, is a member of the Statewide Mutual Insurance which is a self-insurance body for a number of councils designed to cover each council's Public Liability and Professional Indemnity insurance.

The total deficit of the Scheme has reduced from \$10.7 million as at 30th June 2003 to an overall surplus as at 30th June 2004, notwithstanding that a Bad Debt Provision of \$4,967,000 remains.

As at 30th June 2004, Council's proportion of the surpluses achieved in the years since 1998 have offset its share of the Statewide Mutual Operational Deficit to \$0.00 (\$44,300.14) and its liability for the Bad Debt provision, resulting from the demise of HIH, to \$0.00 (\$31,004.82). The elimination of this liability is reflected in Note 10 to the Financial Statements.

16. GST Implications

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2004

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

17. Budget Information

Both the Statement of Financial Performance and Note 2 to the Financial Statements provide budget information of revenues and expenditures by type and for each of the major activities of the Council. Budget figures presented are those approved by Council at the beginning of the financial year and do not include Council approved variations throughout the year. Short explanations of the most significant variations are given in Note 16, and further information of the nature and amount of all variations is available from the Council office upon request.

18. Declared Business Activities

The City of Canada Bay Council has not declared any Category One Business for National Competition Policy purposes, having a turnover in excess of two million dollars.

19. Rounding

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

20. Comparative Information

Where necessary, comparative information has been reclassified to be consistent with the current year disclosure of equivalent information.

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 2(a) - FUNCTIONS

REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES												
REVENUES			EXPENSES			OPERATING RESULT			GRANTS INCLUDED IN REVENUES		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
ORIGINAL BUDGET	ACTUAL	ACTUAL	ORIGINAL BUDGET	ACTUAL	ACTUAL	ORIGINAL BUDGET	ACTUAL	ACTUAL	2004	2003	2004	2003
2004 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
GOVERNANCE	-	-	1,497	1,560	1,442	(1,497)	(1,560)	(1,442)	-	-	190	189
ADMINISTRATION	4,621	7,348	5,816	11,259	13,061	(6,845)	(3,911)	(7,245)	54	25	30,931	30,584
PUBLIC ORDER & SAFETY	512	455	264	1,539	1,419	(964)	(1,084)	(1,155)	-	-	105	86
HEALTH	29	25	10	8	12	(4)	17	(2)	7	1	-	-
COMMUNITY SERVICES & EDUCATION	497	649	614	1,303	1,285	(769)	(654)	(671)	501	464	2,959	3,025
HOUSING & COMMUNITY AMENITIES	1,563	1,429	1,658	9,827	9,397	(7,205)	(8,398)	(7,739)	55	130	75,175	75,449
RECREATION & CULTURE	2,314	2,115	2,525	6,264	6,386	(4,069)	(4,149)	(3,861)	160	147	654,481	652,669
CONSTRUCTION	403	320	364	1,230	1,174	(831)	(910)	(810)	-	-	368	476
TRANSPORT & COMMUNICATION	1,672	2,574	1,846	7,053	6,581	(5,201)	(4,479)	(4,735)	786	148	153,339	148,864
ECONOMIC AFFAIRS	283	672	432	589	494	21	83	(62)	-	-	17	22
TOTAL - FUNCTIONS	11,894	15,587	13,529	40,632	41,251	#####	(25,045)	#####	1,563	915	917,565	911,364
GENERAL PURPOSE REVENUES	27,622	28,209	26,695	-	-	27,622	28,209	26,695	1,585	1,910	-	-
TOTAL	39,516	43,796	40,224	40,632	41,251	258	3,164	(1,027)	3,148	2,825	917,565	911,364

The above functions conform to those used by the Australian Bureau of Statistics and provide a basis for comparison with other Councils.

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2004

Note 2(b) - COMPONENTS OF FUNCTIONS (cont.)

The activities relating to Council functions are as follows:

Governance

Costs relating to Council's role as a component of democratic government, including elections, meetings and associated activities, area representation, and public disclosure and compliance, together with related administration costs.

Administration

Costs not otherwise attributed to functions.

Public Order & Safety

Fire protection, animal control, law enforcement (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 services to families and children, aged and disabled, migrant services, Aboriginal services, other community services, education.

Housing & Community Amenities

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

Recreation & Culture

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

Construction

Building control, development assessment and compliance.

Transport & Communication

Roads, bridges, footpaths, parking areas, bus shelters and services, RTA works, street lighting, other.

Economic Affairs

Tourism and area promotion, other business undertakings (including private works).

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 3 - EXPENSES FROM ORDINARY ACTIVITIES

	2004 \$'000	2003 \$'000
(a) EMPLOYEE COSTS		
Salaries and Wages	10,822	10,336
Travelling	4	7
Employee Leave Entitlements	1,467	1,504
Superannuation	754	725
Workers' Compensation Insurance	558	897
Fringe Benefits Tax	81	57
Payroll Tax	-	-
Training Costs (excluding Salaries)	151	155
Other	-	-
Less: Capitalised and distributed costs	<u>(477)</u>	<u>(476)</u>
Total Operating Employee Costs	<u>13,360</u>	<u>13,205</u>
Total Number of Employees	239	227
(Full time equivalent at end of reporting period)		
(b) BORROWING COSTS		
Interest on Overdraft	-	-
Interest on Loans	262	110
Interest on Advances	-	-
Charges on Finance Leases	-	-
Interest on other debts	-	-
Gross Interest Charges	<u>262</u>	<u>110</u>
Less: Borrowing Costs capitalised	<u>-</u>	<u>-</u>
Total Interest Charges	<u>262</u>	<u>110</u>
(c) DEPRECIATION & AMORTISATION		
Plant and Equipment	933	1,077
Office Equipment	20	66
Furniture & Fittings	75	97
Leased Property, Plant & Equipment	-	-
Land Improvements	140	-
Buildings	736	859
Other Structures	417	529
Infrastructure		
- roads, bridges & footpaths	3,175	2,852
- stormwater drainage	939	883
Other assets		
- heritage collections	-	-
- library materials	272	120
- other	208	114
Less: Capitalised and distributed costs	<u>-</u>	<u>-</u>
Total Depreciation & Amortisation	<u>6,915</u>	<u>6,597</u>

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 3 - EXPENSES FROM ORDINARY ACTIVITIES (cont.)

	2004 \$'000	2003 \$'000
(d) OTHER EXPENSES		
Advertising	243	207
Auditor's Remuneration		
- Audit Services	33	32
Bad and Doubtful Debts	-	1,214
Child Care - Parent Fees	227	198
Donations & Contributions to Local & Regional Bodies	166	844
Election Expenses	168	-
Fuel & Oil	343	309
Insurances (Premiums)	640	415
Insurances (Excesses)	108	183
Legal Expenses		
- Planning & Development	728	454
- Other Legal Expenses	92	87
Light, Power & Heating	252	275
Mayoral Allowance	28	26
Members' Fees & Allowances	107	109
Members' Expenses	16	12
Motor Vehicle Registrations	70	55
Operating Lease Rentals (cancellable)	619	611
Payments to other levels of Government	1,054	1,026
Postage	114	108
Street Lighting	535	518
Subscriptions & Publications	111	139
Telephone & Communications	484	373
Water	148	232
Other	534	802
Total Other Expenses	6,820	8,229

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 4 - REVENUES FROM ORDINARY ACTIVITIES

	2004 \$'000	2003 \$'000
(a) RATES & ANNUAL CHARGES		
<u>Ordinary Rates</u>		
Residential	16,262	15,412
Business	3,329	3,165
	19,591	18,577
<u>Special Rates</u>		
Environmental Levy	541	523
Main Street	63	61
Other	-	-
	604	584
<u>Annual Charges</u>		
Domestic Waste Management	5,218	5,063
Other Waste Management	-	-
Other	-	-
	5,218	5,063
Total Rates & Annual Charges	25,413	24,224
 (b) USER CHARGES & FEES		
<u>User Charges</u>		
Domestic Waste Management	6	5
Other Waste Management	96	112
Other	-	-
	102	117
<u>Fees</u>		
Planning & Building	1,280	1,464
Registration Fees	13	20
Private Works	672	432
Road Restorations	634	543
Golf Courses	1,436	1,496
Section 611 Charges	31	30
Rent & Hire of Council Property	322	313
Admission & Service Fees	560	534
Other	117	86
	5,065	4,918
Total User Charges & Fees	5,167	5,035

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 4 - REVENUES FROM ORDINARY ACTIVITIES (cont.)

