

Financial Statements for the year ended 30 June 2003

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WARRINGAH COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2003

STATEMENT BY COUNCIL 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 19 August 2003



Dick Persson

ADMINISTRATOR



Stephen Blackadder

GENERAL MANAGER



Gary Mottau

RESPONSIBLE ACCOUNTING OFFICER

Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30th June 2003

Budget 2003 \$'000		Notes	Actual 2003 \$'000	Actual 2002 \$'000
	EXPENSES FROM ORDINARY ACTIVITIES			
32,333	Employee Costs	3	31,917	30,978
26,073	Materials & Contracts		30,178	27,146
654	Borrowing Costs	3	818	896
11,039	Depreciation & Amortisation	3	11,687	11,331
18,338	Other Expenses	3	11,756	14,006
-	Loss from Disposal of Assets	5	186	-
-	Loss from interests in Joint Ventures & Associates	19	334	385
88,437	Total Expenses from Ordinary Activities		86,876	84,742
	REVENUES FROM ORDINARY ACTIVITIES			
54,685	Rates & Annual Charges	4	55,961	53,076
17,942	User Charges & Fees	4	22,523	21,963
1,677	Investment Revenues	4	3,391	2,417
7,482	Grants & Contributions - Operating	4	7,564	7,522
2,499	Other Revenues	4	2,574	2,103
4	Profit from Disposal of Assets	5	-	8,550
84,289	Revenues from Ordinary Activities before Capital Amounts		92,013	95,631
(4,148)	SURPLUS (DEFICIT) FROM ORDINARY ACTIVITIES BEFORE CAPITAL AMOUNTS		5,137	10,889
3,258	Grants & Contributions - Capital	4	6,899	7,508
(890)	NET SURPLUS (DEFICIT) FOR YEAR FROM ALL ACTIVITIES		12,036	18,397
	Share attributable to Minority Interests	19	(1,124)	(1,442)
(890)	NET SURPLUS(DEFICIT) ATTRIBUTABLE TO COUNCIL		\$ 10,912	\$ 16,955
	This Statement is to be read in conjunction with the attached Notes.			

Financial Statements

STATEMENT OF FINANCIAL POSITION as at 30th June 2003

	Notes	Actual 2003 \$'000	Actual 2002 \$'000
CURRENT ASSETS			
Cash Assets	6	40,309	28,480
Receivables	7	4,603	13,690
Inventories	8	106	107
Other	8	202	423
TOTAL CURRENT ASSETS		45,220	42,700
NON-CURRENT ASSETS			
Cash Assets	6	26,561	26,464
Receivables	7	446	434
Property, Plant & Equipment	9	4,059,094	4,054,926
Investments accounted for using the equity method	19	636	558
TOTAL NON-CURRENT ASSETS		4,086,737	4,082,382
TOTAL ASSETS		4,131,957	4,125,082
CURRENT LIABILITIES			
Payables	10	8,185	10,076
Borrowings	10	1,461	1,566
Provisions	10	3,292	3,704
TOTAL CURRENT LIABILITIES		12,938	15,346
NON-CURRENT LIABILITIES			
Payables	10	4,170	3,898
Borrowings	10	11,621	12,240
Provisions	10	8,907	9,532
TOTAL NON CURRENT LIABILITIES		24,698	25,670
TOTAL LIABILITIES		37,636	41,016
NET ASSETS		\$ 4,094,321	4,084,066
EQUITY			
Accumulated Surplus		4,089,994	4,079,082
Council Equity Interest		4,089,994	4,079,082
Outside Interest in Equity	19	4,327	4,984
TOTAL EQUITY		\$ 4,094,321	4,084,066

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

WARRINGAH COUNCIL
STATEMENT OF CHANGES IN EQUITY for the year ended 30th June 2003

	Note Ref	2003 \$'000			2002 \$'000				
		Accum Surplus	Council Equity Interest	Outside Equity Interest	Total	Accum Surplus	Council Equity Interest	Outside Equity Interest	Total
Balance at beginning of the reporting period		4,079,082	4,079,082	4,984	4,084,066	4,062,127	4,062,127	3,955	4,066,082
Change in Net Assets recognised in the Statement of Financial Performance		10,912	10,912	1,124	12,036	16,955	16,955	1,442	18,397
Cash Distributions to Outside Equity Interests	19			(1,781)	(1,781)			(413)	(413)
Balance at end of the reporting period		4,089,994	4,089,994	4,327	4,094,321	4,079,082	4,079,082	4,984	4,084,066
This Statement is to be read in conjunction with the attached Notes									

STATEMENT OF CASH FLOWS for the year ended 30th June 2003

	Notes	Actual 2003 \$'000	Actual 2002 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates & Annual Charges		55,901	53,208
User Charges & Fees		24,630	23,215
Investments Income		3,455	2,291
Grants & Contributions		14,999	15,956
Other operating receipts		6,534	3,635
Payments			
Employee Costs		(31,396)	(31,168)
Materials & Contracts		(36,210)	(30,735)
Borrowing Costs		(822)	(847)
Bonds & Deposits		(578)	255
Other operating payments		(13,627)	(14,375)
Net Cash provided by (or used in) Operating Activities	11	22,886	21,435
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of Property, Plant & Equipment		10,034	9,789
Repayments from Deferred Debtors		18	18
Payments			
Purchase of Property, Plant & Equipment		(18,195)	(13,784)
Distributions from joint ventures to minority interests	19	(1,781)	(413)
Capital contributed to associated entities	19	(412)	(412)
Net Cash provided by (or used in) Investing Activities		(10,336)	(4,802)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Proceeds from Borrowings & Advances		-	7,038
Other Proceeds		904	840
Payments			
Repayments of Borrowings & Advances		(729)	(6,296)
Repayment of Finance Lease Liabilities		(673)	(649)
Repayment of Retirement Home Contributions -			
Net Cash provided by (or used in) Financing Activities		(498)	933
Net Increase (Decrease) in cash held		12,052	17,566
Cash at beginning of reporting period	11	54,818	37,252
Adjustment to opening Cash due to adoption of revised Accounting Standards	1	-	-
Adjustment to Cash arising from Council restructure	24		
Cash at end of reporting period	11	66,870	54,818

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

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

1. The Local Government Reporting Entity

Warringah Council is incorporated under the NSW Local Government Act (1993) as amended and has its principal place of business at Civic Centre, 725 Pittwater Road, Dee Why. These General Purpose Financial Statements include the consolidated fund and other entities through which the Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

1.1 The Consolidated Fund

As required by Section 409(1) of the Local Government Act 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 following Committees established pursuant to the Act are included:

- Allambie Heights Community Centre
- Beacon Hill War Memorial Hall
- Collaroy Plateau Progress Hall
- Cromer Community Centre
- Curl Curl Sports Centre Management Committee
- Curl Curl Youth & Community Centre
- Forest Community Arts Centre
- Forestville Memorial Hall
- Forestville Youth Centre
- Frenchs Forest Showground Management Committee
- Glen Street Theatre
- Harbord Literary Institute
- Lionel Watts Park
- North Balgowlah Community Centre
- Terrey Hills Community Centre
- Tramshed Community Centre
- Wyatt Avenue Tennis Centre

Other joint ventures and associated entities in which Council is involved are included to the extent set out in paragraph 14 below and in Note 19.

1.2 The Trust Fund

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

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports. A separate statement of monies held in the Trust Fund is available for inspection at the Council Office by any person free of charge.

2. Basis of Accounting

2.1 Compliance

The financial report complies with the applicable Australian Accounting Standards and professional pronouncements, the requirements of the Local Government Act and the Local Government Code of Accounting Practice and Financial Reporting and the Local Government Asset Accounting Manual. For the convenience of users the reference to the equivalent AASB Accounting Standard is also given.

2.2 Basis

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

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

This financial report includes accounting estimates formulated in accordance with the above standards and have regard to the substance rather than the form of transactions. Nothing contained within this report may be taken to be an admission of any liability to any person under any circumstance.

3. Rates

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

Unreceived contributions over which the Council has control are recognised as receivables.

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

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

subject to those undischarged conditions are disclosed in these notes as restricted assets. Also disclosed is the amount of grants, contributions and receivables recognised as revenues in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

5. Cash Assets and Investment Securities

Investments in Bank Bills, Promissory Notes and Term Deposits are recognised at cost. Interest revenues are recognised as they accrue. Bills of exchange which have been purchased at a discount to face value are recognised at cost; the discount brought to account during the reporting period is accounted for as interest received. Managed Funds 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 stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

7.1 Other Real Estate held for resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are carried at the carrying value at the time of that decision.

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. Examples of capitalisation thresholds applied during the year under review are provided in Note 9 to these accounts.

8.3 Valuation

The "Recoverable Amount Test" of paragraph 30 of AAS 10 (AASB 1010) does not apply to the Council except in relation to recognised trading operations.

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.

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

8.4 Depreciation of Non-Current Assets

All assets 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. Major depreciation periods for each class of asset are provided in Note 9 to these accounts. 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, 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.

Financial Statements

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

Payments Received In Advance & Deposits

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

10. Borrowings

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

11. Employee Benefits

11.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences (other than long service leave not expected to be paid or settled within 12 months of reporting date) are accrued at nominal amounts (including payroll based oncosts) measured in accordance with Australian Accounting Standard AASB 1028 "Employee Benefits". The financial effect of changes from Australian Accounting Standard AAS 30, applicable to the previous reporting period were not material in amount.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

Other than sick leave that vested prior to 15 February 1989 under a previous industrial agreement, no accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave. Vested sick leave and gratuities payable (also pursuant to a previous industrial agreement) have been included at the net present value of future payments and apportioned between current and non-current on the basis of the entitlements estimated to be payable within twelve months.

Change in Accounting Policy

Liabilities for employee benefits not expected to be paid or settled within 12 months were previously measured on the nominal basis set out in the Code of Accounting Practice chapter 7.3. The change in accounting policy has had no material impact on either the result for the year or the opening accumulated surplus.

11.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently.

Accumulation Fund Members.

The accumulation fund receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation (9% in 2002/2003; 8% in 2001/02). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Defined Benefit Members

Council makes employer contributions to the defined benefits categories of the Scheme at rates determined by the Scheme's Trustee. The rate is currently NIL% (NIL% in 2001/2002) of superannuation salary. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefit, as defined in the Trust Deed, as they accrue.

Council has an ongoing obligation to share in the future experience of the Scheme. Favourable or unfavourable variations may arise should the experience of the Scheme differ from the assumptions made by the Scheme's actuary in estimating the Scheme's accrued benefits liability.

Council holds a letter from Peter Woods OAM Chair of Local Government Superannuation Scheme stating we have no current liability.

The estimated assets and liabilities of the Council as at 30 June 2003 are as follows:

Employer	Employer Liability	Employee Assets	Surplus
Warringah Council	\$12,246,184.91	\$14,953,560.32	\$2,707,375.41

In order to calculate the relevant information as at 30 June 2003 the Actuary utilised the following approach:

- Projected the 2002 AAS 25 employer liabilities for all Local Government Retirement and Defined Benefit employees to 30 June 2003 using the 30 June 2000 valuation assumptions.
- Projected the employer portion of fund assets at the estimated fund earning rate using the cash flows (transfers, benefit payments and contributions) generated in the liability projection.
- Grouped the employees, and their associated liabilities, according to employer code, hence getting a liability per employer.
- Allocated the assets to each employer in proportion to liabilities.

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. Construction Contracts

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

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

14. Joint Ventures and Associated Entities

Council participates in cooperative arrangements with other Councils for the provision of services and facilities.

Entities over which Council exercises "control" (as defined in the Standards) have been consolidated in accordance with Australian Accounting Standard AAS 24 (AASB 1024) "Consolidated Financial Reports", **Kimbriki Recycling and Waste Disposal Centre** and are disclosed in detail in Note 19 (a). An annual provision is made for the ultimate cost to embellish the site operated by **Kimbriki Recycling and Waste Centre**, on closure. In excess \$2.2 million of cash and \$2.871 million of real property has been restricted for this purpose.

