

# Council of the City of Ryde

## GENERAL PURPOSE FINANCIAL REPORTS for the year ended 30 June 2002

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Council of the City of Ryde

**GENERAL PURPOSE FINANCIAL REPORTS**

**CERTIFICATION**

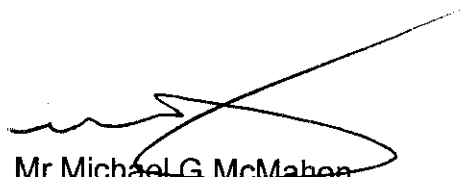
The undersigned declare:

- (1) that, pursuant to the provisions of Section 413 of the Local Government Act 1993, the Council of the City of Ryde has prepared financial reports for the year ended 30 June 2002
- (2) that the Council of the City of Ryde has formed an opinion that the financial reports for the year ended 30 June 2002:-
  - (i) present fairly the financial position of Ryde City Council and the result for the year ended 30 June 2002.
  - (ii) have been prepared in accordance with the Australian Accounting Standards, the Local Government Code of Accounting Practice and Financial Reporting and the Local Government Asset Accounting Manual
  - (iii) accord with the Council's accounting and other records and policies
  - (iv) satisfy the relevant provisions of the Local Government Act 1993 and associated Regulations.
- (3) that we do not know of anything that would make the financial reports for the year ended 30 June 2002 false or misleading in any way.

Signed



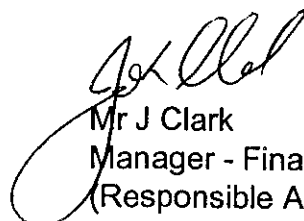
Councillor I J Petch  
Mayor



Mr Michael G McMahon  
Chief Executive



Councillor P J Graham, OAM  
Deputy Mayor



Mr J Clark  
Manager - Financial Services  
(Responsible Accounting Officer)

## Council of the City of Ryde

### STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30 June 2002

<i>Original Budget*</i> 2002 (\$'000)		<i>Notes</i>	<i>Actual 2002 (\$'000)</i>	<i>Actual 2001 (\$'000)</i>
	<b>EXPENSES FROM ORDINARY ACTIVITIES</b>			
17,675	<i>Employee Costs</i>	3(a)	17,432	15,830
644	<i>Borrowing Costs</i>	3(b)	503	456
14,981	<i>Materials and Contracts</i>		13,246	14,453
14,039	<i>Depreciation</i>	3(c)	14,116	13,263
6,502	<i>Other expenses from ordinary activities</i>	3(d)	10,670	7,166
-	<i>Loss from the disposal of assets</i>	5	-	25,916
53,841	<b>TOTAL EXPENSES FROM ORDINARY ACTIVITIES</b>		55,967	77,084
	<b>REVENUE FROM ORDINARY ACTIVITIES</b>			
36,836	<i>Rates &amp; Annual Charges</i>	4(a)	36,625	35,289
5,415	<i>User Charges &amp; Fees</i>	4(b)	5,949	5,133
1,347	<i>Interest</i>	4(c)	1,777	2,113
1,169	<i>Other revenues from ordinary activities</i>	4(d)	1,255	4,023
4,199	<i>Grants &amp; Contributions provided for non-capital purposes</i>	4(e&f)	4,460	4,413
1,186	<i>Gain from sale of assets</i>	5	2,288	-
50,152	<b>REVENUES FROM ORDINARY ACTIVITIES BEFORE CAPITAL AMOUNTS</b>		52,354	50,971
	<b>SURPLUS (DEFICIT) FROM ORDINARY ACTIVITIES BEFORE CAPITAL AMOUNTS</b>			
(3,689)			(3,613)	(26,113)
2,797	<i>Grants &amp; Contributions provided for capital purposes</i>	4(e&f)	31,970	27,233
(892)	<b>SURPLUS (DEFICIT) FROM ALL ACTIVITIES</b>	2(a)	28,357	1,120