	2004 \$'000	2003 \$'000
(c) INVESTMENT REVENUES		
Interest on overdue rates & charges	66	103
Interest on investments attributable to		
Section 94 Contributions	484	255
Other External Restrictions	-	-
Other Investments	611	462
Other Investment Revenues	<u>63</u>	<u>64</u>
Gross Investment Revenues	1,224	884
Less: Interest deducted from		
capitalised borrowing costs	-	-
Total Investment Revenues	<u>1,224</u>	<u>884</u>
(d) OTHER REVENUES		
Commissions & Agency Fees	7	7
Fines	435	232
Lease Rental	1,188	2,022
Legal Fees Recovery (Rates)	50	84
Legal Fees Recovery (Other)	56	9
Loan Repayment Contribution	120	166
Sponsorships	22	8
Sales - General	432	440
Other	<u>30</u>	<u>-</u>
Total Other Revenues	<u>2,340</u>	<u>2,968</u>

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 4 - REVENUES FROM ORDINARY ACTIVITIES (cont.)

	OPERATING		CAPITAL	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
(e) GRANTS				
General Purpose (Untied)				
Financial Assistance	1,373	1,314	-	-
Pensioner Rates Subsidies (General)	442	457	-	-
Specific Purpose				
Pensioner Rates Subsidies (DWM)	128	139	-	-
Roads & Bridges	-	-	428	148
Employment & Training Programs	54	25	-	-
Environmental Projects	6	25	55	105
Recreational Services	-	-	15	14
Community Care Services	502	463	-	-
Library Services	145	132	-	-
Other	-	3	-	-
Total Grants & Subsidies	2,650	2,558	498	267
(f) CONTRIBUTIONS & DONATIONS				
Developer Contributions				
Roadworks	-	-	495	640
Drainage	-	-	-	-
Traffic Facilities	-	-	-	-
Parking	-	-	-	56
Open Space	-	-	1,256	1,754
Community Facilities	-	-	1,267	796
Other	-	-	-	107
RTA Contributions	506	430	140	190
Other Councils - Joint Works	13	-	-	-
Other	17	-	146	-
Total Contributions & Donations	536	430	3,304	3,543
TOTAL GRANTS & CONTRIBUTIONS	3,186	2,988	3,802	3,810

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 5 - GAIN OR LOSS ON DISPOSAL OF ASSETS

	2004 \$'000	2003 \$'000
DISPOSAL OF PROPERTY		
Proceeds from disposal	2,594	297
Less: Carrying amount of assets sold	-	-
Gain (Loss) on disposal	<u>2,594</u>	<u>297</u>
DISPOSAL OF PLANT & EQUIPMENT		
Proceeds from disposal	582	212
Less: Carrying amount of assets sold	512	194
Gain (Loss) on disposal	<u>70</u>	<u>18</u>
DISPOSAL OF REAL ESTATE DEVELOPMENT ASSETS		
Proceeds from disposal	-	-
Less: Carrying amount of assets sold	-	-
Gain (Loss) on disposal	<u>-</u>	<u>-</u>
DISPOSAL OF INVESTMENT SECURITIES		
Proceeds from disposal	-	-
Less: Carrying amount of assets sold	-	-
Gain (Loss) on disposal	<u>-</u>	<u>-</u>
TOTAL GAIN (LOSS) ON DISPOSAL OF ASSETS	<u>2,664</u>	<u>315</u>

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 6 - CASH ASSETS & INVESTMENT SECURITIES

	2004 \$'000		2003 \$'000	
	Current	Non-Current	Current	Non-Current
CASH ASSETS				
Cash on Hand and at Bank	514	-	3,239	-
Short Term Deposits & Bills, etc	2,800	-	1,000	-
Total Cash Assets	3,314	-	4,239	-
INVESTMENT SECURITIES				
Term Deposits	3,144	-	5,908	3,639
NCDs, FRNs	500	7,000	-	-
Managed Funds	5,877	1,743	2,658	4,468
Other	-	-	-	-
Total Investment Securities	9,521	8,743	8,566	8,107
TOTAL CASH ASSETS & INVESTMENT SECURITIES	12,835	8,743	12,805	8,107

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

The permitted forms of investment in financial instruments of the Council are defined in an order made by the Minister of Local Government on 16 November 2000, and may broadly be described as "Trustee Securities". Accordingly, credit risk is considered to be insignificant. Deposits and Bills are with, or have been accepted by, banks and credit unions and bear various rates of interest between 5.2% and 5.7% (2003 - 4.7% and 5.15%). NCDs, FRNs and Managed Funds are all with organisations with credit ratings that comply with the Minister's Order and bear various rates of return between 5.9% and 8.2% (2003 - 4.25% and 5.15%).

RESTRICTED CASH ASSETS & INVESTMENT SECURITIES

		2004 \$'000		2003 \$'000	
		Current	Non-Current	Current	Non-Current
EXTERNAL RESTRICTIONS					
Included in Liabilities					
Unexpended Loans		367	-	3,133	-
Self Insurance Claims		-	-	-	-
Other		-	-	-	-
		367	-	3,133	-
Other					
Developer Contributions	17	1,959	8,743	1,658	7,378
Unexpended Grants	14	193	-	346	-
Domestic Waste Management		84	-	-	348
Other		361	-	-	381
		2,597	8,743	2,004	8,107
Total External Restrictions		2,964	8,743	5,137	8,107
Total Internal Restrictions		6,866	-	4,808	-
Total Unrestricted		3,005	-	2,860	-
TOTAL CASH ASSETS & INVESTMENT SECURITIES		12,835	8,743	12,805	8,107

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 6 - CASH ASSETS & INVESTMENT SECURITIES (cont.)