Entities over which no Council exercises "control" have been accounted for in accordance with Australian Accounting Standard AAS 19 (AASB 1006) "Accounting for Interests in Joint Venture", **Warringah and Pittwater Rural Fire Service** are disclosed in detail in Note 19 (b).

15. 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.

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

16. Self-Generating and Regenerating Assets

All material Self-Generating and Regenerating Assets owned by the Council are held for the principal purposes of one or more of aesthetics, heritage, ecology, the environment or recreation, and accordingly Australian Accounting Standard AAS 35 (AASB 1037) "Self-Generating and Regenerating Assets" does not apply.

17. GST Implications

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

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

18. Budget Information

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

19. 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.

21. Workers Compensation and Public Liability/Professional Indemnity Insurance Provisions

Council has determined to self-insure for various risks including public liability and professional indemnity. A provision for self insurance has been made in accordance with the Local Government Code of Accounting Practice to recognise outstanding claims the amount of which is detailed in Note 10. Council maintains a banker's guarantee for the full amount of the provision.

In providing for Workers Compensation and Public Liability/Professional Indemnity Liability, Council in no way accepts any admission of liability, for any claims that have arisen in the past, present or future.

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

Note 2 – 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	2003	2002	2003	2002
	2003	2003	2002	2003	2003	2002	2003	2003	2002	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
NATURAL ENVIRONMENT	1,651	4,245	2,467	4,850	15,762	8,446	(3,199)	(11,517)	(5,979)	454	705	180,132	183,048
COMMUNITY ENHANCEMENT	7,159	10,697	9,685	10,099	17,999	14,348	(2,940)	(7,302)	(4,663)	1,532	1,106	3,313,218	3,309,910
URBAN DEVELOPMENT	2,412	2,102	2,960	3,484	5,339	4,823	(1,072)	(3,237)	(1,863)	-	-	87	59
INFRASTRUCTURE	2,038	13,692	11,257	10,581	12,228	12,752	(8,543)	1,464	(1,495)	438	557	234,968	237,404
HEALTH & SAFETY	11,489	12,018	11,213	13,578	16,094	15,019	(2,089)	(4,076)	(3,806)	258	349	12,065	11,899
ECONOMIC INITIATIVES	-	-	-	-	-	-	-	-	-	-	-	-	-
EXECUTIVE MANAGEMENT	3,039	-	3,356	3,110	-	3,419	(71)	-	(63)	-	6	-	-
CORPORATE SUPPORT	50,512	12,293	16,201	33,784	19,120	25,550	16,728	(6,827)	(9,349)	-	-	391,487	382,762
CAPITAL WORKS	258	-	266	-	-	-	258	-	266	320	174	-	-
CONSOLIDATED OTHER ENTITIES	8,989	-	-	8,952	-	-	37	-	-	-	-	-	-
TOTALS - FUNCTIONS	87,547	55,047	57,405	88,438	86,542	84,357	(891)	(31,495)	(26,952)	3,002	2,897	4,131,957	4,125,082
GENERAL PURPOSE REVENUES -	47,256	43,865	45,734	-	-	-	47,256	43,865	45,734	3,734	3,560	-	-
PROFIT (LOSS)	-	98,912	103,139	88,438	86,542	84,357	-	12,370	18,782	6,736	6,457	-	4,125,082
INTEREST IN JOINT VENTURE -	-	-	-	-	-	-	-	(334)	(385)	-	-	-	-
SHARE ATTRIBUTABLE TO	-	-	-	-	-	-	-	(1,124)	(1,442)	-	-	-	-
MINORITY INTERESTS -	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTALS	134,803	98,912	103,139	88,438	86,542	84,357	(891)	10,912	16,955	6,736	6,457	4,131,957	4,125,082

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

Financial Statements

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

Note 3 - EXPENSES FROM ORDINARY ACTIVITIES

	2003 \$'000	2002 \$'000
EMPLOYEE COSTS		
Salaries, Wages and allowances	25,918	25,428
Travelling	78	89
Employee Leave Entitlements	2,806	3,470
ELE oncosts	365	
Superannuation	1,956	1,677
Workers' Compensation Insurance	414	65
Fringe Benefits Tax	192	145
Training Costs (excluding Salaries)	401	384
Other	165	152
Less: Capitalised and distributed costs	(378)	(432)
Total Operating Employee Costs	31,917	30,978
Total Number of Employees	517	507
(Full time equivalent at end of reporting period)		
BORROWING COSTS		
Interest on Overdraft	-	1
Interest on Loans	716	703
Penalty Interest on Refinancing	-	104
Charges on Finance Leases	109	85
Interest on Bonds & Deposits	(7)	3
Gross Interest Charges	818	896
Total Interest Charges	818	896
DEPRECIATION & AMORTISATION		
Plant and Equipment	1,509	1,329
Office Equipment	533	978
Furniture & Fittings	133	42
Leased Property, Plant & Equipment	392	376
Land Improvements	3	4
Buildings	1,188	1,180
Other Structures	202	166
Infrastructure		
- roads, bridges & footpaths	3,283	3,264
- library books	917	472
- other	204	198
Glen Street	30	34
Section 355 Committees	29	31
Total Depreciation & Amortisation	11,687	11,331
Note 1: Although Council owns plant that has been used to undertake improvement activities and a component of the internal plant hire rates is an allowance for changeover, the effect on depreciation calculation is negligible.		
OTHER EXPENSES		
Advertising	363	419
Auditor's Remuneration		
- Audit Services-Council	40	38
- Audit Services-Controlled Entities	10	9
- Other Auditors	13	22
Bad and Doubtful Debts	590	657
Consultancies	2,495	2,323
Donations & Contributions to Local & Regional Bodies	374	763
Insurances	1,327	1,022
Insurance Provision Write Down	(1,559)	1,060
Legal Expenses		
- Planning & Development	1,507	1,607
- Other Legal Expenses	538	373
Light, Power & Heating	734	791
Mayoral Allowance	40	44
Members' Fees & Allowances	139	157
Members' Expenses	5	3
Operating Lease Rentals - cancellable	75	261
Payments to other levels of Government	2,754	2,287
Street Lighting	1,277	1,121
Data Services	231	225
Telephone & Communications	803	824
Total Other Expenses	11,756	14,006

Financial Statements

INDIVIDUALLY SIGNIFICANT ITEM

Provision for Insurance Losses	(1,559)	1060
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Council is a member of Statewide Mutual, a mutual scheme providing liability insurance to local government, the Deed of which provides that the liability of members is several. In the previous reporting period Council recognised its share of accumulated losses of the Scheme as advised by reporting date. The current year amount represents Council's share of the results of the Scheme since the previous report.

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

Note 4 - REVENUES FROM ORDINARY ACTIVITIES

RATES & ANNUAL CHARGES	2003 \$'000	2002 \$'000
Ordinary Rates		
Residential	35,833	34,145
Business	9,156	8,781
	44,989	42,926
Annual Charges		
Domestic Waste Management	10,972	10,150
	10,972	10,150
Total Rates & Annual Charges	55,961	53,076
USER CHARGES & FEES		
User Charges		
Other Waste Management	516	361
	516	361
Fees		
Planning & Building	2,903	2,941
Parking Areas	301	294
Libraries	146	143
RTA Contributions	234	230
Community Centres	980	856
Childcare	2,808	2,709
Glen Street Theatre	2,420	2,143
Swimming Centre	1,910	2,001
Sec 611 Charges	684	687
Rent & Hire of Council Property	822	670
Sec 603 Charges	174	186
Dog Registration/Road inspection Fees	333	315
Kimbriki Waste & Recycling Centre	7,676	7,626
Other	616	801
	22,007	21,602
Total User Charges & Fees	22,523	21,963
INVESTMENT REVENUES		
Interest on overdue rates & charges	166	193
Interest on investments attributable to		
Section 94 Contributions	1,271	984
Other External Restrictions	14	11
Other Investments	782	118
Distribution from Managed Funds	1,158	1,111
Gross Investment Revenues	3,391	2,417
Total Investment Revenues	3,391	2,417
OTHER REVENUES		
Commissions & Agency Fees	4	(3)
Ex gratia payments in lieu of Rates	29	31
Fines	1,186	864
Insurance Claims	7	84
Legal Fees Recovery (Rates)	123	136
Recycling Income (Non domestic)	414	222
Sponsorship	25	46
Sullage Income	132	145
Mayoral Ball Income	44	50
Sales - General	263	278
Forfeited Deposit on the sale of land	-	33
Sale of Easements	120	-
Kimbriki Crusher Royalty	16	21
Adjust interest in associated entities	-	-
Other	211	196
Total Other Revenues	2,574	2,103

Financial Statements

Note 4 - REVENUES FROM ORDINARY ACTIVITIES (cont)

	OPERATING		CAPITAL	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
GRANTS				
General Purpose (Untied)				
Financial Assistance	2,995	2,805	-	-
Pensioner Rates Subsidies (General)	739	755	-	-
Specific Purpose				
Pensioner Rates Subsidies				
Domestic Waste Management	258	254	-	-
Community Centres	535	260	-	-
Roads & Bridges	418	557	20	168
Coasts & Estuaries	454	705	-	6
Heritage & Cultural Services	282	251	300	-
Community Care Services	735	695	-	-
Total Grants & Subsidies	6,416	6,282	320	174
CONTRIBUTIONS & DONATIONS				
Developer Contributions				
Subdivider Dedications		-	-	238
Traffic Facilities		-	462	464
Parking		-	-	416
Open Space		-	3,677	4,646
Community Facilities		-	759	681
Perentie and Dawson Road Release		-	1,389	306
Other		-	292	583
RTA Contributions	619	682	-	-
Other Councils - SHOROC	209	154	-	-
Coasts & Estuaries	113	160	-	-
Community Centres	31	55	-	-
Duffy's Forest Concurrence	-	146	-	-
Urban Housing	105	-	-	-
Other	71	43	-	-
Total Contributions & Donations	1,148	1,240	6,579	7,334
TOTAL GRANTS & CONTRIBUTIONS	7,564	7,522	6,899	7,508

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

Note 5 - GAIN OR LOSS ON DISPOSAL OF ASSETS

	2003 \$'000	2002 \$'000
DISPOSAL OF PROPERTY		
Proceeds from disposal	52	12,752
Less: Carrying amount of assets sold	-	4,060
Gain (Loss) on disposal	52	8,692
DISPOSAL OF LEASED EQUIPMENT		
Less: Carrying amount of assets sold	611	-
Gain (Loss) on disposal	(611)	-
DISPOSAL OF PLANT & EQUIPMENT		
Proceeds from disposal	1,837	2,605
Less: Carrying amount of assets sold	1,464	2,747
Gain (Loss) on disposal	373	(142)
TOTAL GAIN (LOSS) ON DISPOSAL OF ASSETS	(186)	8,550

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

Note 6 - CASH ASSETS & INVESTMENT SECURITIES

	2003 \$'000		2002 \$'000	
	Current	Non-Current	Current	Non-Current
CASH ASSETS				
Cash on Hand and at Bank	202		28	
Deposits at Call	6,146		7,181	
Managed Funds	25,330	26,561	12,044	26,464
Short Term Money Market-at -call	8,631		9,227	
Total Cash Assets	40,309	26,561	28,480	26,464
Total Investment Securities	-	-	-	-
TOTAL CASH ASSETS & INVESTMENT SECURITIES	40,309	26,561	28,480	26,464

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

The permitted forms of investment in financial instruments of the Council are defined in an order made by the Minister of Local Government on 16 November 2000, and may broadly be described as "Trustee Securities". Accordingly, credit risk is considered to be insignificant. Deposits and Bills are with, or have been accepted by, banks and credit unions and bear various rates of interest between 4.48% and 4.83% (2002 - 4.39% 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 rates of return between 4.22% and 6.02% (2002 - 4.42% and 5.05%).