\* Original budget as approved by Council - Refer Note 16

## Council of the City of Ryde

### STATEMENT OF FINANCIAL POSITION as at 30 June 2002

	Notes	2002 (\$'000)	2001 (\$'000)	2001 (\$'000)	(\$'000)
<b>CURRENT ASSETS</b>					
Cash Assets	6	31,303		29,423	
Receivables	7	2,633		2,703	
Inventories	8	246		420	
Other	8	500		235	
<b>TOTAL CURRENT ASSETS</b>			34,682		32,781
<b>NON-CURRENT ASSETS</b>					
Cash Assets	6	5,791		2,609	
Receivables	7	200		238	
Property, Plant and Equipment	9	1,276,328		1,251,057	
<b>TOTAL NON-CURRENT ASSETS</b>			1,282,319		1,253,904
<b>TOTAL ASSETS</b>			<u>1,317,001</u>		<u>1,286,685</u>
<b>CURRENT LIABILITIES</b>					
Payables	10a,b	4,882		3,853	
Interest Bearing Liabilities	10a,b	3,557		2,810	
Provisions	10a,b	1,523		1,436	
<b>TOTAL CURRENT LIABILITIES</b>			9,962		8,099
<b>NON-CURRENT LIABILITIES</b>					
Payables	10a	2,546		2,616	
Interest Bearing Liabilities	10a	8,490		9,773	
Provisions	10a	4,477		3,029	
<b>TOTAL NON-CURRENT LIABILITIES</b>			15,513		15,418
<b>TOTAL LIABILITIES</b>			<u>25,475</u>		<u>23,517</u>
<b>NET ASSETS</b>			<u>1,291,526</u>		<u>1,263,168</u>
<b>EQUITY</b>					
Accumulated Surplus			1,291,526		1,263,168
<b>TOTAL EQUITY</b>			<u>1,291,526</u>		<u>1,263,168</u>

## Council of the City of Ryde

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

	2002 (\$'000)				2001 (\$'000)			
	Accum Surplus	Asset Revaluation Reserve	Council Equity Interest	Total Equity	Accum Surplus	Asset Revaluation Reserve	Council Equity Interest	Total Equity
Balance at the beginning of the reporting period	1,263,169	-	1,263,169	1,263,169	1,262,049	-	1,262,049	1,262,049
Change in Equity recognised in the Statement of Financial Performance	28,357	-	28,357	28,357	1,120	-	1,120	1,120
Adjustments due to compliance with revised Accounting Standards	-	-	-	-	-	-	-	-
Transfers to asset revaluation reserve	-	-	-	-	-	-	-	-
Transfers from asset revaluation reserve	-	-	-	-	-	-	-	-
Distributions to/from Outside Equity Interests	-	-	-	-	-	-	-	-
<b>Balance at the end of the reporting period</b>	<b>1,291,526</b>	<b>-</b>	<b>1,291,526</b>	<b>1,291,526</b>	<b>1,263,169</b>	<b>-</b>	<b>1,263,169</b>	<b>1,263,169</b>

## Council of the City of Ryde

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

	Notes	2002		2001	
		(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b><u>Receipts</u></b>					
Rates & Annual Charges		36,670		35,427	
User Charges & Fees		6,025		5,451	
Interest		1,721		2,101	
Grants and Contributions		10,670		7,936	
Other		3,947		3,497	
<b><u>Payments</u></b>					
Employee Costs		(16,961)		(14,113)	
Materials and Contracts		(14,554)		(15,075)	
Interest		(505)		(509)	
Other		(10,855)		<u>(8,875)</u>	
Net cash provided by (used in) Operating Activities	11(b)		16,158		15,841
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b><u>Receipts</u></b>					
Sale of Investments		-		-	
Sale of Real Estate Assets		-		-	
Sale of Property, Plant and Equipment		3,862		1,417	
Sale of Interests in Joint Ventures/Associates		-		-	
Other		-		-	
<b><u>Payments</u></b>					
Purchase of Investments		-		-	
Purchase of Real Estate Assets		-		-	
Purchase of Property, Plant and Equipment		(14,422)		(17,393)	
Purchase of Interests in Joint Ventures/Associates		-		-	
Other		<u>-</u>		<u>-</u>	
Net cash provided by (used in) Investing Activities			(10,560)		(15,976)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b><u>Receipts</u></b>					
Borrowings and Advances		-		-	
Other		-		-	
<b><u>Payments</u></b>					
Borrowings and Advances		(1,033)		(432)	
Other		(318)		(318)	
Net cash provided by (used in) Financing Activities			<u>(1,351)</u>		<u>(750)</u>
Net Increase (Decrease) in Cash Assets Held			4,247		(885)
Cash Assets at beginning of Reporting Period	11(a)		<u>30,687</u>		<u>31,572</u>
Cash Assets at end of Reporting Period	11(a)		<u><u>34,934</u></u>		<u><u>30,687</u></u>

## ***NOTES TO THE FINANCIAL STATEMENTS***

### ***Note 1***

#### ***SIGNIFICANT ACCOUNTING POLICIES***

This note sets out the significant accounting policies adopted by the Council in accordance with the Australian Accounting Standard AAS 6 "Accounting Policies: Determination, Application and Disclosure".