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

Notes	Opening Balance 30 June 2003	Movements		Closing Balance 30 June 2004	Proposed Utilisation of Restriction		
		Transfers To Restriction	Transfers From Restriction		Less than 1 Year	Between 1 and 5 years	Greater than 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External Restrictions							
Developer Contributions	9,036	3,503	1,837	10,702	1,959	-	8,743
Unexpended Loans	3,133	2,800	5,566	367	367	-	-
Unexpended Grants	346	111	264	193	193	-	-
Domestic Waste Management	348	-	264	84	84	-	-
Other	381	541	561	361	361	-	-
Total External Restrictions	13,244	6,955	8,492	11,707	2,964	-	8,743

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

Notes	Opening Balance 30 June 2003	Movements		Closing Balance 30 June 2004	Proposed Utilisation of Restriction		
		Transfers To Restriction	Transfers From Restriction		Less than 1 Year	Between 1 and 5 years	Greater than 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Internal Restrictions							
Employee Leave Entitlements	875	560	-	1,435	-	1,435	-
Replacement - Plant & Vehicles	656	1,862	2,419	99	99	-	-
Asset Acquisition	2,867	2,890	1,369	4,388	-	4,388	-
Infrastructure Replacement	410	762	410	762	762	-	-
Concord Oval	-	182	-	182	-	182	-
Total Internal Restrictions	4,808	6,256	4,198	6,866	861	6,005	-

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

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 7 - RECEIVABLES

	2004 \$'000		2003 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
Rates & Annual Charges	631	47	693	37
Interest & Extra Charges	28	37	31	28
User Charges & Fees	621	-	3,444	-
Accrued Revenues	37	-	-	-
Employee Advances	6	56	75	-
Sale of Property	-	-	-	851
Payroll Processing-Agency	33	-	24	-
Other Levels of Government	1,080	-	366	-
Other	702	-	917	-
Total	3,138	140	5,550	916
Less: Provision for Doubtful Debts				
Rates & Annual Charges	-	-	-	-
Interest & Extra Charges	-	-	-	-
User Charges & Fees	41	-	2,906	-
Other	44	-	44	-
Total Receivables	3,053	140	2,600	916

Rates, Annual Charges, Interest & Extra Charges

Overdue rates and annual charges (being amounts not paid on or before the due date determined in accordance with the Local Government Act) are secured over the relevant land and are subject to simple interest at a rate of 9.00% (2003: 9.00%). Although Council is not materially exposed to any individual ratepayer, credit risk exposure is concentrated within the Council boundaries in the State of New South Wales.

Other Levels of Government

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

Other Receivables

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

EXTERNALLY RESTRICTED RECEIVABLES

Domestic Waste Management	127	-	135	-
Environmental Levy	17	-	11	-
Town Improvement	4	-	2	-
Other	-	-	-	-
Total Restricted Receivables	148	-	148	-
Unrestricted Receivables	2,905	140	2,452	916
Total Receivables	3,053	140	2,600	916

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 8 - INVENTORIES & OTHER ASSETS

	2004 \$'000		2003 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
INVENTORIES				
Stores & Materials	10	-	30	-
Trading Stock	-	-	-	-
Real Estate Developments	-	-	-	-
Other	-	-	-	-
Total Inventories	<u>10</u>	<u>-</u>	<u>30</u>	<u>-</u>
OTHER ASSETS				
Prepayments	460	-	434	-
Other	-	-	-	-
Total Other Assets	<u>460</u>	<u>-</u>	<u>434</u>	<u>-</u>
RESTRICTIONS EXIST IN RESPECT OF THE FOLLOWING:				
Inventories				
Domestic Waste Management	-	-	-	-
Other	-	-	-	-
Other Assets				
Domestic Waste Management	-	-	-	-
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 9 - PROPERTY, PLANT & EQUIPMENT

	2003 \$'000				CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000						2004 \$'000			
	AT COST	AT FAIR VALUE	ACCUM DEPR'N	CARRYING AMOUNT	Asset Purchases	Council Restructure	Asset Disposals	Depr'n	Retirements	Net Reval'n	AT COST	AT FAIR VALUE	ACCUM DEPR'N	CARRYING AMOUNT
Plant & Equipment	5,160	-	2,283	2,877	1,550	-	(512)	(933)	(1,066)	-	5,132	-	2,150	2,982
Office Equipment	235	-	184	51	-	-	-	(20)	(81)	-	154	-	123	31
Furniture & Fittings	764	-	387	377	2	-	-	(75)	(26)	-	740	-	436	304
Leased Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land														
- Operational Land	13,828	-	-	13,828	-	-	-	-	-	-	13,828	-	-	13,828
- Community Land	633,947	-	-	633,947	-	-	-	-	-	-	633,947	-	-	633,947
- Land under Roads	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Improvements (depreciable)	3,467	-	178	3,289	520	-	-	(140)	-	-	3,987	-	318	3,669
Buildings	36,533	-	12,315	24,218	2,133	-	-	(736)	(7)	-	38,659	-	13,044	25,615
Other Structures	8,950	-	1,836	7,114	968	-	-	(417)	-	-	9,918	-	2,253	7,665
Infrastructure														
- Roads, Bridges, Footpaths	247,695	-	103,241	144,454	7,064	-	-	(3,175)	-	-	254,759	-	106,416	148,343
- Stormwater Drainage	89,739	-	34,185	55,554	703	-	-	(939)	-	-	90,442	-	35,124	55,318
Other Assets														
- Library Books	1,358	-	922	436	339	-	-	(272)	-	-	1,697	-	1,194	503
- Other	971	-	644	327	-	-	-	(208)	(576)	-	395	-	276	119
TOTAL PP & E	1,042,647	-	156,175	886,472	13,279	-	(512)	(6,915)	(1,756)	-	1,053,658	-	161,334	892,324

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 9 - RESTRICTED PROPERTY, PLANT & EQUIPMENT

	2004 \$'000				2003 \$'000			
	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT
Domestic Waste Management								
Plant & Equipment	66	-	-	66	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-
Leased Plant & Equipment	-	-	-	-	-	-	-	-
Land								
- Operational Land	-	-	-	-	-	-	-	-
- Community Land	-	-	-	-	-	-	-	-
- Land Improvements (non-depr.)	-	-	-	-	-	-	-	-
Land Improvements (depreciable)	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
Other Structures								
- Other	795	-	740	55	713	-	577	136
TOTAL RESTRICTIONS	861	-	740	121	713	-	577	136

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2004

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

Valuation of Assets

At 1 July 2000, upon the commencement of Australian Accounting Standard AAS 38 (AASB 1041) "Revaluation of Non-Current Assets", Council elected pursuant to paragraph 10.4(a) of the standard to revert to the cost basis for all classes of assets previously carried at revalued amounts.

Plant & Equipment, Office Equipment, Furniture & Fittings, Leased Plant & Equipment

Assets acquired after 1 January 1993 are recorded at cost. Assets acquired prior to that date and depreciated in accordance with the Local Government Accounting Regulations 1979 are recorded at deemed cost, being the carrying value of those assets at 31 December 1992.

Major depreciation periods are:

Office Equipment	3 to 10 years
Office Furniture	3 to 10 years
Vehicles & Road-making Equipment	5 to 6 years
Other Plant & Equipment	5 to 10 years

Asset capitalisation thresholds include:

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

Land - Operational and Community

An independent valuation of operational land based on market value was undertaken as at 1 July 2003 by the Valuer-General and totalled \$M 58.08.

A valuation of community land was undertaken on a municipal site value basis by Council officers as at 30 June 2004 and totalled \$M 2,339.41.

These new valuations have not been brought to account as Council will continue to adopt the "cost" basis for recording these classes of assets.

Buildings

Buildings were valued by independent valuation during the reporting period ended 30 June 1996 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are:

Buildings – masonry	50 years
Buildings – other construction	20 years

Asset capitalisation thresholds include:

New construction/extensions	\$10,000
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Current valuation

An independent valuation of buildings and other structures, based on written down current replacement costs as at October 2003 was undertaken by Mr Mark Lim (Valuer #6532) and Mr A Robson (Valuer #6228) of the Rushton Group, Sydney. The market value of the valuation was \$16,035,500. The new valuation has not been brought to account as Council has continued to adopt the 'cost basis' for recording this asset class.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

Note 9 – PROPERTY, PLANT & EQUIPMENT (cont.)