RESTRICTED CASH ASSETS & INVESTMENT SECURITIES

	2003 \$'000		2002 \$'000	
	Current	Non-Current	Current	Non-Current
EXTERNAL RESTRICTIONS				
Included in liabilities				
Domestic Waste Management	835		620	
Environmental Stormwater Levy	171		17	
Sportsfield Rectification Levy	-		34	
	1,006	-	671	-
Other				
Developer Contributions	17	2,721	476	24,785
RTA Advances		23	23	
Unexpended Grants	14	1,336	1,026	
Sportsfield Levy		1,425	607	551
Environmental Stormwater Management		246	833	
Duffy's Forest Concurrence		-	184	
Domestic Waste Management		886	55	944
Subdivisions		37	36	
	6,674	26,561	3,056	26,464
Total External Restrictions	7,680	26,561	3,727	26,464
Total Internal Restrictions	24,406	-	20,151	-
TOTAL UNRESTRICTED	8,223	-	4,602	-
TOTAL CASH ASSETS & INVESTMENT SECURITIES	40,309	26,561	28,480	26,464

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

	Notes	Opening	Movements		Closing	Proposed Utilisation of Restriction		
		Balance 30	Transfers To	Transfers From	Balance 30	Less than 1	Between 1 and	Greater than 5
		June 2002	Restriction	Restriction	June 2003	Year	5 years	years
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
External Restrictions								
Developer Contributions	17	25,261	6,579	4,368	27,472	2,721	24,751	-
RTA Contributions		23	300	-	323	23	300	-
Unexpended Grants		1,026	489	179	1,336	1,336	-	-
Sportsfield Levy		1,192	878	124	1,946	1,425	521	-
Environmental Stormwater Management		850	3,028	2,620	1,258	246	841	171
Duffy's Forest Concurrence		184	-	36	148	-	148	
Domestic Waste Management		1,619	243	141	1,721	886	835	
Subdivisions		36	1	-	37	37	-	
Total External Restrictions		30,191	11,518	7,468	34,241	6,674	26,413	1,154

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.

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Note 6 - CASH ASSETS & INVESTMENT SECURITIES (cont)

	Opening	Movements		Closing	Proposed Utilisation of Restriction		
	Balance 30	Transfers To	Transfers From	Balance 30	Less than 1	Between 1 and	Greater than 5
	Notes June 2002 \$'000	Restriction \$'000	Restriction \$'000	June 2003 \$'000	Year \$'000	5 years \$'000	years \$'000
Internal Restrictions							
Employee Leave Entitlements	1,082	239		1,321	1,321	-	-
Unexpended Loans	1,656		732	924	200	724	-
Deposits & Bonds	1,126	-	112	1,014	816	198	-
Insurance Reserve	300	681	981	849	132	-	-
Loan Repayment		671		671			671
Other							-
Light vehicle replacement	200	87	120	167	167		-
Truck & Plant Replacement	864	436	129	1,171	1,141	30	-
Narrabeen Lagoon Entrance Clearance	489	223	299	413		413	-
Brookvale Oval Redevelopment	84	203	239	48		48	-
Computer Reserve	691	236		927	110	817	-
Property Development	-	7,500	4,264	3,236	3,236		-
Kimbriki Waste & Recycling	6,612	-	161	6,451		6,451	-
Kimbriki - Unrestricted Cash	3,729	-	972	2,757		2,757	-
Kimbriki Property Reserve	-	1,748	1,709	39		39	-
Curl Curl & Community Centre	53	30		83		83	-
Tennis Courts	70	50		120		120	-
Beach Fee Parking	161	-	-	161		161	-
Sports Union Reserves Embellishment	242	135	142	235		235	-
Integration & Resources Program	83	5	6	82		82	-
Harbord Village Underground Power	148			148		148	-
Glen St Theatre	183		118	65		65	-
Community Centre	964	-	15	949		949	-
Carried Forward Reserve	407	623	407	623	623	-	-
Community Bus Reserve	-	42		42	42		-
Community Bus and Shelter Reserve	82	41	18	105	10	95	-
Community Development	328	150	-	478	478	-	-
Closed Roads Reserve	476	10	287	199	120	79	-
Freshwater Surf Life Saving Club	10			10		10	-
Human Resource System Reserve	10	-	10	-			-
Pollution Events and Spill Clean up	16			16		16	-
St David's Avenue Park Reserve	-	120		120		120	-
Allambie Heights Com Tennis Club	-	19		19		19	-
Tramshed Arts and Community Centre	-	19		19		19	-
Shoroc Reserve	-	23		23		23	-
Revenue Producing asset Reserve	-	606		606		606	-
Developer Contributions Other S 94	-	70		70		70	-
Affordable Housing Reserve	-	105		105		105	-
Glen St Theatre Maintenance	59	77	128	8	5	3	-
Wac Refurbishment	26		26	-			-
Total Internal Restrictions	20,151	14,149	9,894	24,406	9,118	14,617	671

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.

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

Note 7 – RECEIVABLES

	2003 \$'000		2002 \$'000	
	Current	Non-Current	Current	Non-Current
Rates & Annual Charges	1,820	207	1,748	214
Interest & Extra Charges	177	156	196	157
User Charges & Fees	630	-	1,260	-
Telecommunications Carrier S611 Charge	-	3,902	-	3,213
Sale of Property / Land	-	-	8,220	-
Sale of Motor Vehicle	242	-	167	-
Cash due for Finance lease	-	-	100	-
Interest on Investment	89	-	133	-
Kimbriki Fees and Charges Accrued Rev	1,038	-	1,261	-
GST owed to Council	308	-	121	-
Deferred Debtors	9	-	27	-
Government Grants & Subsidies	74	-	195	-
Kimbriki Fees and Charges recoverable f	124	-	150	-
Other	204	-	317	-
Total	4,715	4,265	13,895	3,584
Less: Provision for Doubtful Debts				
Rates & Annual Charges	40		35	
User Charges & Fees	72	3,819	170	3,150
	4,603	446	13,690	434

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% (2002: 11.00%). Although Council is not materially exposed to any individual ratepayer, credit risk exposure is concentrated within the Council boundaries in the State of New South Wales.

Other levels of Government

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

Other Receivables

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

RESTRICTED RECEIVABLES

EXTERNAL RESTRICTIONS

Environmental Stormwater Levy	140	-	104	
Sportsfield Rectification Levy	40	-	30	
Domestic Waste Management	437	49	407	50
Other				
Total External Restrictions	617	49	541	50
INTERNAL RESTRICTIONS				
Kingsway Sale of Land Restriction			6,970	
Unrestricted Receivables	3,986	397	6,179	384
Total Receivables	4,603	446	13,690	434

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

Note 8 - INVENTORIES & OTHER ASSETS

	2003 \$'000		2002 \$'000	
	Current	Non-Current	Current	Non-Current
INVENTORIES				
Stores & Materials	89	-	93	
Trading Stock	17		14	
Total Inventories	106	-	107	-
Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical inaccuracies during stores operations.				
OTHER ASSETS				
Prepayments	202		423	
Total Other Assets	202	-	423	-

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

Note 9 - PROPERTY, PLANT & EQUIPMENT

	2002		CARRYING AMOUNT MOVEMENTS DURING YEAR								2003			
	AT	2002	ACCUM	CARRYING	Asset	Council	Asset	Depreciation	Movements	Movements	AT	AT	ACCUM	CARRYING
	COST	FAIR VALUE	DEPN	AMOUNT	Purchases	Restructure	Disposals	\$'000	Cost	Depr	COST	FAIR VALUE	DEPN	AMOUNT
Plant & Equipment	10,542	-	5,580	4,962	3,127	-	(1,452)	(1,509)	-	-	10,887	-	5,759	5,128
Office Equipment	7,128	-	5,808	1,320	642	-	(12)	(533)	32	(32)	7,371	-	5,954	1,417
Furniture & Fittings	1,092	-	841	251	1,593	-	-	(133)	604	(41)	3,288	-	1,014	2,274
Leased Equipment	2,740	-	753	1,987	762	-	(611)	(392)	-	-	2,309	-	563	1,746
Land														
- Council owned (freehold)	291,294	-	-	291,294	5,935	-	-	-	-	-	297,229	-	-	297,229
- Council controlled	3,257,344	-	-	3,257,344	-	-	-	-	-	-	3,257,344	-	-	3,257,344
Land Improvements - depreciable	386	-	9	377	-	-	-	(3)	-	-	386	-	12	374
Buildings	115,720	-	51,712	64,008	3,589	-	-	(1,188)	(670)	59	118,639	-	52,841	65,798
Other Structures	15,073	-	805	14,268	660	-	-	(202)	87	(23)	15,820	-	1,030	14,790
Infrastructure														
- Roads, bridges, footpaths	319,232	-	82,338	236,894	524	-	-	(3,283)	-	-	319,756	-	85,621	234,135
- Bulk earthworks (non- deprec.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Stormwater drainage	326,452	-	147,170	179,282	611	-	-	(3,264)	2	-	327,065	-	150,434	176,631
Other Assets														
- Library Books	6,909	-	4,960	1,949	449	-	-	(917)	-	-	7,358	-	5,877	1,481
- Other	975	-	391	584	-	-	-	(204)	-	-	975	-	595	380
Glen Street Theatre	183	-	113	70	6	-	-	(30)	-	-	163	-	117	46
Sec 355 Committees	559	-	223	336	32	-	-	(29)	(55)	37	535	-	214	321
Totals	4,355,629	-	300,703	4,054,926	17,930	-	(2,075)	(11,687)	-	-	4,369,125	-	310,031	4,059,094

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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	5 to 10 years
Office Furniture	10 to 20 years
Vehicles & Road-making Equip	5 to 8 years
Other Plant & Equipment	5 to 15 years

Asset capitalisation thresholds include:

Office Furniture & Equipment	\$2,000
Other Plant & Equipment	\$2,000

Land - Council owned and Council controlled

Freehold land was valued by independent valuation in the reporting period ended 30 June 1995. Pursuant to Council's election, these amounts are disclosed at deemed cost. Land over which Council has control, but does not have title, was valued by Council officers at municipal site value during the reporting period ended 30 June 1995. Pursuant to Council's election, these amounts are disclosed at deemed cost. All land acquired after 1 July 1995 is recorded at cost. No capitalisation threshold is applied to the acquisition of land or interests in land.

Current valuation

Council Officers have valued all land at a municipal site value of \$320 per square meter as recommended by staff at the State Valuations Office during the reporting period ended 30 June 2003 which totals \$5,006 million. 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 to 100 years
Buildings - other construction	20 to 40 years

Asset capitalisation thresholds include:

New construction/extensions	\$10,000
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Current valuation

An independent valuation of major buildings (being individual buildings the loss of which would have a material effect on the operations of Council), as at 30 June 2003 was undertaken by Scott Fullerton Valuations Pty Ltd and totalled \$143,779,400. The valuation has been made in accordance with recognised valuation procedures as to fair and reasonable value, useful life and remaining life. Other buildings have been valued by Council officers using generally accepted industry costing references at current written down replacement cost as at 30 June 2003, and total \$1,620,000. These new valuations have not been brought to account as Council will continue to adopt the "cost" basis for recording this class of assets.

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 to 100 years
Park Structures - other construction	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years

Asset capitalisation thresholds include:

Park Furniture & Equipment	\$25,000
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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 - Structure	100 years
Bridges - Concrete	100 years
Bulk Earthworks	indefinite

Asset capitalisation thresholds include:

Road construction & reconstruction	\$25,000
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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.

Note 9 - PROPERTY, PLANT & EQUIPMENT (cont)

Major depreciation periods are:
 Drains 100 years
 Asset capitalisation thresholds include:
 Drains & Culverts \$5,000

All 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 to 15 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.