##### **1. *The Local Government Reporting Entity***

The City of Ryde has its principal business office at Ryde Civic Centre, 1 Devlin Street, Ryde NSW 2112. **The City Of Ryde** is empowered by the New South Wales Local Government Act (LGA) 1993 and its Charter is specified in Section 8 of the Act.

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

The General Purpose Financial Statements incorporate the assets and liabilities of all entities controlled by Council (the parent entity) and the results of all controlled entities for the financial period ended 30 June 2002. They 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 local government as a single unit, all transactions and balances between activities (for example, loans and transfers) have been eliminated.

##### **1.1 The Consolidated Fund**

In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund. The consolidated fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

Council has one subsidiary entity being Eastwood Plaza Committee and the following is a summary of its financial results for 2001/2002 which have been consolidated into the results for Council:

	\$
Income	26,795
Expenses	<u>24,410</u>
Operating	<u>2,385</u>
Net Assets	10,056

## **2. *Basis of Accounting***

### **2.1 Compliance**

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

### **2.2 Basis of Accounting**

This general purpose financial report has been prepared on the accrual basis of accounting. Except for assets which are at current cost valuation and employee leave entitlements which are shown at the present value of future cash flows, the report has been prepared in accordance with the historical cost convention.

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

## **3. *Rates***

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

## **4. *Grants, Contributions and Donations***

### **4.1 General**

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



secured and Council acts in reliance of that notification, control is deemed at that time.

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

Where grants, contributions and donations are recognised as revenues during the reporting period on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in these notes.

Also disclosed is the amount of grants and contributions recognised as revenues in a previous reporting period, which were obtained in respect of the council's operations for the current reporting period.

#### **4.2 Contributions under Section 94 of the Environmental Planning and Assessment (EPA) Act 1991**

The Council has obligations to provide facilities from contributions required from developers under the provisions of S94 of the EPA Act 1991. These contributions may be expended only for the purposes for which the contributions were required, but the Council may, within each area of benefit, apply contributions according to the priorities established in the relevant contributions plans and accompanying works schedules.

Contribution plans adopted by Council are available for public inspection free of cost.

### **5. *Property, Plant & Equipment***

#### **5.1 Transitional Provisions**

Infrastructure assets (which were expensed prior to 1 January 1993) have been capitalised in the accounts on a "staged" basis since June 1995. All assets, apart from land under roads, have now been brought to account. The effect of recognising these non-current assets has increased Councils accumulated wealth by \$1,606m since 1993. In addition, the annual estimated depreciation expense is approximately \$14m as compared to \$1.5m prior to their recognition.

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

## 5.2 Materiality

Assets with an economic life which is determined to be longer than one year are only capitalised where the cost of acquisition/construction exceeds materiality thresholds established by Council for each type of asset. In determining such thresholds, which are reviewed annually, regard is given to the nature of the asset and its estimated service life.

Examples of capitalisation thresholds applied during the year under review are provided below:

<u>Item</u>	<u>Minimum Value to be Capitalised</u>
Land - council land	All capitalised
Open space	All capitalised
Roads, bridges, footpaths	\$1,000
Construction/reconstruction	\$25,000
Reseal/resheet/major repair	\$1,000
Office equipment	\$1,000
Computers	\$1,000
Plant and Vehicles	\$1,000

All computer software is expensed in the year of purchase. Client software upgrades are also expensed in the year of purchase.

## 5.3 Valuation of Assets

### 5.3.1 General

The Council is exempt from the "Recoverable Amount Test" under the provision of paragraph 2.1 of AAS10 "Recoverable Amount of Non Current Assets".

Infrastructure assets brought to account for the first time are valued at the current replacement cost less accumulated depreciation as at the date of recognition. Infrastructure assets held at historical cost less accumulated depreciation as at 1 January 1993 were valued as follows: -

1994/95	All assets except Transport & Communication Assets and Drainage
1995/96	Transport & Communication Assets
1996/97	Drainage Assets

Acquisitions after the date of valuation are held at current cost. Under the provisions of AAS38 "Revaluation of Non-Current

Assets”, Council has adopted a policy of valuing assets on a cost basis. Periodic revaluations will be conducted, by asset class, at periods appropriate to the class of asset.