Land Improvements, Other Structures and Infrastructure

Land improvements and other structures were valued by independent valuation during the reporting period ended 30 June 1996 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are:

Park Structures – masonry	50 years
Park Structures – other construction	20 years
Playground equipment	5 years
Benches, seats, etc	20 years

Asset capitalisation thresholds include:

Park Furniture & Equipment	\$2,000
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Transportation assets were valued by Council officers at written down current replacement cost during the reporting period ended 30 June 1996 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are:

Sealed Roads – Surface	50 years
Sealed Roads – Structure	10 to 50 years
Unsealed Roads	20 years
Footpaths – Concrete	50 years
Bridges – Concrete	100 years
Bulk Earthworks	indefinite

Asset capitalisation thresholds include:

Road construction & reconstruction	\$10,000
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Stormwater drainage infrastructure was valued by Council officers as at 30 June 1997 at written down current replacement cost, based on actual costs incurred during the reporting period ended 30 June 1997 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are:

Conduits & Pipelines	100 years
Pollutant Control Devices	30 years

Asset capitalisation thresholds include:

Conduits & Pipelines	\$5,000
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Other Assets

Assets acquired after 1 January 1993 are recorded at cost. Assets acquired prior to that date and depreciated in accordance with the Local Government Accounting Regulations 1979 are recorded at deemed cost, being the carrying value of those assets at 31 December 1992.

Major depreciation periods are:

Library Books	5 years
Audio-Visual Media & Toys	5 years
Artworks	indefinite

Restricted Assets

Restrictions exist in relation to the following assets, which must be applied for the purposes for which special rates and other charges enabling their purchase were raised.

	2004 \$'000	2003 \$'000
Domestic Waste Management	66	0
Other Assets	55	136

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 10 - LIABILITIES

	2004 \$'000		2003 \$'000	
	Current	Non-Current	Current	Non-Current
PAYABLES				
Goods & Services	3,500	-	4,084	-
Payments received in advance	185	-	106	-
Accrued Expenses	403	-	3	-
Advances	-	-	-	-
Deposits, Retentions & Bonds	2,283	3,337	1,995	2,827
Other	-	-	-	-
Total Payables	6,371	3,337	6,188	2,827
BORROWINGS				
Bank Overdraft	-	-	-	-
Loans	709	6,333	554	4,242
Government Advances	-	-	-	-
Ratepayer Advances	-	-	-	-
Finance Lease Liability	-	-	-	-
Deferred Payment Liabilities	-	-	-	-
Other	-	-	-	-
Total Borrowings	709	6,333	554	4,242
PROVISIONS				
Annual Leave	343	1,028	738	568
Sick Leave	158	473	28	626
Long Service Leave	650	1,951	81	2,350
Gratuities	-	181	25	210
Insurance Losses (see also Note 18)	-	-	-	75
Insurance Excesses	-	15	-	-
Other	-	-	-	-
Total Provisions	1,151	3,648	872	3,829

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

Movements in Provision - Insurance Losses		Current & Non-Current	Current & Non-Current
Opening Balance		75	334
Add Additional amounts recognised		-	-
(Less) Payments		-	-
Add (Less) Remeasurement Adjustments		(75)	(259)
Add (Less) Transfer on Council restructure		-	-
Closing Balance		<u>-</u>	<u>75</u>
Movements in Provision - Insurance Excesses		Current & Non-Current	Current & Non-Current
Opening Balance		-	-
Add Additional amounts recognised		15	-
(Less) Payments		-	-
Add (Less) Remeasurement Adjustments		-	-
Add (Less) Transfer on Council restructure		-	-
Closing Balance		<u>15</u>	<u>-</u>

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

NOTE 10 - LIABILITIES (cont.)

	2004 \$'000		2003 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
AGGREGATE LIABILITY ARISING FROM EMPLOYEE BENEFITS	1,289	3,633	872	3,754
LIABILITIES relating to RESTRICTED ASSETS				
<u>Domestic Waste Management</u>				
Payables	1,351	-	633	-
Interest Bearing Liabilities	-	-	-	-
Provisions	46	-	51	-
Subtotal	<u>1,397</u>	<u>-</u>	<u>684</u>	<u>-</u>
<u>Other</u>				
Payables	-	-	-	-
Interest Bearing Liabilities	-	-	-	-
Provisions	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	<u>1,397</u>	<u>-</u>	<u>684</u>	<u>-</u>

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	2004	2003
	\$'000	\$'000
Total Cash Assets (Note 6)	3,314	4,239
Less: Bank Overdraft (Note 10)	-	-
Balances per Statement of Cash Flows	3,314	4,239

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

Change in Net Assets resulting from Operations	3,164	(1,027)
Minority Interest in Operating Result	-	-
Add: Depreciation and Amortisation	6,915	6,597
Increase in provision for doubtful debts	-	1,215
Increase in employee benefits	158	663
Increase in other provisions	-	-
Decrease in receivables	3,184	-
Decrease in inventories	20	-
Decrease in other current assets	-	-
Increase in trade creditors	-	-
Increase in accrued expenses payable	400	-
Increase in other current liabilities	-	711
Increase in other payables	798	376
Loss on Sale of Assets	-	-
	14,639	8,535
Less: Decrease in provision for doubtful debts	2,865	-
Decrease in employee benefits	-	-
Decrease in other provisions	60	259
Increase in receivables	-	1,483
Increase in inventories	-	2
Increase in other current assets	26	395
Decrease in trade creditors	505	-
Decrease in accrued expenses payable	-	1
Decrease in other payables	-	-
Gain on Sale of Assets	2,664	315
Equity share of profit in Associates	-	-
Equity adjustment in Associates (increase)	-	-
Reversal of previous Revaluation Decrements	-	-
Non-cash Capital Grants and Contributions	-	-
Gain on Council restructure	-	-
Net Cash provided by (or used in) Operations	8,519	6,080

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT (cont.)

	2004 \$'000	2003 \$'000
(c) Non-Cash Financing and Investing Activities		
Acquisition of assets by means of:		
- PWD Construction	-	-
- Bushfire Grants	-	-
- Developer Contributions received in kind	-	-
- Non-cash issues of Shares in Other Companies	-	-
- Other	-	-
	-	-
- Finance Leases	-	-
- Land taken over for non-payment of Rates	-	-
	-	-

(d) Financing Arrangements

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

Bank Overdrafts		
Total Facilities	500	1,000
Corporate Credit Cards	100	100

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

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 12 - COMMITMENTS FOR EXPENDITURE

	2004 \$'000	2003 \$'000
(a) Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Road Infrastructure	-	3,135
Buildings	-	-
Plant & Equipment	-	-
	-	3,135
These expenditures are payable:		
Not later than one year	-	3,135
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	-	3,135
(b) Other Expenditure Commitments		
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	124	155
Waste Management Services	33,155	2,917
Other	-	197
	33,279	3,269
These expenditures are payable:		
Not later than one year	4,768	2,993
Later than one year and not later than 5 years	19,041	276
Later than 5 years	9,470	-
	33,279	3,269

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 12 - COMMITMENTS FOR EXPENDITURE (cont.)