	2003	2002
	\$'000	\$'000
Land held for Kimbriki site (Note 9A)	2,871	1,163
Land held for childcare services	238	238
Total	\$ 3,109	\$ 1,401

Note 9A – Of the property assets held, Nos 8 and 8A Kimbriki Road, Ingleside have been partly funded by the Domestic Waste Management Reserve to the extent of 35.5%. These assets were acquired during the current reporting period. As at 30 June 2003, Council holds equity in three(3) properties at Kimbriki Rd, Ingleside for the purpose of site closure by agreement with Manly, Mosman and Pittwater Councils.

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

Note 10 – LIABILITIES

	2003 \$'000		2002 \$'000	
	Current	Non-Current	Current	Non-Current
PAYABLES				
Goods & Services	4,675	-	5,108	-
Payments received in advance	772	-	759	-
Kimbriki Accrued Expenses	1,041	-	932	-
FBT Accrual	48	-	64	-
Photocopier Lease charges	-	-	15	-
Interest on Loans	108	-	112	-
Interest on Bonds	5	-	57	-
Other trust funds	177	-	265	-
Due to other councils - Kimbriki dist.	427	-	413	-
Builders Long Service Levies	50	-	36	-
Glen Street accruals	48	-	46	-
Deposits, Retentions & Bonds	816	4,170	1,592	3,898
Other	18	-	677	-
Total Payables	8,185	4,170	10,076	3,898
BORROWINGS				
Bank Overdraft	-	-	126	-
Loans	740	10,887	753	11,603
Finance Lease Liability	721	734	687	637
Total Borrowings	1,461	11,621	1,566	12,240
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>				
PROVISIONS				
Annual Leave	1,842	592	1,731	537
On Costs	145	223	-	-
Sick Leave	184	586	126	616
Long Service Leave	257	4,469	760	3,988
Gratuities	15	84	24	53
Self Insurance Claims - W Comp	254	1,148	312	1,130
Public Liabilities & Prof. Indemnity	497	1,415	662	2,236
Statewide Mutual	98	390	89	972
Total Provisions	3,292	8,907	3,704	9,532
Movements in Provision - Insurance Losses				
Opening Balance		5,401		5,244
Add Additional amounts recognised				1,061
(Less) Payments		(816)		(1,226)
Add (Less) Remeasurement Adjustments		(783)		322
Closing Balance		3,802		5,401
LIABILITIES relating to RESTRICTED ASSETS				
Domestic Waste Management Payables	835	-	620	-
Environmental Stormwater Levy Payables	171	-	17	-
Sportsfield Rectification Levy Payables	-	34	-	-
Subtotal	1,006	-	671	-
Internal Restrictions				
Deposits, Retentions & Bonds	816	198	1,126	-
Employee Leave Entitlements	1,321	-	1,082	-
Self Insurance Claims	849	132	300	-
Loan Repayment Reserve	-	671	-	-
Subtotal	2,986	1,001	2,508	-
TOTAL	3,992	1,001	3,179	-

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

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:

	2003 \$'000	2002 \$'000
Total Cash Assets (Note 6)	66,870	54,944
Less: Bank Overdraft (Note 10)	-	(126)
Balances per Statement of Cash Flows	66,870	54,818

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

Change in Net Assets resulting from Operations	10,912	16,955
Minority Interest in Operating Result	1,124	1,442
Add: Depreciation and Amortisation	11,687	11,331
Increase in provision for doubtful debts	576	585
Increase in employee benefits	562	488
Increase in other provisions	-	157
Decrease in receivables	236	25
Decrease in inventories	1	-
Decrease in other current assets	221	-
Increase in payables	-	618
Increase in accrued expenses payable	-	43
Increase in other current liabilities	-	637
Loss on Sale of Assets	186	-
Equity share of loss in Associates	334	385
	5,839	32,666
Less: Decrease in provision for doubtful debts	-	-
Decrease in other provisions	1,599	-
Increase in receivables	-	2,208
Increase in other current assets	-	235
Decrease in payables	433	-
Decrease in other current liabilities	921	-
Gain on Sale of Assets	-	8,550
Gain on Council restructure	-	238
Net Cash provided by (or used in) operations	22,886	21,435

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:		
- Developer Contributions received in kind	-	238
- Finance Leases	-	-
- Land taken over for non-payment of Rates	-	-
	-	238

(d) Financing Arrangements

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

Bank Overdrafts		
Total Facilities	500	500
Corporate Credit Cards	85	85
	585	585
Bank Guarantee for possible Worker Compensation Claims	2000	2928
Bank Guarantee for possible Professional Indemnity and Public Liability claims	3187	3443

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.

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

Note 12 - COMMITMENTS FOR EXPENDITURE

	2003 \$'000	2002 \$'000
--	----------------	----------------

(a) Capital Commitments

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Buildings	356	2,906
	356	2,906

These expenditures are payable:

Not later than one year	356	2,906
	356	2,906

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

(b) Other Expenditure Commitments

Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

Audit Services	200	240
Waste Management Services	9,020	20,720
Purchase of land at Terrey Hills from Telstra	-	410
Cleaning of Council buildings	320	480
Contribution to Rural Fire Service	1,886	1,885
Contribution to SES	195	175
	11,621	23,910

These expenditures are payable:

Not later than one year	9,636	11,112
Later than one year and not later than 5 years	1,985	12,758
Later than 5 years 40		
	11,621	23,910

** Agreements to fund 50% of the Rural Fire Service and SES exists without a sunset clause. We have included our commitment for the next five years only. Commitments for other Expenditures relating to Joint Ventures and Partnerships are set out in Note 19.*

(c) Finance Lease Commitments

Commitments under finance leases at the reporting date are as follows:

Not later than one year	829	770
Later than one year and not later than 5 years	792	683
Later than 5 years		
Minimum lease payments	1,621	1,453
Less: future finance charges	(166)	(129)
Net Lease Liability	1,455	1,324
Representing lease liabilities:		
Current	721	687
Non-Current	734	637
	1,455	1,324

No Joint Ventures or Partnerships have any finance lease arrangements.

(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:

Total Future Minimum Lease Payments		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	-

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

In relation to operating lease commitments Non- Cancellable comparatives have been left at zero as they were shown incorrectly in 2002.

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

Note 13 - STATEMENT OF PERFORMANCE MEASUREMENT

	Amounts	2003 Indicators	2002	2001	2000
Current Ratio					
Current Assets	\$45,220	3.5:1	2.78:1	2.1:1	1.45:1
Current Liabilities	\$12,938				
Unrestricted Current Ratio					
Unrestricted Current Assets*	\$36,923	3.09:1	2.62:1	1.65:1	1.25:1
Current Liabilities not relating to Restricted Assets * as defined in the Code	\$11,932				
Debt Service Ratio					
Net Debt Service Cost	\$2,220	2.52%	2.25%	3.54%	2.70%
Operating Revenue * as defined in the Code	\$88,183				
Rate & Annual Charges Coverage Ratio					
Rates & Annual Charges Revenues	\$55,961	56.58%	51.46%	57.49%	55.05%
Total Revenues	\$98,912				
Rates, Annual, Interest and Extra Charges Outstanding Percentage (Refer Note 13A)					
Rates, Annual, Interest and Extra Charges Outstanding	\$2,320	3.97%	4.09%	4.44%	5.97%
Rates, Annual, Interest and Extra Charges Collectible	\$58,487				
Rates, Annual, Interest & Extra Charges Outstanding Percentage (Excluding Pensioners)					
Rates, Annual, Interest & Extra Charges Outstanding	\$1,697	2.90%	3.01%		
Rates, Annual, Interest & Extra Charges Collectible	\$58,487				

Note 13A. It is Council's policy not to pursue pensioners. This calculation is used to demonstrate to users the effect of not actively pursuing outstanding amounts from pensioners.

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

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:

	2003 \$'000		2002 \$'000	
	Grants	Contrib	Grants	Contrib
Unexpended at the close of the previous reporting period	1,026	25,499	756	17,908
Less: expended during the current period from revenues recognized in previous reporting periods				
Section 94/64 Developer Contributions	0	5,639	299	725
Roads Infrastructure	10			
Heritage & Cultural Services	82			
Community Care Services	63			
Other	334			
Subtotal	489	5,639	299	725
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions			0	0
Section 94/64 Developer Contributions	0	7,850	569	8,316
Heritage & Cultural Services	14			
Community Care Services	600			
Other	185			
Subtotal	799	7,850	569	8,316
Unexpended at the close of this reporting period and held as restricted assets	1,336	27,710*	1,026	25,499
Net increase (decrease) in restricted assets in the current reporting period.	310	2,211	270	7,591
*Contribution included \$ 238,000 of land.				

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

Note 15 - FINANCIAL INSTRUMENTS

Interest Rate Risk Exposures

2003	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		
Financial Assets						
Cash Assets	60,684	6,186			-	66,870
Receivables						
Rates & Annual Charges		1,957	363			2,320
User Charges & Fees					1,679	1,679
Deferred Debtors		9	-			9
Other levels of Govt.					382	382
Other					659	659
Total	60,684	8,152	363	-	2,720	71,919
<i>Weighted Average Interest Rate</i>						
Financial Liabilities						
Payables						
Goods & Services					4,675	4,675
Payments in advance					772	772
Advances					427	427
Deposits, Retentions, Bonds		1,043	4,170		-	5,213
Other					1,268	1,268
Interest Bearing Liabilities	-	740	5,556	5,331	-	11,627
Finance Lease Liabilities		721	734		-	1,455
Total	-	2,504	10,460	5,331	7,142	25,437
<i>Weighted Average Interest Rate</i>						
2002						
Financial Assets						
Cash Assets	16,436	38,508			-	54,944
Receivables						
Rates & Annual Charges		1,909	371			2,280
User Charges & Fees					11,305	11,305
Deferred Debtors		27	-			27
Other levels of Govt.					195	195
Other					317	317
Total	16,436	40,444	371	-	11,817	69,068
<i>Weighted Average Interest Rate</i>						
Financial Liabilities						
Payables						
Goods & Services					5,108	5,108
Payments in advance					759	759
Advances					413	413
Deposits, Retentions, Bonds		1,592	3,898		-	5,490
Other					2,204	2,204
Interest Bearing Liabilities	126	753	4,678	6,925	-	12,482
Finance Lease Liabilities			687	637	-	1,324
Total	126	3,032	9,213	6,925	8,484	27,780
<i>Weighted Average Interest Rate</i>						

Credit Risk Exposures

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

Financial Statements

Note 15 - FINANCIAL INSTRUMENTS (Cont)

Reconciliation of Financial Assets & Liabilities

	2003 \$'000	2002 \$'000
Net financial assets from previous page		
Financial Assets	71,919	69,068
Financial Liabilities	25,437	27,780
	46,482	41,288
Non-financial assets and liabilities		
Accrued Revenues	0	0
Inventories	106	107
Property, Plant & Equipment	4,059,094	4,054,926
Interest in Associated Bodies	636	558
Other Assets	202	423
Accrued Expenses	0	0
Provisions	-12,199	-13,236
	4,047,839	4,042,778
Net Assets per Statement of Financial Position	4,094,321	4,084,066

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 16 - SIGNIFICANT VARIATIONS FROM ORIGINAL BUDGET

Council's original budget comprised part of the Management Plan adopted by Council on 18 June 2002. 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.

Further information of the nature and amount of all variations is available from the Council office upon request.

1. STATEMENT OF FINANCIAL PERFORMANCE

1.1 Employee Costs (F 416 K)

During the year Council employees are engaged in both maintenance and capital works, the proportions of which vary from year to year. Costs in relation to the capital works are excluded from the Operating Statement, and it is not Council's practice to make detailed calculations for this as part of its budgeting procedures. Accordingly, significant variations will often arise in this area.

Salaries & Wages (F 358 K),

Travelling Costs (F 9 K),

Leave Entitlements (F 267 K),

ELE on-costs (U 365 K),

Superannuation (U 50 K),

Workers Compensation (U 415 K*),

FBT Expenses (F 101 K),

Training Costs (F 98 K),

Other (F 34 K) and

Capitalisation of Employee Costs (F 379 K).

* The original budget for Workers Compensation Claims was incorporated under Other Expenses.