### **5.3.2 Rateable Land**

All Rateable Land is valued by the Valuer General. The last valuation, which has since been adjusted for additional rateable properties, took place in 2001.

### **5.3.3 Non Rateable Land**

All non rateable land has been valued by using a “Municipal Site Rate”. The Municipal Site Rate is calculated by dividing the land area (hectares) of all rateable land (excluding mining) into the dollar value of that rateable land as determined by the Valuer General and then applying that rate towards the non rateable property controlled by the Council.

### **5.3.4 Real Estate Assets held for Resale**

Assets purchased for development and/or resale are reported at the lower of cost and net realisable value. Cost includes the costs of acquisition, development and interest incurred on the financing of that acquisition and development and interest and other holding charges up to the time of sale. The amount by which cost exceeds the net realisable value is recognised as an expense.

Revenues arising from the sale of property are recognised in the Statement of Financial Performance when all conditions of the contract have been fulfilled.

### **5.3.5 Land Under Roads**

Land under roads has not been valued or recognised as an asset in the statement of financial position (as allowed under transitional provisions for asset recognition contained in Australian Accounting Standard 27A – paragraph 108).

### **5.3.6 Depreciation of Non-Current Assets**

Assets are depreciated over their useful lives.

Depreciation is recognised on a straight-line basis, using a standard range for the local government industry, which is reviewed annually. Major depreciation periods are: -

Buildings	100 years
Earthmoving Equipment	6 years
Office Equipment	10 years
Computers	5 years
Office Furniture	10 years
Roads Structure & Bridges	80 years
Sealed Roads Surface	80 years
Sealed Roads Structure	80 years
Footpaving	50 years
Drainage assets – Conduits	80 years
Drainage assets – Nodes	30 years
Library Books	5 years
Motor Vehicles	10 years

## **6. *Investments***

Investments are recognised at cost. Interest revenues are recognised as they accrue.

## **7. *Employee Entitlements***

Employee entitlements are accrued on a pro-rata basis for annual leave, sick leave, long service leave and gratuities in respect of service provided by employees up to the reporting date in accordance with Australian Accounting Standard AAS30 “Accounting for Employee Entitlements”. Such accruals are assessed as at each reporting date, having regard to current rates of pay and other factors including experience of employee departures, projected employee rates of pay and their periods of service.

All employee costs which were expected to be paid after 12 months of the reporting date were measured at the present value of the estimated future cash outflows to be made by the employer in respect of services provided by the employees at the reporting date. The rate used for discounting the cash outflows was the appropriate National Government Guaranteed Securities rate which have terms to maturity which match closely the terms of the related liabilities. The amounts provided have been apportioned between current and non-current, the current provision being that portion that is expected to be paid in the next twelve months.

The superannuation expense for the year is the amount of the statutory contribution that council makes to the various superannuation plans which provides benefits to its employees.

The total number of “equivalent full time” employees at the beginning and end of the financial year were 338 and 369, respectively.

Council maintains a cash reserve to meet the employee entitlements liability. The level of this reserve is reviewed annually.

**8. *Inventories***

Inventories held in respect of business undertakings have been valued at the lower of cost or net realisable value. Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential. In both cases costs have been assigned by the method of weighted average cost.

Council had no real estate assets held for resale at the end of the financial year.

**9. *Monetary Amounts***

Amounts shown in the Financial Statements are in Australian currency and rounded to the nearest one thousand dollars.

**10. *Budget Information***

The Statement of Financial Performance provides budget information on major income and expenditure items. Details of material budget variations are shown in Note 16. Note 2(a) provides budget information regarding the revenues and expenditures of the major activities of the Council. Budget figures represented are those approved by Council and published in its Management Plan at the beginning of the financial year and do not reflect Council approved variations throughout the year.

## **11. Financial Instruments**

AAS33 – “Presentation & Disclosure of Financial Instruments” has recently been released and is operative for all financial years ending on or after 31 December 1997. This standard:

- Establishes rules for the classification of financial instruments as debt or equity;
- Extends the existing rules of ‘set off’; and
- Sets out detailed disclosure requirements on financial instruments.