	2004 \$'000	2003 \$'000
(c) Finance Lease Commitments		
Commitments under finance leases at the reporting date are as follows:		
Not later than one year	-	-
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
Minimum lease payments	<u>-</u>	<u>-</u>
Less: future finance charges	<u>-</u>	<u>-</u>
Net Lease Liability	<u>-</u>	<u>-</u>
Representing lease liabilities:		
Current	-	-
Non-Current	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

(d) Operating Lease Commitments (Non-Cancellable)

Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows:

<u>Total Future Minimum Lease Payments</u>		
Not later than one year	461	145
Later than one year and not later than 5 years	774	289
Later than 5 years	-	-
	<u>1,235</u>	<u>434</u>

Council has entered into non-cancellable operating leases for various items of computer and communications equipment.

(i) No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 13 - STATEMENT OF PERFORMANCE MEASUREMENT

	<u>2004</u> <u>Amounts</u> <u>\$'000</u>	<u>2004</u> <u>Indicators</u>	2003	2002	2001
Current Ratio					
<u>Current Assets</u>	\$16,358	1.99:1	2.08:1	1.78:1	1.56:1
Current Liabilities	\$8,231				
Unrestricted Current Ratio					
<u>Unrestricted Current Assets*</u>	\$13,246	1.94:1	1.53:1	1.71:1	1:1
Current Liabilities not relating to Restricted Assets	\$6,834				
* as defined in the Code					
Debt Service Ratio					
<u>Net Debt Service Cost</u>	\$816	2.11%	1.27%	2.88%	3.23%
Operating Revenue	\$38,623				
* as defined in the Code					
Rate & Annual Charges Coverage Ratio					
<u>Rates & Annual Charges Revenues</u>	\$25,413	58.03%	60.22%	61.90%	52.37%
Total Revenues	\$43,796				
Rates & Annual Charges Outstanding Percentage					
<u>Rates & Annual Charges Outstanding</u>	\$743	2.82%	3.10%	4.26%	3.10%
Rates & Annual Charges Collectible	\$26,318				

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 14 - CONDITIONS OVER GRANTS & CONTRIBUTIONS

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

	2004 \$'000		2003 \$'000	
	<u>Grants</u>	<u>Contrib</u>	<u>Grants</u>	<u>Contrib</u>
Unexpended at the close of the previous reporting period	346	9,036	566	6,083
Less: expended during the current period from revenues recognised in previous reporting periods				
Section 94/64 Developer Contributions	-	1,836	-	655
Roads Infrastructure	-	-	-	-
Heritage & Cultural Services	-	-	-	-
Community Care Services	264	-	270	-
Other	-	-	-	-
Subtotal	<u>264</u>	<u>1,836</u>	<u>270</u>	<u>655</u>
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions				
Section 94/64 Developer Contributions	-	3,502	-	3,608
Roads Infrastructure	66	-	-	-
Heritage & Cultural Services	22	-	-	-
Community Care Services	23	-	50	-
Other	-	-	-	-
Subtotal	<u>111</u>	<u>3,502</u>	<u>50</u>	<u>3,608</u>
Unexpended at the close of this reporting period and held as restricted assets	<u>193</u>	<u>10,702</u>	346	9,036
Net increase (decrease) in restricted assets in the current reporting period.	<u>(153)</u>	<u>1,666</u>	<u>(220)</u>	<u>2,953</u>

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 15 - FINANCIAL INSTRUMENTS

Interest Rate Risk Exposures

	Floating Interest Rate \$'000	Fixed interest maturing in			Non- interest bearing \$'000	Total \$'000
	≤ 1 year \$'000	> 1 year ≥ 5 years \$'000	> 5 years \$'000			
2004						
Financial Assets						
Cash Assets	-	-	-	-	3,314	3,314
Investment Securities	-	18,264	-	-	-	18,264
Receivables						
Rates & Annual Charges	-	659	84	-	-	743
User Charges & Fees	-	-	-	-	580	580
Employee Advances	-	62	-	-	-	62
Sale of Property	-	-	-	-	-	-
Payroll Processing-Agency	-	-	-	-	33	33
Other Levels of Govt.	-	-	-	-	1,080	1,080
Other	-	-	-	-	658	658
Other Assets	-	-	-	-	-	-
Total	-	18,985	84	-	5,665	24,734
<i>Weighted Ave. Interest Rate</i>	-	6.70	6.70	-	6.70	6.70
Financial Liabilities						
Payables						
Goods & Services	-	-	-	-	3,500	3,500
Payments in advance	-	-	-	-	185	185
Deposits, Retentions, Bonds	-	-	-	-	5,620	5,620
Other	-	-	-	-	-	-
Interest Bearing Liabilities	-	709	969	5,364	-	7,042
Finance Lease Liabilities	-	-	-	-	-	-
Total	-	709	969	5,364	9,305	16,347
<i>Weighted Ave. Interest Rate</i>	-	6.80	6.80	6.80	6.80	6.80
2003						
Financial Assets						
Cash Assets	-	-	-	-	4,239	4,239
Investment Securities	-	16,673	-	-	-	16,673
Receivables						
Rates & Annual Charges	-	724	65	-	-	789
User Charges & Fees	-	-	-	-	538	538
Employee Advances	-	75	-	-	-	75
Sale of Property	-	-	-	-	851	851
Payroll Processing-Agency	-	-	-	-	24	24
Other Levels of Govt.	-	-	-	-	366	366
Other	-	-	-	-	873	873
Other Assets	-	-	-	-	-	-
Total	-	17,472	65	-	6,891	24,428
<i>Weighted Ave. Interest Rate</i>	-	4.87	4.87	-	4.87	4.87
Financial Liabilities						
Payables						
Goods & Services	-	-	-	-	4,084	4,084
Payments in advance	-	-	-	-	106	106
Deposits, Retentions, Bonds	-	-	-	-	4,822	4,822
Other	-	-	-	-	-	-
Interest Bearing Liabilities	-	554	2,096	2,146	-	4,796
Finance Lease Liabilities	-	-	-	-	-	-
Total	-	554	2,096	2,146	9,012	13,808
<i>Weighted Ave. Interest Rate</i>	-	6.88	6.88	6.88	6.88	6.88

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 15 - FINANCIAL INSTRUMENTS (cont.)

Credit Risk Exposures

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

Reconciliation of Financial Assets & Liabilities

	2004 \$'000	2003 \$'000
Net financial assets from previous page		
Financial Assets	24,734	24,428
Financial Liabilities	16,347	13,808
	8,387	10,620
Non-financial assets and liabilities		
Accrued Revenues	37	-
Inventories	10	30
Property, Plant & Equipment	892,324	886,472
Interest in Associated Bodies		
Other Assets	460	434
Accrued Expenses	(403)	(3)
Provisions	(4,799)	(4,701)
Other liabilities		
	887,629	882,232
Net Assets per Statement of Financial Position	896,016	892,852

Net Fair Value

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

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2004

Note 16 - SIGNIFICANT VARIATIONS FROM ORIGINAL BUDGET

Council's original budget comprised part of the Management Plan adopted by Council on 24 June 2003. The original projections on which the budget was based have been affected by decisions and new grant programs initiated by State and Federal Governments, by the weather, and by decisions made by the Council.

This Note sets out the principal variations between the original Budget and Actual results for the Statement of Financial Performance.

Employee Costs – \$770K (5.4%) Variance – Favourable

Salaries and wages were less than anticipated due to a number of staff vacancies being filled for varying periods by agency personnel. These costs are classified in the accounts as "Materials & Contracts".

Outdoor staff may be engaged in both maintenance and capital works, the proportions of which vary from year to year. Salaries in relation to the capital works are excluded from the Operating Statement, in the amount of \$477K further adding to the favourable result.