1.2 Materials & Contracts (U 4,105 K)

Council's budget is based on a "normal" mix of self-constructed and contract works. The process of calling and accepting tenders during the year can result in substantial changes in this mix, resulting in significant budget variations in this item.

Material Costs (F 192 K),

Equipment (U 79 K),

IT Costs (U 525 K),

Maintenance Costs (U 309 K),

External Service Providers (U 10,094 K*),

Internal Service Providers (F 39 K) and Capitalisation of Material Costs and Capitalisation of Other Costs (F 6,671 K).

* The original budget for items included under Materials and Contracts incorporated \$5,348 K under Other Expenses.

1.3 Interest Charges (U 164 K)

Overdraft Interest (F 2 K),

Loan Interest (U 84 K)

Note 16 - SIGNIFICANT VARIATIONS FROM ORIGINAL BUDGET (cont)

Deposit Interest (F 7 K)
and Finance Lease Interest (U 89 K).

1.4 Depreciation & Amortisation (U 647 K)

1.5 Other Operating Expenses (F 6,582 K)

Consultants (U 1,361 K*),
Professional Services (U 1,058 K),
Bad & Doubtful Debt Expense (F 67 K),
Councillors Expenses (F 1 K),
Lease Rental Expenses (F 940 K),
Insurance Costs (F 2,057 K),
Utility Costs (F 333 K),
Communication Costs (F 122 K) and
Other Expenses (F 5,481 K**).

* The original budget for consultants was incorporated under Materials and Contracts.

** The actual charges for many of the Other Expenses are shown under Materials and Contracts – some \$4,593 K of original budget is shown here contributing to this favourable variance.

1.6 Loss on Disposal of Assets (U 186 K)

1.7 Rates & Annual Charges (F 1,276 K)

Rates Income (F 985 K) and
Annual Charges (F 291 K).

1.8 User Charges & Fees (F 4,581 K)

Variations arose from changes in the level of economic activity, reflected in development and building application fees, and changes in the amounts of works undertaken.

Parking Charges (F 30 K),
Development Fees (F 587 K),
Other Regulatory Charges (F 341 K),
Property Charges (F 694 K*),
Hire Fees (F 304 K),
Library Fees (F 3 K),
Waste Fees (F 1,248 K) and
Other Discretionary Fees (F 1,374 K**).

* The original budget for Property Charges was incorporated under Other Operating Revenues.

**Other Discretionary Fees (F 1,374 K) includes \$1,210 K of favourable variance relating to Service Fee income.

1.9 Interest Received (F 1,713 K)

Interest receipts have been affected by the level of collection of rates debtors, and changes in interest rates available on the short term money market.

Investment Interest (F 1,694 K),
Interest on Charges Outstanding (F 17 K) and
Other Interest (F 2 K).

1.10 Grants & Contributions Received – Operating & Capital (F 3,723 K)

In many instances, the actual amount of grants received depends on decisions made by State and Federal governments after the original Budget was adopted. Significant variations were experienced in relation to developer contributions as a result of changes in the level of economic activity, and changes in the amounts of contributions received from the Roads & Traffic Authority towards construction and maintenance of regional classified roads.

Operational Contributions (U 21 K),
Capital Contributions (F 3,450 K),
Operational Grants (F 103 K) and
Capital Grants (F 191 K).

1.11 Other Operating Revenues (F 74 K)

Fines (F 211 K),
Legal Fees Recovered (F 38 K),
Property Charges (U 769 K*)
Insurance Claims (F 7 K),
Sales (F 15 K),
Computer Services (F 20 K),
Other Income (F 552 K).

* The actual revenues for Property Charges are shown under User Charges and Fees.

1.12 Profit on Disposal of Assets (U 3 K)

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

Note 17 - STATEMENT OF CONTRIBUTION PLANS

SUMMARY OF CONTRIBUTIONS

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	EXPENDED IN ADVANCE \$'000	HELD AS RESTRICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Drainage								
Roads								
Traffic Facilities	847	463		50	82		1,278	344
Parking	3,446			167			3,613	353
Open Space	15,214	3,679		711	4,284		15,320	8,870
Community facilities	3,879	757		207	1,163		3,680	3,226
Other	1,205	1,680		110	65		2,930	(56)
Subtotal S94 under plans	24,591	6,579		1,245	5,594		26,821	12,737
Sec 94 not under plans	908			26	45		889	316
Total Contributions	25,499	6,579		1,271	5,639		27,710	13,053
Less land forfeited	238						238	
Cash balance of plan	25,261						27,472	

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

CONTRIBUTION PLAN - NOT UNDER PLAN

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	150			6			156	138
Roads								
Traffic Facilities	198			9	7		200	35
Parking	237			11			248	105
Child Care Reserve-Ausli	85			0	38		47	38
Total	670			26	45		651	316

CONTRIBUTION PLAN NO 1-Road & Traffic , Frenchs Forest Traffic Facilities	151	-	-	7	-	-	158	-
CONTRIBUTION PLAN NO 3-Car parking, Collaroy Parking	352	-	-	17	-	-	369	13
CONTRIBUTION PLAN NO 7- Red Hill oval, Red Hill Small Parks, French Forest Large Parks, French Forest small Parks, Open Space	72	-	-	3	65	-	10	437
CONTRIBUTION PLAN NO 8 - Beacon Hill Community Centre and Narrabeen Tramshed Community Facilities	14	-	-	1	-	-	15	559
CONTRIBUTION PLAN PART A- Embellishment of open space Open Space	81	(4)	-	4	-	-	81	126
CONTRIBUTION PLAN PART B- Acquisition of open space - Brookvale, Collaroy/Narrabeen, Other Open Space	8,649	120	-	311	3,856	-	5,224	4,211

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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					
CONTRIBUTION PLAN PART C- Embellishment of open space - Brookvale, Collaroy/Narrabeen, Other Open Space	310	5	-	14	33	-	296	87
CONTRIBUTION PLAN PART D- Open space Specific Facilities - Frenchs Forest Large Parks, Red Hill Large Parks, Open Space	8	-	-	-	8	-	-	29
CONTRIBUTION PLAN PART E- Warringah Mall Library Community Facilities	3	-	-	-	3	-	-	258
CONTRIBUTION PLAN PART F- Child Care Centres Community Facilities	634	(6)	-	31	-	-	659	328
CONTRIBUTION PLAN PART G- Community Centres Community Facilities	942	1	-	46	-	-	989	104
CONTRIBUTION PLAN PART H- Roads & Traffic Management in Frenchs Forest Traffic Facilities	56	-	-	3	10	-	49	13
CONTRIBUTION PLAN PART I- Roads & Traffic Management in Warringah Traffic Facilities	260	(1)	-	12	-	-	271	259
CONTRIBUTION PLAN PART J- Car Parking Dee Why Parking	762	-	-	37	-	-	799	16
CONTRIBUTION PLAN PART K- Car Parking Brookvale Parking	199	-	-	10	-	-	209	7
Administration and Planning studies	227	-	-	-	(5)	-	232	(232)
Old Plan CONTRIBUTION PLAN E1- Open Space Linkages & Cycleway	12	14	-	1	-	-	27	-
CONTRIBUTION PLAN E2 Children's Services	1,616	2	-	77	1,073	-	622	1,425
CONTRIBUTION PLAN E3 Library Services	205	242	-	16	87	-	376	87
CONTRIBUTION PLAN E4 Sports Field Embellishment	214	251	-	17	-	-	482	465
CONTRIBUTION PLAN E4 Open Space Field Embellishment	29	38	-	1	20	-	48	20
CONTRIBUTION PLAN E5 Community Centres	251	267	-	19	-	-	537	-
CONTRIBUTION PLAN E6 Open Space Medium Density Areas	3,433	2,740	-	236	239	-	6,170	3,883
CONTRIBUTION PLAN E7								

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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					
Open Space Dee Why	2,620	766	-	141	63	-	3,464	77
CONTRIBUTION PLAN E8 Roads and Traffic Management	380	464	-	28	72	-	800	72
CONTRIBUTION PLAN E9 Perentie and Dawes Rd Release area	763	1,389	-	94	-	-	2,246	44
CONTRIBUTION PLAN E10 Car Parking Dee Why	1,928	-	-	93	-	-	2,021	317
CONTRIBUTION PLAN E11 Car Parking Brookvale	205	-	-	10	-	-	215	-
CONTRIBUTION PLAN E12 Administration and Planning studies	215	291	-	16	70	-	452	132
	24,591	6,579	-	1,245	5,594	-	26,821	12,737

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

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.

LEGAL EXPENSES

Council is the planning consent authority for its area under the Environmental Planning & Assessment Act (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal to the Land & Environment Court. It is the Court's normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 22 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

In addition, a work practice claim has been submitted to Council and any liability is yet to be determined.

RURAL FIRE FIGHTING ASSETS

Warringah Pittwater Rural Bushfire Service has title to, and is the registered owner of, 25 rural fire appliances and associated rural fire fighting equipment. These assets are under the control of the Rural Fire Services to enable that Department to provide the bushfire protection defences set out in their Service Level Agreement with Council, and accordingly have not been recognised in these reports.

In accordance with normal Rural Fire Service funding arrangements, Council continues to contribute to the costs of maintenance of this equipment.

CAPITAL EXPENDITURE

In addition to those capital commitments disclosed on Note 12 to these statements, the warringah PLAN 2003-2006 adopted by Council on 24 June 2003 provides for additional capital expenditure. The significant items, but at reporting date not committed are:

Frank Grey Reserve, Curl Curl budgeted at \$1,495,000.

(Source of funding is from Sportsfield Rectification Levy and contributions)

Dee Why Town Centre budgeted at \$1,100,000

(Source of funding is from Section 94 Contributions).

Addiscombe Road Reserve, Manly Vale budgeted at \$600,000

(Source of funding is from Section 94 Contributions).

Stormwater Augmentation Works budgeted at \$510,000

(Source of funding is from Environmental Levy).

REVIEW OF LAND RESERVED FOR OPEN SPACE

Council has a potential liability for purchase of land with open space reservations for a value of \$4.036 million as per Valuer Generals last review.

STATEWIDE MUTUAL

Council is a member of Statewide Mutual, an organisation formed for the purchase and management of certain insurances on behalf of its members. Council is liable to contribute its proportionate share of any shortfall arising through the scheme.

Statewide Mutual's Directors report that the scheme has accumulated losses in relation to prior years, but that they are confident of recouping these in future years trading. They also report, however, that it is impossible to predict the long term consequences of certain proposed amendments to the law relating to public liability and professional negligence.

Council's share of these losses amounting to \$395,350 (2002: \$540,038) has been recognised as a liability. This amount includes losses arising from the failure of the HIH Insurance group of companies of \$92,638 (2002: \$520,798).

The NSW and Commonwealth Governments have announced various proposals for reimbursement to Councils of a portion of losses arising from HIH. As the details of any such reimbursement have yet to be agreed between those governments, the amount of such reimbursement, if any, is unknown and the contingent asset has not been recognised in these Statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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for the year ended 30th June 2003

Note 19 - JOINT VENTURES & ASSOCIATED ENTITIES

Council participates in a number of cooperative arrangements with other Councils and other bodies. Depending on the extent of Council's interest and "control", these are set out in the following parts to this Note.

Note 19 (a) - Council's interest and "control" exceeds 50% of the cooperative organisation.

Note 19 (b) - Entities of which no one member has "control".

Note 19 (c) - Entities of which another member has "control".

Note 19 (d) - Joint venture operations not comprising an entity.

Note 19 (e) - Joint ventures not recognised.