Council has assessed a net fair value of investments as equivalent to their carrying amount as it is Council’s intention to hold all investments to maturity. Where investments are held with fund managers, the net fair value has been equated to the carrying amount as money is available at call.

The net fair value of fixed term interest loans has been equated to the carrying amount, as it is Council’s intention to hold these to maturity. The net fair value of floating interest rate loans has been equated to the carrying amount, as current interest rate is equivalent to the rate being paid.

Council has adopted all of the new disclosure requirements required by AAS33 and is detailed in Note 15.

## **12. 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 it became due and is recorded as part of payables.

## **13. Payables and Other Current Liabilities**

Creditors and other current liabilities are amounts due to external parties for the purchase of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after initial recognition. Interest is not payable on these.

## **14. Prior Year**

Where new categorisations of costs or revenues have been introduced in the current year, prior year figures shown have been adjusted to suit the new category.

**15. Large or Abnormal Items**

Note 4 to the General Purpose Financial Reports contains an amount of \$26.538M for capital contributions which is related to the Ryde Aquatic Leisure Centre.

In 1998/1999 Council handed control of the Ryde Swimming Centre to the Olympic Co-ordination Authority to provide facilities for the Sydney Olympics and at that time wrote-off assets to the value of \$1.549M. The construction of the now Ryde Aquatic Leisure Centre took place over three years. During this time Council's contributions of \$17.3M towards the construction of the facility were expensed. At the completion of the Olympic games control of the centre was handed back to Council.

After gaining control of the facility from the Olympic Co-ordination Authority, Council immediately ceded control to a lessee for a 50-year period. The value of the asset was therefore recognised as a contribution from OCA and at the same time expensed (loss on disposal of assets) when handed over to the lessee. In 2000/2001, this had the effect of substantially and abnormally increasing Council's operating expense and revenue but had no effect on the Surplus attributable to Council.

In 2001/2002 the original lease agreement was terminated and control of the Ryde Aquatic Leisure Centre reverted back to Council. As a result, the recognition of the asset increased Council's capital income and therefore Operating Surplus by \$26.538M.

**16. Comparative Information**

In preparing the 2000/2001 General Purpose Financial Reports, an error of classification was made between Employee Costs and Materials & Contracts.

This error has the effect of overstating Materials & Contracts and understating Employee Costs by the same amount. Note 3 and the 'Statement of Financial Performance' are effected by this but the total Surplus from all Activities and Total Equity do not change.

For Comparative purposes, the Statement of Financial Performance and Note 3 to the General Purpose Financial Reports are presented with the inclusion of this correction of classification.

Also in 2000/2001 internally restricted investments were classified as current and non-current depending on whether the restricted funds were to be utilised within the next twelve months. As a result of this, cash assets were divided between current and non-current. This had the effect of

reducing Council's Current Ratio and Unrestricted Current Ratio contained in Note 13 of the General Purpose Financial Reports. In 2001/2002 all internal restrictions are classified as current as Council has the capacity to utilise these funds at any time.

For Comparative purposes, Note 13 to the General Purpose Financial Reports is presented with the Current Ratio and Unrestricted Current Ratio from previous years calculated on the basis that internal restrictions are current.