Workers Compensation deposit premium savings amounted to \$260K (31.7%). This saving was due to an improvement in Council's claims history over the last three years. Improved management of existing claims coupled with assisting injured staff to return to other duties, earlier than would otherwise be the case, has contributed to this favourable result.

Materials & Contracts – \$2,041K (18.2%) Variance – Unfavourable

Waste Services costs exceeded the original budget by \$505K (11.0%).

The original budget was based on providing 27,140 waste collection services. An additional 650 services were provided during the year as new strata developments were occupied. This additional collection together with the additional disposal costs amounted to approximately \$200K.

A back claim was also lodged by Solo Resource Recovery (the Concord Area waste contractor). Over the last seven years, price adjustments had been allowed for at the rate of 2.5% per annum, when the actual increase averaged in excess of 9%. An unbudgeted payment of \$149K was made to compensate for this growth.

Land & Property – Overall cleaning costs for council properties exceeded original budget by \$266K (55%).

Works performed that were not originally anticipated when the original budget was prepared amounted to a additional expenditure (materials & contracts) of approximately \$1M. Projects included on review were:

- Roads and Footpath works - \$150K
- Library Computer Systems Upgrade - \$80K
- Drains (Abbotsford Long Day Care Centre and Bertram Streets) - \$39K
- Library Services agency personnel \$100K, covered by savings in salaries and wages
- Citizen Services training and agency personnel - \$30K
- Special Events, including the ING Cricket Final - \$54K

Rates debt recovery costs exceeded budget by \$50K, however these costs were recouped from the debtors.

Borrowing Costs – \$180K (40.7%) Variance – Favourable

Provision was made to take up approved loan allocation at the start of the financial year. Borrowing was delayed to coincide with work completed at Five Dock Main Street and Five Dock Library, saving interest repayments of \$180K in 2003/04.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2004

Note 16 - SIGNIFICANT VARIATIONS FROM ORIGINAL BUDGET

Other Operating Expenses – \$168K (2.5%) Variance – Favourable

Legal expenses in Planning & Development exceeded the original budget by \$468K (280%). This was due to a considerable increase in the legal defence of Council's determinations and as a result of prosecutions for illegal activity.

Provision for doubtful debt - \$310K (100%) - was not required due to the inability to raise charges against Telstra and Optus under Section 611. The legal basis for such charges was lost as a result of a High Court decision in favour of the telecommunication carriers.

Rates & Annual Charges – \$145K (0.6%) Variance – Favourable

Domestic Waste Management charges generated an additional \$128K (2.5%) against original budget. This reflects approximately 650 additional services provided during 2003/04.

Interest Received – \$433K (54.7%) Variance – Favourable

Investment of surplus funds generated an additional \$433K against budget. The early collection of rates debtors, together with a strategy of purchasing a mix of investments including longer term "Floating Rate Notes," have delivered increased returns at a time of relatively low interest rates.

Grants & Contributions Received (Operating) – \$380K (13.5%) Variance – Favourable

Family Day Care grants up \$183K (93%) due to an expansion of day care programs in 2003/04.

Council received a special purpose grant of \$25K from the State Library.

RTA contributions and grants exceeded the original budget by \$115K (29%).

Other Operating Revenues – \$590K (33.7%) Variance – Favourable

Fines and Parking Infringement revenue was down by \$48K (10%).

An unbudgeted amount of \$183K was received from NSW Rugby as provided by the agreement to terminate their lease of Concord Oval. A further 364K is due next financial year.

Rental of property for Telecommunication Towers generated an unbudgeted amount of \$130K.

Summons preparation and service costs amounting to \$50K recovered from Rate Debtors reflected a higher than anticipated number of summonses issued during the year.

Successful prosecutions saw Council awarded an unanticipated amount of \$56K.

Profit from Disposal Of Assets – \$2,659K (53.2%) Variance – Favourable

Sale of Council properties in the Strathfield Triangle resulted in a \$2,306K profit, the sale of Bennett Lane (part) returned a profit of \$268K. A \$104K profit was also generated from the sale of motor vehicles and plant.

Grants & Contributions Received (Capital) – \$402K (11.8%) Variance – Favourable

In many instances, the actual amount of grants received after the original Budget is adopted depends on decisions made by State and Federal governments. In 2003/04, there were major variations in grants received from the RTA (traffic facilities), road infrastructure upgrades and maintenance of regional roads.

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 17 - STATEMENT OF CONTRIBUTION PLANS

SUMMARY OF CONTRIBUTIONS

Purpose	Opening Balance \$'000	Contributions Received During Year		Interest Earned During Year \$'000	Expended During Year \$'000	Expended In Advance \$'000	Held As Restricted Asset \$'000	Works Provided To Date \$'000
		Cash \$'000	Non-Cash \$'000					
Administration	67	-	-	4	-	-	71	-
Drainage	170	-	-	12	-	-	182	143
Roads	1,567	495	-	75	419	-	1,718	845
Infrastructure	22	-	-	2	-	-	24	-
Traffic Facilities	-	-	-	-	-	-	-	-
Town Centre	196	-	-	11	-	-	207	-
Parking	271	-	-	17	-	-	288	-
Open Space	3,174	1,256	-	182	408	-	4,204	5,591
Community Facilities	2,981	1,267	-	148	1,009	-	3,387	2,853
Other	-	-	-	-	-	-	-	-
Subtotal S94 under plans	8,448	3,018	-	451	1,836	-	10,081	9,432
Sec 94 not under plans	588	-	-	33	-	-	621	-
Sec 64 Contributions	-	-	-	-	-	-	-	-
Total Contributions	9,036	3,018	-	484	1,836	-	10,702	9,432

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

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

Note 17 - STATEMENT OF CONTRIBUTION PLANS (cont.)

CONTRIBUTION PLAN - CONCORD AREA

Purpose	Opening Balance \$'000	Contributions Received During Year		Interest Earned During Year \$'000	Expended During Year \$'000	Expended In Advance \$'000	Held As Restricted Asset \$'000	Works Provided To Date \$'000
		Cash \$'000	Non-Cash \$'000					
Roads	1,441	495	-	67	419	-	1,584	845
Open Space	2,953	1,256	-	169	408	-	3,970	5,532
Community Facilities	2,689	434	-	130	187	-	3,066	1,183
Other	-	-	-	-	-	-	-	-
Total	7,083	2,185	-	366	1,014	-	8,620	7,560

CONTRIBUTION PLAN - DRUMMOYNE AREA

Purpose	Opening Balance \$'000	Contributions Received During Year		Interest Earned During Year \$'000	Expended During Year \$'000	Expended In Advance \$'000	Held As Restricted Asset \$'000	Works Provided To Date \$'000
		Cash \$'000	Non-Cash \$'000					
Administration	67	-	-	4	-	-	71	-
Drainage	170	-	-	12	-	-	182	143
Roads	126	-	-	8	-	-	134	-
Infrastructure	22	-	-	2	-	-	24	-
Town Centre	196	-	-	11	-	-	207	-
Parking-Great North Rd	221	-	-	13	-	-	234	-
Parking-Victoria Rd	50	-	-	4	-	-	54	-
Open Space	221	-	-	13	-	-	234	59
Community Facilities	292	833	-	18	822	-	321	1,670
Other	-	-	-	-	-	-	-	-
Total	1,365	833	-	85	822	-	1,461	1,872

CONTRIBUTIONS NOT UNDER PLANS

Purpose	Opening Balance \$'000	Contributions Received During Year		Interest Earned During Year \$'000	Expended During Year \$'000	Expended In Advance \$'000	Held As Restricted Asset \$'000	Works Provided To Date \$'000
		Cash \$'000	Non-Cash \$'000					
Drainage	31	-	-	-	-	-	31	-
Parking-Drummoyne Area	557	-	-	33	-	-	590	-
Other	-	-	-	-	-	-	-	-
Total	588	-	-	33	-	-	621	-

CITY OF CANADA BAY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2004

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

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

CANADA BAY/BURWOOD JOINT LIBRARY

The Canada Bay/Burwood Joint Library service was dissolved on 30 June 2003.