KIMBRIKI RECYCLING & WASTE DISPOSAL CENTRE

	2003	2002
Council's respective interests are:		
- interest in outputs of the joint operation	53.42%	51.66%
- ownership interest in the joint operation	55.01%	55.91%
- the proportion of voting power in the joint operation		% %
Movements in Investment in Joint Operation	\$'000	\$'000
Opening Balance	4,984	3,955
Share in Operating Result	1,071	1,298
Ownership Increment Between 01/02 and 02/03	53	144
Distributions Received	(1,781)	(413)
Share In Equity of Joint Operation	4,327	4,984

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

Expenditure Commitments

Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

Capital Expenditures payable

Not later than one year

Later than one year and not later than five years

Later than five years

0

0

Operating Expenditures payable

Not later than one year

Later than one year and not later than five years

Later than five years

3,273

2,280

1,118

810

4,391

3,090

Contingent Liabilities

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

- arising from Council's share of the joint operation

- arising from joint and several liability of all members

WARRINGAH PITWATER RURAL FIRE SERVICE

	2003	2002
Council's respective interests are:		
- interest in outputs of the joint operation	50%	50%
- ownership interest in the joint operation	50%	50%
- the proportion of voting power in the joint operation	50%	50%
Movements in Investment in Joint Operation	\$'000	\$'000
Opening Balance	558	531
Amount recognised on adoption of AAS19		
New Capital Contributions	412	412
Share in Operating Result	-334	-385
Distributions Received		
Adjustment to Equity Share		
Share In Equity of Joint Operation	636	558

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

Expenditure Commitments

Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

Note 19 - JOINT VENTURES & ASSOCIATED ENTITIES (cont)

Financial Statements

Capital Expenditures payable

Not later than one year
 Later than one year and not later than five years
 Later than five years

0 0

Operating Expenditures payable

Not later than one year
 Later than one year and not later than five years
 Later than five years

0 0

Contingent Liabilities

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

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

Revenues, expenses, assets and liabilities of these operations included within these reports in accordance with Australian Accounting Standard AAS 19 "Accounting for Interests in Joint Ventures" are summarised below.

Reporting periods and accounting policies adopted by both joint operations conform to those adopted by Council. No events have occurred after balance date the financial effects of which may materially affect the financial or operating performance of the joint operations for the next reporting period.

	2003	2002
	\$'000	\$'000
Operating Statement		
Share of joint venture revenues in operating revenues	702	617
Share of joint venture costs in operating expenses	625	590
Net Contribution	77	27
Statement of Financial Position		
Current Assets	142	71
Non-Current Assets	496	487
Share of Assets employed in Joint Ventures	638	558
Current Liabilities	2	
Non-Current Liabilities		
Share of Liabilities incurred in Joint Ventures	2	0
NET INTEREST IN JOINT VENTURES	636	558



SPENCER STEER
CHARTERED ACCOUNTANTS

22 August 2003

The Administrator
Mr Dick Persson
Warringah Council
Pittwater Road
DEE WHY NSW 2099

Dear Sir,

Audit Report - Year Ended 30 June 2003

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2003 and that all information required by us was readily available. We have signed and attached our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to;

- The General Purpose Financial Report; and
- The Special Purpose Financial Report.

Our audit has been conducted in accordance with Australian Auditing Standards so as to express an opinion on both the General and Special Purpose Financial Reports of the Council. We have ensured that the accounts have been prepared in accordance with Australian Accounting Standard AAS27 and the Local Government Code of Accounting Practice and Financial Reporting.

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

1. RESULTS FOR THE YEAR

1.1 Operating Result

The Statement of Financial Performance discloses an increase in net assets, as a result of operations for the year of \$10.912 million as compared with \$16.955 million in the 2001/2002 financial year.

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

	2003	% of	2002	% of	Increase
	\$000	Total	\$000	Total	(Decrease)
					\$000
Ordinary Expenses					
Employees Costs	31,917	37%	30,978	37%	939
Depreciation	11,687	13%	11,331	13%	356
Other	43,272	50%	42,433	50%	839
	86,876	100%	84,742	100%	2,134
Ordinary Revenues before Capital					
Rates & Annual Charges	55,961	61%	53,076	56%	2,885
Grants & Contributions	7,564	8%	7,522	8%	42
Other	28,488	31%	26,483	28%	2,005
Gain on Sale of Assets	-	0%	8,550	9%	(8,550)
	92,013	100%	95,631	100%	(3,618)
Surplus(Deficit) from Ordinary					
Activities before Capital items	\$ 5,137		\$ 10,889		\$ (5,752)
Capital Revenues	6,899		7,508		(609)
Surplus(Deficit) from Ordinary					
Activities after Capital items	\$ 12,036		\$ 18,397		\$ (6,361)
Attributable to Minority Interests	(1,124)		(1,442)		318
Surplus(Deficit) from all Activities	\$ 10,912		\$ 16,955		\$ (6,043)

The profit from the sale of properties during 2001/2002 of \$8.692 million represents the main variation in the operating result over the previous year. Rates and annual charges increased by \$2.885 million or 5.4% and were offset by increased operating expenses of \$2.134 million or 2.5%. Other notable fluctuations from the previous year consist of;

- Council's exposure to the accumulated deficit of Statewide Mutual decreased by \$573,000.
- Employee leave liability on costs were recognized for the first time and amounted to \$368,000 as a result of accounting standards pertaining to employees leave entitlements.
- Interest on investments increased by \$947,000.

1.2 Funding Result

The Operating Surplus of \$10.912 million does not take into account the effect of capital revenues and expenditures that formed part of Council's annual budget.



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

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

	2003	2002
	\$000	\$000
Funds were provided by:-		
Operating Result (as above)	10,912	16,955
Add back non funding items:-		
- Depreciation	11,687	11,331
- Book Value of Assets Sold	2,075	6,807
- (Surplus)Deficit in Joint Ventures	334	385
	<u>25,008</u>	<u>35,478</u>
New Loan Borrowings	0	1,260
Finance Leases	804	700
Net Transfers from Externally Restricted Assets	0	3,743
Net Transfers from Internal Reserves	2,405	0
Repayments from Deferred Debtors	18	18
Increase in Minority Interests	0	1,029
	<u>28,235</u>	<u>42,228</u>
Funds were applied to:-		
Purchase and Construction of Assets	(17,930)	(14,769)
Principal repaid on Loans	(729)	(518)
Finance Lease Repayments	(673)	(650)
Net Transfers to Externally Restricted Assets	(3,694)	0
Net Transfers to Internal Reserves	0	(12,226)
Capital Contributions to Joint Ventures	(412)	(412)
Decrease in Minority Interests	(657)	0
Net Movements between Current/Non Current Asset & Liabilities	(883)	(11,756)
	<u>(24,978)</u>	<u>(40,331)</u>
Increase(Decrease) in Available Working Capital for the Year	<u>\$ 3,257</u>	<u>\$ 1,897</u>

2. FINANCIAL POSITION

2.1 Available Working Capital

Available Working Capital is a financial indicator, which adjusts Council's Net Current Asset position to take into account funds set aside for future works and commitments and for liabilities that are to be funded in the following year's budget. Available Working Capital

stood at \$6.437 million on 30 June 2003, a significant improvement over the past 3 years when taking into account that Available Working Capital as at 30 June 1999 and 2000 were in deficit. The table below summarizes the levels of Available Working Capital over the last 5 years;

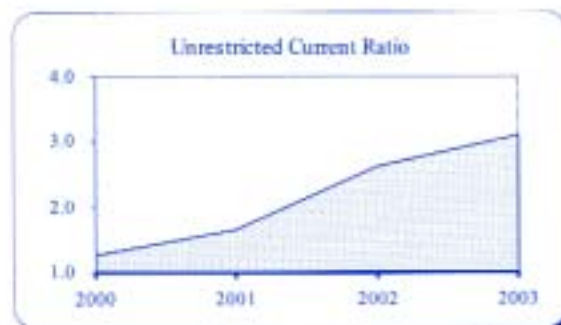
	2003	2002	2001	2000	1999
	\$000	\$000	\$000	\$000	\$000
Net Current Assets (as per the Accounts)	32,282	27,354	16,507	7,804	18,010
<i>Add(Less): Budgetted to Pay(Receive) in the next 12 months</i>					
- Borrowings	1,461	1,440	1,940	1,981	2,982
- Employees Leave Entitlements	2,443	2,641	2,534	3,290	1,203
- PL & PI Insurance	751	974	1,066	1,386	1,000
- Deferred Debtors	(9)	(27)	(45)	(90)	(112)
<i>Less: Externally Restricted Assets</i>	(7,291)	(3,597)	(7,340)	(3,979)	(15,252)
<i>Less: Internally Restricted Assets</i>	(23,590)	(25,995)	(13,769)	(11,648)	(13,781)
Available Working Capital as at 30 June	\$ 6,047	\$ 2,790	\$ 893	\$(1,256)	\$(5,950)



2.2 Current Ratio

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

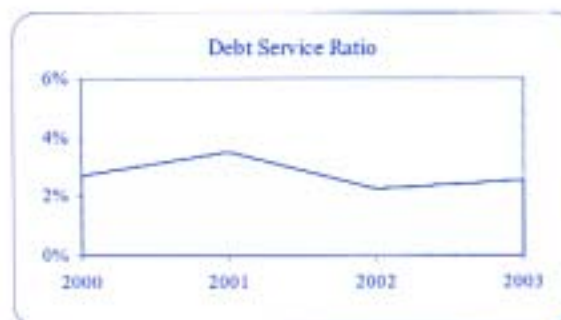
The Statement of Performance Measurement (Note 13) discloses current assets exceeding current liabilities by a factor of **3.50 to 1**. After allowing for externally restricted assets and specific purpose liabilities, this ratio referred to, as the **Unrestricted Current Ratio** was **3.09 to 1** and in fact represents the general funds of Council.



As can be seen above, the upward movement, since 30 June 2000, illustrates the improvement to the Available Working Capital position and demonstrates the achievement of the Council's "Road to Financial Recovery" strategies.

2.3 Debt Service Ratio

Operating revenue (excluding special purpose grants and contributions) required to service these repayments was 2.50% as compared to 2.25% in 2002.



2.4 Summary

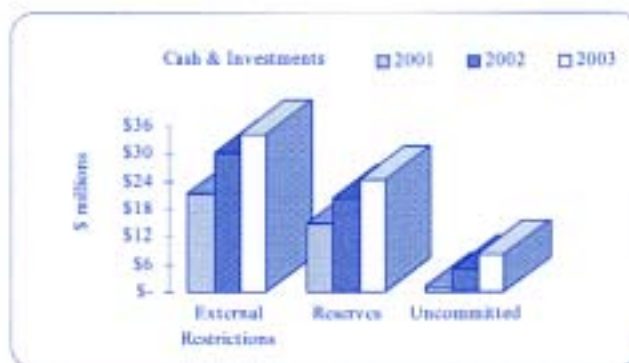
Council's overall financial position, after taking into consideration the above financial indicators, is in our opinion, sound.

3. CASH ASSETS

3.1 Cash & Investments

Cash and investments held at the close of the year amounted to \$66.870 million as compared with \$54.944 million and \$37.464 million at the close of financial years 2002 and 2001 respectively.

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



Externally restricted cash and investments are restricted in their use by externally imposed requirements and consist of unexpended development contributions under Section 94 (\$27.472 million), sportsfield rectification levies (\$1.946 million), environmental stormwater management levies (\$1.258 million), sundry specific purpose grants and contributions (\$1.844 million), and domestic waste management charges (\$1.721 million).

Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works and are, in fact, Council's "Reserves". These Reserves totalled \$24.406 million.

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

Unrestricted cash and investments amounted to \$8.223 million, which are available to provide liquidity for day to day operations and have contributed to Council's sound financial position.

3.2 Cash Flows

The Statement of Cash Flows illustrates the movement of cash flowing into and out of Council during the year (including GST paid and collected) and reveals that Council's cash assets increased by \$12.052 million from an opening balance of \$54.818 million.