**NOTES TO THE FINANCIAL STATEMENTS**

**Note 2(a)**

**FUNCTIONS**

REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS / ACTIVITIES. DETAILS OF THESE FUNCTIONS / ACTIVITIES ARE PROVIDED IN NOTE 2(b)													
FUNCTIONS/ACTIVITIES	EXPENSES FROM ORDINARY ACTIVITIES			REVENUES FROM ORDINARY ACTIVITIES			OPERATING RESULTS FROM ORDINARY ACTIVITIES BEFORE SHARE OF OUTSIDE PROFITS & CORRECTIONS			GRANTS INCLUDED IN REVENUES FROM ORDINARY ACTIVITIES		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
	Original Budget 2002 \$'000	Actual 2002 \$'000	Actual 2001 \$'000	Original Budget 2002 \$'000	Actual 2002 \$'000	Actual 2001 \$'000	Original Budget 2002 \$'000	Actual 2002 \$'000	Actual 2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>CORPORATE SERVICES</b>													
Corporate Services	64	1,034	56	64	144	46	0	-891	-10	0	0	1,360	625
Leased Properties	506	466	600	427	436	544	-79	-30	-56			13,305	9,273
Property Services	1,228	70	45	1,425	2,382	98	198	2,312	53			2,478	7,229
	<b>1,797</b>	<b>1,570</b>	<b>701</b>	<b>1,916</b>	<b>2,962</b>	<b>688</b>	<b>119</b>	<b>1,391</b>	<b>-13</b>	<b>0</b>	<b>0</b>	<b>17,143</b>	<b>17,126</b>
<b>ENVIRONMENTAL PLANNING and ENFORCEMENT</b>													
Civic Policy & Environmental Policy	700	550	446	0	33	6	-700	-517	-440			427	361
Land and Property Use	4,059	3,813	3,560	1,300	1,613	1,276	-2,759	-2,200	-2,284			3,262	3,093
Ryde Certification Service	804	729	1,007	354	253	283	-450	-476	-724			626	887
Standards Enforcement	1,412	1,307	1,195	226	238	229	-1,186	-1,069	-966			1,139	1,043
Statutory Information	199	152	126	403	459	413	204	307	287			136	137
	<b>7,174</b>	<b>6,551</b>	<b>6,334</b>	<b>2,283</b>	<b>2,596</b>	<b>2,207</b>	<b>-4,891</b>	<b>-3,955</b>	<b>-4,127</b>	<b>0</b>	<b>0</b>	<b>5,590</b>	<b>5,522</b>
<b>EXECUTIVE GROUP</b>													
City Promotions	795	806	0	57	79	0	-738	-728	0			638	0
Community Services	2,138	1,980	2,142	646	552	634	-1,492	-1,428	-1,508	340	345	1,575	1,812
Corporate Policy	0	0	21	0	0	0	0	0	-21			0	16
Customer Service	0	1	4	0	1	4	0	0	0			205	221
Executive Support and Systems	2,692	2,703	2,862	10	19	13	-2,682	-2,684	-2,849			2,062	2,246
Library and Information Service	4,126	4,262	3,678	686	733	669	-3,440	-3,529	-3,009	187	187	5,275	5,052
Venue Support	267	302	152	151	206	160	-116	-96	8			274	182
	<b>10,018</b>	<b>10,054</b>	<b>8,859</b>	<b>1,550</b>	<b>1,589</b>	<b>1,480</b>	<b>-8,468</b>	<b>-8,465</b>	<b>-7,379</b>	<b>527</b>	<b>532</b>	<b>10,028</b>	<b>9,528</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 2(a)**

**FUNCTIONS**

REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS / ACTIVITIES. DETAILS OF THESE FUNCTIONS / ACTIVITIES ARE PROVIDED IN NOTE 2(b)													
FUNCTIONS/ACTIVITIES	EXPENSES FROM ORDINARY ACTIVITIES			REVENUES FROM ORDINARY ACTIVITIES			OPERATING RESULTS FROM ORDINARY ACTIVITIES BEFORE SHARE OF OUTSIDE PROFITS & CORRECTIONS			GRANTS INCLUDED IN REVENUES FROM ORDINARY ACTIVITIES		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
	Original Budget 2002 \$'000	Actual 2002 \$'000	Actual 2001 \$'000	Original Budget 2002 \$'000	Actual 2002 \$'000	Actual 2001 \$'000	Original Budget 2002 \$'000	Actual 2002 \$'000	Actual 2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>PUBLIC WORKS and SERVICES</b>													
Access Facilities and Services	11,931	12,773	12,209	2,875	3,782	2,394	-9,056	-8,991	-9,815	545	527	220,310	230,526
Enviroserve	1,412	1,631	1,274	270	312	364	-1,142	-1,319	-910	25	25	2,884	3,257
Plant and Fleet Management	0	51	-118	0	4	-118	0	-47	0			51	0
Ryde Aquatic Leisure Centre	1,057	1,381	29,573	835	26,547	29,253	-222	25,166	-320			26,868	130
Stormwater Facilities and Services	4,977	6,743	4,528	225	2,778	395	-4,752	-3,966	-4,133	130	329	109,124	95,167
Urban Landscape Facilities and Services	6,253	6,546	5,693	2,161	2,358	1,186	-4,092	-4,188	-4,507	233	122	918,601	919,262
Waste Facilities and Services	7,553	7,201	6,656	7,747	7,854	7,507	194	653	851	200	202	5,274	5,009
	<b>33,183</b>	<b>36,326</b>	<b>59,814</b>	<b>14,113</b>	<b>43,634</b>	<b>40,981</b>	<b>-19,070</b>	<b>7,308</b>	<b>-18,833</b>	<b>1,133</b>	<b>1,205</b>	<b>1,283,113</b>	<b>1,253,350</b>
<b>Total Functions &amp; Activities</b>	<b>52,172</b>	<b>54,501</b>	<b>75,708</b>	<b>19,862</b>	<b>50,780</b>	<b>45,356</b>	<b>-32,310</b>	<b>-3,721</b>	<b>-30,352</b>	<b>1,660</b>	<b>1,737</b>	<b>1,315,873</b>	<b>1,285,527</b>
Shares of gains in associates & joint ventures using the equity method													
Fundamental error													
General Purpose Revenues*	1,669	1,466	1,376	33,087	33,544	32,848	31,418	32,078	31,472	2,115	2,069	1,128	1,158
<b>Surplus/(Deficit) from all activities</b>	<b>53,841</b>	<b>55,967</b>	<b>77,084</b>	<b>52,949</b>	<b>84,324</b>	<b>78,204</b>	<b>-892</b>	<b>28,357</b>	<b>1,120</b>	<b>3,775</b>	<b>3,806</b>	<b>1,317,001</b>	<b>1,286,685</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Note 2(b)**