The City of Canada Bay Council is entitled to a distribution of Cash and Investments which remained in the Joint Library's accounts at that date. Discussions regarding the most equitable distribution of these cash assets are ongoing.

BANK GUARANTEES

Council has guaranteed works relating to the undergrounding of electricity mains at the Five Dock Shopping Centre, Great North Road, Five Dock.

The guarantee amounts to a maximum security of \$88,671 and will expire on 31 December 2007.

No claim against the guarantee is expected.

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.

CITY OF CANADA BAY COUNCIL

SPECIAL SCHEDULES for the year ended 30th June 2004

TABLE OF CONTENTS

	<u>Page</u>
Special Schedules (not audited)	
Special Schedule 1 - Net Cost of Services	S1-S2
Special Schedule 2(1) - Statement of Long Tern Debt (All Purpose)	S3
Special Schedule 7 - Condition of Public Works	S4-S5

CITY OF CANADA BAY COUNCIL

SPECIAL SCHEDULE NO. 1 NET COST OF SERVICES for the year ended 30th June 2004

\$'000

Function or Activity	OPERATING EXPENSES		OPERATING REVENUES			NET COST OF SERVICES	
	Expenses	Group Totals	Revenues - Ord. Activities	Capital Rev. Ord. Activities	Group Totals	Net Cost	Group Totals
GOVERNANCE	1,560		-	-		1,560	
		1,560			-		1,560
ADMINISTRATION							
Corporate Support	7,560		4,088	3,018		454	
Engineering & Works	3,699		242	-		3,457	
Other Support Services	-		-	-		-	
		11,259			7,348		3,911
PUBLIC ORDER & SAFETY							
Statutory Contribution - Fire Service Levy	867		-	-		867	
Animal Control	35		19	-		16	
Enforcement of Local Govt Regulations	557		436	-		121	
Emergency Services	80		-	-		80	
Other	-		-	-		-	
		1,539			455		1,084
HEALTH							
Administration & Inspection	3		9	-		(6)	
Immunisations	3		1	-		2	
Food Control	2		15	-		(13)	
Insect/Vermin Control	-		-	-		-	
Noxious Plants	-		-	-		-	
Health Centres	-		-	-		-	
Other	-		-	-		-	
		8			25		(17)
COMMUNITY SERVICES & EDUCATION							
Administration	294		63	-		231	
Family Day Care	376		431	-		(55)	
Child Care	109		-	-		109	
Youth Services	37		1	-		36	
Other Families & Children	56		11	-		45	
Aged & Disabled	335		143	-		192	
Other Community Services	-		-	-		-	
Education	96		-	-		96	
		1,303			649		654
HOUSING & COMMUNITY AMENITIES							
Housing	193		-	-		193	
Town Planning	1,260		1,049	-		211	
Domestic Waste Management	5,316		196	-		5,120	
Other Waste Management	-		-	-		-	
Street Cleaning	699		-	-		699	
Other Sanitation & Garbage	507		110	-		397	
Urban Stormwater Drainage	1,166		-	55		1,111	
Environmental Protection	458		19	-		439	
Public Conveniences	118		-	-		118	
Other Community Amenities	110		-	-		110	
		9,827			1,429		8,398

CITY OF CANADA BAY COUNCIL
SPECIAL SCHEDULE NO 1 - NET COST OF SERVICES (cont.)

\$'000

Function or Activity	OPERATING EXPENSES		OPERATING REVENUES			NET COST OF SERVICES	
	Expenses	Group Totals	Revenues - Ord. Activities	Capital Rev. Ord. Activities	Group Totals	Net Cost	Group Totals
RECREATION & CULTURE							
Public Libraries	1,518		173	-		1,345	
Museums	4		-	-		4	
Community Centres	154		-	-		154	
Public Halls & Civic Centres	252		65	-		187	
Other Cultural Services	220		51	-		169	
Swimming Pools	547		-	16		531	
Sporting Grounds	1,198		213	-		985	
Parks & Gardens, Lakes	1,015		103	-		912	
Other Sport & Recreation	1,356		1,494	-		(138)	
		6,264			2,115		4,149
CONSTRUCTION							
Building Control	1,230		320	-		910	
Other	-		-	-		-	
		1,230			320		910
TRANSPORT & COMMUNICATION							
Urban Roads: Local	3,016		50	371		2,595	
Urban Roads: Regional	163		120	-		43	
Bridges - Urban Roads (Local)	14		-	-		14	
Bridges - Urban Roads (Regional)	-		-	-		-	
Footpaths	1,414		705	-		709	
Parking Areas	61		40	-		21	
Bus Shelters & Services	132		-	-		132	
RTA Works - State Roads	-		42	140		(182)	
Street Lighting	535		136	-		399	
Other	1,718		768	202		748	
		7,053			2,574		4,479
ECONOMIC AFFAIRS							
Tourism & Area Promotion	147		-	-		147	
Other Business Undertakings	442		672	-		(230)	
		589			672		(83)
TOTALS - FUNCTIONS		40,632			15,587		25,045
General Purpose Revenues			28,209	-		28,209	
Correction of Fundamental Error			-	-		-	
					28,209		28,209
SURPLUS (DEFICIT) FROM ORDINARY ACTIVITIES BEFORE EXTRAORDINARY ITEMS							3,164
Extraordinary Items & Council Restructure							-
SURPLUS (DEFICIT) FROM ALL ACTIVITIES							3,164

CITY OF CANADA BAY COUNCIL

SPECIAL SCHEDULE NO. 2 (1) STATEMENT OF LONG TERM DEBT (ALL PURPOSE) for the year ended 30th June 2004

\$'000

Classification of Debt	Principal Outstanding at beginning of year			New Loans Raised	Debt Redemption		Tfrs to Sinking Funds	Interest applicable for year	Principal outstanding at end of year		
	Current	Non-Current	Total		From Revenue	Sinking Funds			Current	Non-Current	Total
LOANS (by source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	554	4,242	4,796	2,800	554	-	-	262	709	6,333	7,042
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	554	4,242	4,796	2,800	554	-	-	262	709	6,333	7,042
OTHER LONG TERM DEBT											
Ratepayers' Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payment	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total Other Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
TOTAL LONG TERM DEBT	554	4,242	4,796	2,800	554	-	-	262	709	6,333	7,042

This Schedule excludes Internal Loans and refinancing of existing borrowings.