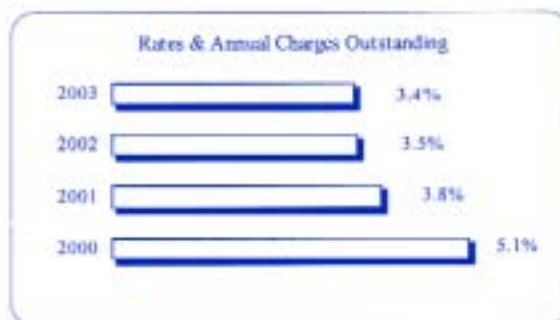
Operating activities contributed net cash of \$22.886 million and was supplemented by the receipt of assets sales (\$10.034 million) and finance lease funds (\$904,000). Cash outflows other than operating activities were used to repay loans and finance leases (\$1.402 million), to purchase and construct assets (\$18.195 million) and distributions and capital contributions to minority interests and joint ventures (\$2.193 million).

4. RECEIVABLES

4.1 Rates & Annual Charges

Net rates and annual charges levied during the year totalled \$55.961 million, and represented 56.58% of Council’s total revenues which is consistent with previous years, apart from the 2001/2002 financial year. The dependency on rates and annual charges in that year was 51.46% and was due to significant gains from the sale of Council owned properties.

The total rates and annual charges receivable (including arrears) was \$57.888 million. Arrears at the close of the year amounted to \$1.987 million representing 3.43% of those receivables.



4.2 Other Receivables

Receivables (other than Rates & Annual Charges) total \$6.953 million. A break up is provided in Note 7 to the financial statements.

The Provision for Doubtful Debts in respect of the above receivables stood at \$3.891 million and includes Section 611 charges in respect of telecommunication cables (\$3.819 million) which are in dispute.

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

5. PAYABLES

5.1 Self Insurance

Workers Compensation insurance claims have been actuarially assessed at \$1.402 million as compared with \$1.442 million at 30 June 2002. A bank guarantee is held to cover these claims as required by the Workcover Authority of NSW.

Public Liability & Professional Indemnity claims payable by Council (ie up to the excess layer) have been actuarially assessed at \$1.912 million as compared with \$2.898 million at 30 June 2002. A bank guarantee is held to cover these claims.



SPENCER STEER
CHARTERED ACCOUNTANTS

Public Liability & Professional Indemnity - Statewide Mutual - A provision of \$488,000 as compared with \$1.061 million at 30 June 2002 represents Council's exposure to the accumulated deficit of Statewide Mutual, a local government insurance pool to which Council is a member. The deficit is a result of Statewide Mutual's exposure to public liability claims, which may not be recovered as a consequence of the HHI collapse and past operational results of Statewide.

Cash Reserves - A Cash Reserve, in addition to bank guarantees covering potential "current" claims, amounted to \$981,000.

5.2 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$8.397 million (2002 - \$7.835 million).

Reserves should be held to enable Council to meet unbudgeted and unanticipated retirements. At the close of the year, \$1.321 million was held for this purpose, which represents 15.73% of Council's obligation to their employees and is, in our opinion, satisfactory.

6. CONCLUSION

We are aware that Council has been on the Department of Local Government's "Financial Monitoring" list for the past 3 years and will remain on the list until the Department conducts an analysis of the Council's 2002/2003 financial reports. The Council's financial position has improved significantly over the past 3 years and based on our comments within this report, we have concluded that Council's financial position as at 30 June 2003 was sound.

In conclusion, we wish to record our appreciation to your General Manager and his staff for their ready co-operation and the courtesies extended to us during the conduct of the audit and commend your staff for the early completion of the financial statements.

Yours faithfully,

SPENCER STEER
Chartered Accountants

N. MAH CHUT
Partner



SPENCER STEER
CHARTERED ACCOUNTANTS

WARRINGAH COUNCIL

GENERAL PURPOSE FINANCIAL REPORT

INDEPENDENT AUDITORS' REPORT

SCOPE

We have audited the *general purpose financial report* of Warringah Council for the year ended 30 June 2003, comprising the Statement by Council, Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to the Accounts. The financial statements include the consolidated accounts of the economic entity comprising the Council and the entities it controlled at the year's end or from time to time during the year. The Council is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Council. In respect of the original budget figures disclosed in the Statement of Financial Performance and Note 2(a), we have not examined the underlying basis of their preparation. Similarly, we have not examined the variations from the adopted budget disclosed in Note 16 and therefore express no opinion on them.

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

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

AUDIT OPINION

In our opinion,

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

SPENCER STEER
Chartered Accountants

N. MAH CHUT
Partner

Dated at Sydney this 22nd day of August 2003.

Special Purpose Financial Statements for the year ended 30 June 2003

SPECIAL PURPOSE FINANCIAL REPORTS

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WARRINGAH COUNCIL

SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2003

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

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

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

To the best of our knowledge and belief, these reports

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

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

Signed in accordance with a resolution of Council made on 19 August 2003



Dick Persson

ADMINISTRATOR



Stephen Blackadder

GENERAL MANAGER



Gary Mottau

RESPONSIBLE ACCOUNTING OFFICER

**STATEMENT OF FINANCIAL PERFORMANCE BY BUSINESS ACTIVITIES
for the year ended 30th June 2003**

BUSINESS ACTIVITIES

		Child Services '000		KIM '000		Reserves & Sportsfield '000		Glen St '000		WAC '000		Cons. Certification '000	
	Notes	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
EXPENSES FROM ORDINARY ACTIVITIES													
Employee Costs	A3	2,453	2,814	1,258	1,020	612	537	579	663	1,415	1,319	251	237
Materials & Contracts	A3	312	442	2,059	2,954	1,335	1,172	2,218	1,800	317	291	11	11
Borrowing Costs	A3	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortisation	A3	49	52	99	55	1	1	30	34	176	167	-	-
Other Operating Expenses	A3	1,424	1,276	3,679	2,650	892	-	147	133	451	396	347	358
Loss on Disposal of Assets	A5	-	-	-	11	-	-	-	-	-	-	-	-
NCP Imputation Payments	2	98	137	29	26	-	-	-	4	41	45	-	-
TOTAL		4,336	4,721	7,124	6,716	2,840	1,710	2,974	2,634	2,400	2,218	609	606
REVENUE FROM ORDINARY ACTIVITIES													
Rates & Annual Charges	A4	-	-	-	-	-	-	-	-	-	-	-	-
User Charges & Fees	A4	2,843	3,037	7,676	7,630	-	4	2,364	2,080	2,115	1,854	359	362
Interest Received	A4	-	-	520	455	-	-	14	12	-	-	-	-
Grants & Contributions - Operating	A4	900	785	346	43	-	-	450	350	26	293	-	-
Other Operating Revenues	A4	-	-	844	1,250	2,548	1,511	-	-	-	-	-	-
Gain on Disposal of Assets	A5	-	1	8	-	-	-	-	-	-	-	-	-
TOTAL		3,743	3,823	9,394	9,378	2,548	1,515	2,828	2,442	2,141	2,147	359	362
ORDINARY ACTIVITIES RESULT BEFORE CAPITAL AMOUNTS													
		(593)	(898)	2,270	2,662	(292)	(195)	(146)	(192)	(259)	(71)	(250)	(244)
Dividend Paid		-	-	3,985	855	-	-	-	-	-	-	-	-
Corporate Taxation Equivalent	2	-	-	681	799	-	-	-	-	-	-	-	-
SURPLUS (DEFICIT) FOR YEAR		(593)	(898)	(2,396)	1,008	(292)	(195)	(146)	(192)	(259)	(71)	(250)	(244)
Allocation Adjustment related to Property, Plant and Equipment		1,376	70	5,074	(2)	(53)	4	1,491	(2)	1,704	870	-	(5)
Add: Accumulated Profits brought forward		2,124	2,106	11,303	9,472	73	70	(68)	122	10,870	10,253	1	6
NCP Imputation Payments retained	1	98	137	4,695	1,680	-	-	-	4	41	45	-	-
Add: Council Contribution		446	709	-	-	291	194	-	-	42	(227)	250	244
Less: Dividends Paid	2	-	-	3,985	855	-	-	-	-	-	-	-	-
ACCUMULATED SURPLUS		3,451	2,124	14,691	11,303	19	73	1,277	(68)	12,398	10,870	1	1
RATE OF RETURN ON CAPITAL	2	NIL	NIL	39.07%	525.05%	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
NOTIONAL SUBSIDY FROM COUNCIL	2	802	1,025	NIL	NIL	293	199	223	188	1,010	722	250	244

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

STATEMENT OF FINANCIAL PERFORMANCE BY BUSINESS ACTIVITIES
for the year ended 30th June 2003

BUSINESS ACTIVITIES														
		Child Services '000		KIM '000		Reserves & Sportsfield '000		Glen St '000		WAC '000		Cons. Certification '000		
	Notes	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	
CURRENT ASSETS														
Cash Assets	A6			9,265	10,392			99	2		2			
Investment Securities	A6							63	181					
Receivables	A7			1,124	1,766				237	33	53			
Inventories	A8								8	9	6			
Other	A8								173					
TOTAL CURRENT ASSETS				10,389	12,158			162	601	42	61			
NON- CURRENT ASSETS														
Cash Assets	A6													
Investment Securities	A6													
Receivables	A7													
Inventories	A8							8						
Other	A8							175						
Property, Plant & Equipment	A9	3,451	2,124	5,810	507	19	73	1,536	69	12,356	10,809	1	1	
TOTAL NON- CURRENT ASSETS		3,451	2,124	5,810	507	19	73	1,719	69	12,356	10,809	1	1	
TOTAL ASSETS		3,451	2,124	16,199	12,665	19	73	1,881	670	12,398	10,870	1	1	
CURRENT LIABILITIES														
Payables	A10			1,508	1,362			439						
Interest bearing liabilities	A10													
Provisions	A10							4						
TOTAL CURRENT LIABILITIES				1,508	1,362			443						
NON- CURRENT LIABILITIES														
Payables	A10							161	549					
Interest bearing liabilities	A10								147					
Provisions	A10								42					
TOTAL NON CURRENT LIABILITIES								161	738					
TOTAL LIABILITIES				1,508	1,362			604	738					
NET ASSETS		\$	3,451	2,124	14,691	11,303	19	73	1,277	(68)	12,398	10,870	1	1
EQUITY														
Accumulated Surplus		3,451	2,124	14,691	11,303	19	73	1,277	(68)	12,398	10,870	1	1	
Asset Revaluation Reserve														
TOTAL EQUITY		\$	3,451	2,124	14,691	11,303	19	73	1,277	(68)	12,398	10,870	1	1
This Statement is to be read in conjunction with the attached Notes														

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL REPORTS

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

1. The Special Purpose Financial Reports

These financial statements are a Special Purpose Financial Report prepared for use by the Council and the Department of Local Government. They have been prepared to report the results of Business Units determined by Council in accordance with the requirements of National Competition Policy guidelines.

In preparing these reports, each Business Unit has been viewed as a separate unit, and accordingly transactions between different Business Units, and between Business Units and other Council operations, have not been eliminated.

2. Basis of Accounting

2.1 Compliance

The financial reports comply with the Local Government Code of Accounting Practice and Financial Reporting and the Local Government Asset Accounting Manual, and with the principles of the June 1996 NSW Government Policy Statement "Application of National Competition Policy to Local Government" and the Department of Local Government's July 1997 guidelines "Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality".

Except where directed to the contrary by the above documents, the financial report also complies with all applicable Australian Accounting Standards and professional pronouncements, and is based on information consistent with that forming the basis of Council's Annual Financial Statements for the year.

2.2 Basis

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

3. National Competition Policy

In accordance with the framework set out in the June 1996 NSW Government Policy Statement "Application of National Competition Policy to Local Government" and other guidelines and documentation in relation to this matter, Council has declared that the following are to be considered as Business Units:

Category 1

Childrens' Services – Child Care and Long Day Care Centres
Kimbriki Waste and Recycling Centre – Domestic and Commercial Waste Management
Reserves and Sportsfield Maintenance
Glen Street Theatre

Category 2

Warringah Aquatic Centre
The Const. Cert. Certification – Construction Certificate Certification activity of the Urban
Development Approvals Service (part of Council's Local Approval Service Unit)

The Department of Local Government's July 1997 guidelines "Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality" outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, council subsidies, rate of return on investments in Business Units and dividends paid.