#### **COMPONENTS OF FUNCTIONS**

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

##### **CORPORATE SERVICES**

- Internal support services. eg. Human Resources Management, Information Technology & Telecommunications

##### **LEASED PROPERTIES**

- Commercial management of land and buildings
- Commercial disposal of surplus land and properties
- Property acquisition

##### **PROPERTY SERVICES**

- Supply and maintain corporate and community land and buildings used to accommodate Council's operations and to provide facilities and services to the Community

##### **CIVIC POLICY & ENVIRONMENTAL POLICY**

- Heritage planning and conservation
- Preparation of statutory planning instruments
- Preparation of integrated planning strategies including masterplans
- Preparation of the State of the Environment Report
- Preparation of Environmental Policy

##### **LAND AND PROPERTY USE**

- Assessment of development applications
- Pre-lodgment advice and client management
- Progress building inspections
- Enforcement of illegal landuses and illegal buildings
- Fire safety and swimming pool safety

##### **RYDE CERTIFICATION SERVICES**

- Principal certifying authority activities
- Construction and compliance certificates issued

##### **STANDARDS ENFORCEMENT**

- Animal control
- Street and Parking control
- Food shop inspections
- Regulated system (e.g. cooling towers) inspections
- Pollution control

##### **STATUTORY INFORMATION**

- Maintenance of registers
- Issuing planning certificates and building certificates
- Undertaking property searches

**Note 2(b) (Continued)****CITY PROMOTIONS**

- Co-ordination of Community Events
- Publications and Media Releases

**COMMUNITY SERVICES**

- Social planning and programs
- Advocacy

**CORPORATE POLICY**

- Workplace transition

**CUSTOMER SERVICE**

- Public enquiry services

**EXECUTIVE SUPPORT AND SYSTEMS**

- Mayor, Councillors and General Manager Support
- Meetings support
- Systems improvement
- Public Officer / Freedom of Information
- Civic functions and ceremonies

**LIBRARY AND INFORMATION SERVICE**

- Branch libraries
- Community information

**VENUE SUPPORT**

- Hall hire
- Civic Centre operations

**ACCESS FACILITIES AND SERVICES**

- Management of Council's road network and other access infrastructure including wharves, boat ramps and bikeways
- Development of Council's Asset Management Program for access infrastructure
- Review and implementation of Council's construction and maintenance works programs for access assets

**ENVIROSERVE**

- Oversee and implement the Construction and Maintenance Works Programs of Council
- Project manage procurement of capital works

**PLANT AND FLEET MANAGEMENT**

- Provide and preserve Council's vehicles and equipment

**RYDE AQUATIC LEISURE CENTRE**

- Provide a first-class aquatic and multi-purpose sports facility
- Operate the facility on a commercial basis

**Note 2(b) (Continued)****STORMWATER FACILITIES AND SERVICES**

- Management of Council's stormwater network including natural creek systems
- Development of Council's Catchment Management Plans
- Development of Council's Stormwater Management Program for stormwater infrastructure
- Review and implementation of Council's construction and maintenance works programs for stormwater assets and creek systems