CITY OF CANADA BAY COUNCIL
SPECIAL SCHEDULE NO. 7 - CONDITION OF PUBLIC WORKS
as at 30th June 2004

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense	Cost	Valuation	Accumulated Depreciation	Carrying Value	Asset Condition (see Notes attached)	Estimated Cost to bring to a Satisfactory Standard	Estimated Annual Maintenance Expense	Program Maintenance Works for current year
			'000	'000	'000	'000	'000		'000	'000	'000
<i>References:</i>		<i>Note 9</i>	<i>Note 3</i>	<i>Note 9</i>			<i>Local Govt. Act 1993, Section 428 (2d)</i>				
Public Buildings and Structures	Civic Centres	2.0	188	9,490	-	2,961	6,529	3	-	200	254
	Works Depots	2.0	49	2,450	-	830	1,620	4	400	100	103
	Childcare Centres	2.0	37	1,878	-	706	1,172	4	700	100	125
	Amenities/Toilets	2.0	129	6,524	-	2,129	4,395	5	500	150	99
	Libraries	2.0	10	2,443	-	196	2,247	3	-	100	95
	Museums	2.0	2	93	-	87	6	3	-	5	2
	Community Centres	2.0	48	2,396	-	949	1,447	4	100	50	98
	Community Halls	2.0	27	1,338	-	902	436	3	-	10	4
	Swimming Pools	5.0	191	3,853	-	917	2,936	4	2,000	300	309
	Golf Courses	2.0	77	3,841	-	2,727	1,114	3	-	100	93
	Leisure Centres	2.0	95	4,752	-	991	3,761	3	-	50	38
	Tennis Courts	5.0	17	412	-	309	103	3	-	20	14
	Dwellings	2.0	27	1,362	-	225	1,137	4	300	50	37
	Street Furniture	2.0	5	107	-	47	60	3	-	50	53
	Other	1.0-10.0	251	7,638	-	1,321	6,317	4	500	700	587
Sub-Total			1,153	48,577	-	15,297	33,280		4,500	1,985	1,911
Public Roads	Road Pavements	1.0	1,772	183,059	-	66,113	116,946	4	20,000	1,700	1,271
	LATMs	1.0	29	3,430	-	2,087	1,343	4	100	40	45
	Cycleways	2.0	6	871	-	26	845	3	-	10	-
	Kerbs & Gutters	2.0	663	33,165	-	20,252	12,913	4	3,000	200	61
	Bridges	1.0	7	670	-	217	453	4	200	10	9
	Footpaths	2.0	666	33,111	-	17,484	15,627	4	300	700	787
	Other	10.0	32	453	-	237	216	4	100	300	314
Sub-Total			3,175	254,759	-	106,416	148,343		23,700	2,960	2,487
Drainage Works	Conduits & Pipelines	1.0	879	88,042	-	35,031	53,011	4	7,650	220	200
	Pollutant Traps	3.3	61	2,400	-	93	2,307	2	-	20	26
	Other	10.0	-	-	-	-	-	-	-	-	-
Sub-Total			940	90,442	-	35,124	55,318		7,650	240	226
Total Classes - All Assets			5,268	393,778	-	156,837	236,941		35,850	5,185	4,624

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

CITY OF CANADA BAY COUNCIL

SPECIAL SCHEDULE NO. 7 - CONDITION OF PUBLIC WORKS (cont.) as at 30th June 2004

"SATISFACTORY" CONDITION OF PUBLIC ASSETS

In assessing the condition of Public Assets Council has had regard to the condition, function and location of each asset. Proposed or potential enhancements to the existing asset have been ignored. Assets within each Asset Category have been assessed on an overall basis, recognising that an average standard of "satisfactory" may be achieved even though certain assets may be above or below that standard on an individual basis.

Council recognises that the standard that it considers to be "satisfactory" may be different from that adopted by other Councils.

The information contained in this Schedule comprises accounting estimates formulated in accordance with the NSW Local Government Code of Accounting Practice and Financial Reporting. Nothing contained within this Schedule may be taken to be an admission of any liability to any person under any circumstances.

ASSET CONDITION

The following condition codes have been used in this Schedule.

- 1** Newly constructed
- 2** Over 5 years old but fully maintained in "as new" condition
- 3** Good condition
- 4** Average condition
- 5** Partly worn - beyond 50% of economic life.
- 6** Worn but serviceable
- 7** Poor - replacement required

City of Canada Bay Council
Independent Audit Report to the Council
(Sections 417(2) - report on the general purpose financial reports)

Scope

We have audited the financial reports of **City of Canada Bay Council** for the financial year ended 30 June 2004 as set out on pages N1 to N39. The financial reports consist of the general purpose financial report and Council's statement in the approved form as required by Section 413(2)(a) of the Local Government Act 1993. Our audit responsibility does not extend to the Original Budget figures disclosed in the Statement of Financial Performance, Notes 2(a) and 16 to the financial statements nor the attached Special Schedules. The Council is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Council.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus views) and 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.

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

Audit Opinion

In our opinion:

- (a) The Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13, Part 3, Division 2.
- (b) The Council's financial reports
 - (i) have been properly prepared in accordance with the requirements of this Division;
 - (ii) are consistent with the Council's accounting records;
 - (iii) present fairly the Council's financial position and the results of its operations; and
 - (iv) are in accordance with applicable Accounting Standards.
- (c) All information relevant to the conduct of the audit has been obtained.
- (d) There are no material deficiencies in the accounting records or financial reports that have come to light during the course of the audit.



PricewaterhouseCoopers
Chartered Accountants



JA Gordon
Sydney
15 October 2004

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, 2004 - 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 2004, 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 deficit of \$1m in the previous year to a surplus of \$3.2m in the current period. The principal factors contributing to this improvement were:

- Higher profit on asset sales (up \$2.3m)
- Reduction in bad debt provisions (down \$1.2m)

Cash Position

The Council's overall cash position increased from \$20.9m to \$21.6m during the period under review, as the table below demonstrates:

	6/03	6/04
	<u>\$m</u>	<u>\$m</u>
Externally Restricted	13.3	11.7
Internally Restricted	4.8	6.9
Unrestricted	<u>2.8</u>	<u>3.0</u>
<i>Total</i>	<i>20.9</i>	<i>21.6</i>

Externally restricted cash fell mainly in the area of unexpended loans. Internally restricted cash or reserves increased as monies were transferred to the Asset Acquisition and ELE reserves. Unrestricted cash also increased during the period under review pushing liquidity levels higher.

Working Capital

Council's net current assets fell from \$8.3m to \$8.1m during the period under review.

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

	6/03	6/04
	<u>\$'000</u>	<u>\$'000</u>
Net Current Assets	8,255	8,127
<u>Less</u>		
External Restrictions	5,137	2,964
Internal Restrictions	<u>4808</u>	<u>6,866</u>
<u>Sub Total</u>	(1,690)	(1,703)
<u>Add</u>		
Current Liabilities to be funded from 2004/05 Budget	<u>1,426</u>	<u>1,860</u>
<i>Available Working Capital</i>	<i>(264)</i>	<i>157</i>

The Available Working Capital upon which Council could build its 2004/05 budget was a surplus of \$157K.

Performance Indicators

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

	6/03	6/04
	%	%
Unrestricted Current Ratio	153	194
Debt Service Ratio	1.27	2.11
Rate Coverage Ratio	60	58
Rates Outstanding Ratio	3.11	2.82

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

The Debt Service Ratio improved to 2.11% of operating revenue reflecting an increase in borrowings from \$4.8m to \$7m. The ratio is still well below the accepted industry benchmark of 10%.

The Rate Coverage Ratio remained relatively stable at 58% of total revenue.

The Rates Outstanding Ratio improved to 2.82% of collectables and remains better than the industry benchmark of 5%.

Council is considered to be in a sound and stable financial position. Most indicators have improved against the prior year and all stand better than accepted industry benchmarks.

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