3.1 Taxation Equivalent Payments

Council does not pay certain taxes and duties that are paid by equivalent private sector operations, but is liable for others. The Special Purpose Financial Reports disclose the effect of imputing these taxes to the declared Business Units at the several rates that would have applied to equivalent private sector operations.

Details of the rates of each tax or duty applicable to each different business unit are set out in Note 2. The narration "applies" indicates that the tax or duty has in fact been paid to the taxing authority by the Business Unit, and that these costs have been included in actual Operating Expenses, and the narration "various" indicates that Council has based the calculation of imputed tax on the differing rates of tax or duty applicable to different purchases.

3.2 Council Rates, Charges & Fees

Council rates have been imputed in relation to all non-rateable land, and applied in relation to all rateable land, owned or exclusively used by all Business Units. Annual and User Charges, and Regulatory and Other Fees, have been applied in relation to all services supplied to Business Units by Council or other Business Units.

3.3 Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that Council's Business Units face equivalent commercial borrowing costs to private sector competitors. In order to calculate the debt guarantee fees, Council has determined the average differential between actual and commercial borrowing rates for each Business Unit.

3.4 Corporate Taxation Equivalent

In accordance with the Code of Local Government Accounting Practice and Financial Reporting, income taxation has been calculated on the Operating Result before Capital Amounts disclosed in the Operating Statement of the Special Purpose Financial Reports. No allowance has been made for non-deductible items, timing differences or carried forward losses. Australian Accounting Standard AAS 3 "Accounting for Income Tax (Tax Effect Accounting)" has not been applied.

Special Purpose Financial Statements

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

3.5 Dividends Paid

In accordance with National Competition Policy guidelines, it is expected that Business Units will pay dividends to its owner, Council, equivalent to those paid by private sector competitors. In accordance with the Code of Local Government Accounting Practice and Financial Reporting, the rate of dividend paid has been expressed as a percentage of the Change in Net Assets Resulting from Operations after Taxation.

3.6 Return on Investments (Rate of Return)

The Policy statement states that Category 1 businesses "would be expected to generate a rate of return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field." In accordance with the Code of Accounting Practice, the rate of return on monopoly businesses such as water and sewerage services has been set at an amount sufficient to cover costs and replace assets needed to maintain services. For competitive markets, the rate of return has been set equal to or better than the return on Commonwealth 10 year bonds. In accordance with the Code of Accounting Practice, the rate of return has been calculated as the

Operating Result before Capital Amounts plus Interest Expense expressed as a percentage of the carrying value of Property, Plant & Equipment at the reporting date.

3.7 Notional Subsidy from Council

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis, or accepts a lower rate of return on its investment in the Business Unit than would be acceptable to a private sector competitor. In accordance with the Code of Accounting Practice, this amount has been calculated as the dollar difference between the required and actual rates of return.

4. Other Accounting Policies and Notes

Other accounting policies relating to the determination of revenues and expenses, and assets and liabilities, not specifically referred to above are reported in Note 1 to the Council's Annual Financial Statements, and should be read in conjunction with this Note. Note references in the Operating Statement of Business Activities and the Statement of Financial Position of Business Activities that are prefixed "A" refer to the Notes to the Annual Financial Statements.

5. Rounding

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



SPENCER STEER
CHARTERED ACCOUNTANTS

WARRINGAH COUNCIL
SPECIAL PURPOSE FINANCIAL REPORT
INDEPENDENT AUDITORS' REPORT

SCOPE

We have audited the *special purpose financial report* of Warringah Council for the year ended 30 June 2003, comprising the Statement by Council, Statement of Financial Performance of Business Activities, Statement of Financial Position of Business Activities, and accompanying Notes to the Accounts. The financial statements include the accounts of the declared business activities of the Council. The Council is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Council.

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

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

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

AUDIT OPINION

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

SPENCER STEER
Chartered Accountants

N. MAH CHUT
Partner

Dated at Sydney this 22nd day of August 2003

Special Purpose Financial Statements

SPECIAL SCHEDULE NO 1 - NET COST OF SERVICES for the year ended 30th June 2003

\$'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	1,420		162			1,258	
		1,420			162		1,258
ADMINISTRATION							
Corporate Support	28,822		12,029			16,793	
Engineering & Works	7,201		3,312			3,889	
Other Support Services	1,310		1,441	292		(423)	
		37,333			17,074		20,259
PUBLIC ORDER & SAFETY							
Statutory Contribution Fire Service Levy	379					379	
Fire Protection Other	1,139		1,347			(208)	
Animal Control						-	
Beach Control	517		5			512	
Enforcement of Local Govt Regulations	861		1,288			(427)	
Emergency Services	103		57			46	
Other						-	
		2,999			2,697		302
HEALTH							
Administration & Inspection	253		4			249	
Immunisations	86		98			(12)	
Food Control						-	
Insect/Vermin Control						-	
Noxious Plants						-	
Health Centres						-	
Other						-	
		339			102		237
COMMUNITY SERVICES & EDUCATION							
Administration	296		59			237	
Family Day Care	1,157		1,034			123	
Child Care	2,341		2,173			168	
Youth Services	60		61			(1)	
Other Families & Children	553		522			31	
Aged & Disabled	707		495			212	
Migrant Services						-	
Aboriginal Services						-	
Other Community Services	376		41			335	
Education						-	
		5,490			4,385		1,105
HOUSING & COMMUNITY AMENITIES							
Housing	1,330		858			472	
Town Planning	780		336			444	
Domestic Waste Management	704		1,252			(548)	
Other Waste Management	7,141		6,585	759		(203)	
Street Cleaning	581		6			575	
Other Sanitation & Garbage	3,310		3,498			(188)	
Urban Stormwater Drainage	668		4			664	
Environmental Protection	1,580		720			860	
Public Cemeteries						-	
Public Conveniences						-	
Other Community Amenities						-	
		16,094			14,018		2,076
WATER SUPPLIES							
		-			-		-
SEWERAGE SERVICES							
		-			-		-
RECREATION & CULTURE							
Public libraries	2,242		114	150		1,978	
Museums						-	
Art Galleries	176		20			156	
Community Centres	528		111	50		367	
Public Halls						-	
Other Cultural Services	745		24	100		621	
Swimming Pools	1,927		2,115			(188)	

Special Purpose Financial Statements

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

Sporting Grounds	526		-		526	
Parks & Gardens, Lakes	3,021		321		2,700	
Other Sport & Recreation	517		1		516	
		9,682			3,006	6,676
FUEL & ENERGY						
Gas Supplies					-	-
					-	-
MINING, MANUFACTURING & CONSTRUCTION						
Building Control	2,074		60		2,014	
Abattoirs					-	
Quarries & Pits					-	
Other					-	
		2,074			60	2,014
TRANSPORT & COMMUNICATION						
Urban Roads: Local	3,631		82	1,871	1,678	
Urban Roads: Regional					-	
Sealed Rural Roads: Local					-	
Sealed Rural Roads: Regional					-	
Unsealed Rural Roads: Local					-	
Unsealed Rural Roads: Regional					-	
Bridges - Urban Roads: Local	(20)		10		(30)	
Bridges - Urban Roads: Regional					-	
Bridges - Sealed Rural Roads: Local					-	
Bridges - Sealed Rural Roads: Regional					-	
Bridges - Unsealed Rural Roads: Local					-	
Bridges - Unsealed Rural Roads: Regional					-	
Footpaths	(72)				(72)	
Aerodromes					-	
Parking Areas					-	
Bus Shelters & Services	2				2	
Water Transport					-	
RTA Works State Roads					-	
Street Lighting	1,278		273		1,005	
Other					-	
		4,819			2,236	2,583
ECONOMIC AFFAIRS						
Camping Areas					-	
Caravan Parks					-	
Tourism & Area Promotion					-	
Industrial Development Promotion					-	
Saleyards & Markets					-	
Real Estate Development					-	
Commercial Nurseries					-	
Other Business Undertakings	6,626		5,630	3,677	(2,681)	
		6,626			9,307	(2,681)
TOTALS FUNCTIONS		86,876			53,047	33,829
General Purpose Revenues			46,199		46,199	
Joint Ventures/Associated Entities			(334)		(334)	
Correction of Fundamental Error					-	
					45,865	45,865
SURPLUS (DEFICIT) FROM ORDINARY ACTIVITIES BEFORE EXTRAORDINARY ITEMS						12,036
Extraordinary Items & Council Restructural						(1,124)
SURPLUS (DEFICIT) FROM ALL ACTIVITIES						10,912

SPECIAL SCHEDULE NO 2 (1)

STATEMENT OF LONG TERM DEBT (ALL PURPOSE) for the year ended 30th June 2003

\$'000

Classification of Debt	Principal Outstanding at beginning of year			New Loans Raised	Debt Redemption From Revenue		Tfrs to Sinking Funds	Interest applicable for year	Principal outstanding at end of year		Total
	Current	Non- Current	Total		Sinking Funds	Current			Non- Current		
LOANS (by source)											
Commonwealth Government		-									-
Treasury Corporation		-									-
Other State Government		-									-
Public Subscription		-									-
Financial Institutions	753	11,603	12,356	-	729		716	740	10,887		11,627
Other		-									
Total Loans	753	11,603	12,356	-	729	-	716	740	10,887	-	11,627
OTHER LONG TERM DEBT											
Ratepayers' Advances	-	-	-								
Government Advances	-	-	-								
Finance Leases	687	637	1,324	804	673		109	721	734		1,455
Deferred Payment	-	-	-								
Other	-	-	-								
Total Other Long Term Debt	687	637	1,324	804	673	-	109	721	734	-	1,455
TOTAL LONG TERM DEBT	1,440	12,240	13,680	804	1,402	-	825	1,461	11,621	-	13,082

This Schedule excludes Internal Loans and refinancing of existing borrowings.

SPECIAL SCHEDULE NO 7

CONDITION OF PUBLIC WORKS as at 30th June 2003

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense	Asset Cost	Valuation	Accumulated Depreciation	Carrying Value	Asset Condition (see Notes attached)	Estimated Cost to bring to a Satisfactory Standard '000	Estimated Annual Maintenance Expense '000	Program Maintenance Works for current year '000
			'000	'000	'000	'000	'000				
	<i>References</i>	<i>Note 9</i>	<i>Note 3</i>			<i>Note 9</i>			Local Govt. Act	1993, Section	428 (2d)
Public Buildings		1%	31	3,056	3,659	1,361	1,695	Poor	366	550	141
			767	76,609	91,716	34,121	42,488	Fair	4,584	1,205	623
			312	31,119	37,256	13,860	17,259	Satisfactory		500	321
			16	1,645	1,969	733	912	Good		100	100
			62	6,210	7,434	2,766	3,444	New		65	65
		Subtotal		1,188	118,639	142,034	52,841	65,798		4,950	2,420
Public Roads		1%	130	12,637	20,600	3,384	9,253	Poor	3,120	1,955	428
			757	73,695	120,132	19,733	53,962	Fair	4,700	2,610	998
			1,003	97,727	159,305	26,168	71,559	Satisfactory		1,955	712
			927	90,341	147,267	24,191	66,150	Good			427
			466	45,356	73,935	12,145	33,211	New			285
		Subtotal		3,283	319,756	521,239	85,621	234,135		7,820	6,520
Drainage Works		1%	2	166	172	77	89	Failed	172		
			18	1,803	1,863	829	974	Poor	932		
			2,002	200,648	207,350	92,288	108,360	Satisfactory	3,604		
			845	84,627	87,454	38,924	45,703	Good	12		
			397	39,821	41,151	18,316	21,505	New			
		Subtotal		3,264	327,065	337,990	150,434	176,631		4,720	2,015
Total Classes - All Assets			7,735	765,460	1,001,263	288,896	476,564		17,490	10,955	4,590

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

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Additional Information starts on page 91.