**URBAN LANDSCAPE FACILITIES AND SERVICES**

- Planning and administration of all Council's sporting and recreational facilities and open space
- Management of trees in public areas and on private land by the Tree Preservation Officer
- Landscape design and recreational planning
- Development of Council's Urban Landscape Management Program
- Review and implementation of Council's construction and maintenance works programs for sporting and recreational facilities and open space

**WASTE FACILITIES AND SERVICES**

- Regular collection of domestic garbage from all residential premises and collection of trade waste from commercial premises in the Council area
- Removal of litter and rubbish from public footpaths, roadways, malls, small reserves and pocket parks

**GENERAL PURPOSE REVENUES**

- Rates and charges collection
- Investments and borrowings

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 3**

**EXPENSES FROM ORDINARY ACTIVITIES**

	<b>2002</b>	<b>2001</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
<b>(a) EMPLOYEE COSTS</b>		
Salaries and Wages	13,831	13,438
Employee Leave Entitlements	3,136	2,614
Superannuation	797	682
Workers' Compensation Insurance	977	419
F.B.T.	110	70
Training Costs (excluding salaries)	115	81
Other	178	293
Less: Capitalised Costs	(1,712)	(1,767)
<b>Total Employee Costs Expensed</b>	<u><u>17,432</u></u>	<u><u>15,830</u></u>
<b>(b) BORROWING COSTS EXPENSE</b>		
Interest on Overdraft	-	-
Interest on Loans	503	600
Less: Capitalised Costs	-	(144)
<b>Total Borrowing Costs Expensed</b>	<u><u>503</u></u>	<u><u>456</u></u>
<b>(c) DEPRECIATION</b>		
Plant and Equipment	1,328	807
Office Equipment	944	870
Furniture & Fittings	100	120
Land Improvements	398	573
Buildings	911	686
Other Structures	514	511
Infrastructure		
- Roads, Bridges and Footpaths	5,964	5,983
- Stormwater Drainage	3,643	3,453
Other Assets		
- Library Books	465	384
Total Depreciation Costs	<u>14,267</u>	<u>13,387</u>
Less: Capitalised Costs	(151)	(124)
<b>Total Depreciation Costs Expensed</b>	<u><u>14,116</u></u>	<u><u>13,263</u></u>

<b>(d) OTHER EXPENSES</b>	<b>2002 (\$'000)</b>	<b>2001 (\$'000)</b>
Other expenses for the year include the following:-		
Auditor's Remuneration		
- Audit Services	37	35
- Other Services	-	-
Bad & Doubtful Debts	25	12
Legal Expenses - Planning & Development	212	221
Legal Expenses - Other	1,913	257
Temporary & Casual Staff - Agencies	123	76
Mayoral Allowance	25	24
Members' Fees & Allowances	141	132
Member's Expenses	45	37
Interest on Refundable Deposits	50	48
Insurance	663	589
Insurance - Statewide Mutual Provision	924	-
Street Lighting	993	1,013
Telephone	425	434
Contribution to Fire Control	1,062	976
Contribution to Dept of Planning	184	184
Contributions & Donations - Community Grants	163	103
Consultancies	620	445
Waste Development Tax	539	480
Valuation Fees	114	109
Electricity & Heating	570	378
Water Rates	239	187
Bank Fees & Charges	184	173
Property Lease Costs	108	113
Postage & Courier Costs	166	143
Advertising	361	275
Other Expenses	784	722
<b>Total Other Expenses From Ordinary Activities</b>	<b>10,670</b>	<b>7,166</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 4**

**REVENUES FROM ORDINARY ACTIVITIES**

	<b>2002</b>	<b>2001</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
<b>(a) RATES &amp; ANNUAL CHARGES</b>		
<b><u>Ordinary Rates</u></b>		
Residential	17,649	17,254
Business	6,929	6,610
Environmental Management Levy	5,976	5,725
Total Ordinary Rates	<u>30,554</u>	<u>29,589</u>
<b><u>Annual Charges</u></b> (s.496 & s.501)		
Domestic Waste Management	<u>7,803</u>	<u>7,458</u>
Total Annual Charges	<u>7,803</u>	<u>7,458</u>
Less: Pensioner Rebates	(1,732)	(1,758)
Total Rates & Annual Charges	<u>36,625</u>	<u>35,289</u>
<b>(b) USER CHARGES &amp; FEES</b>		
<b><u>User Charges</u></b> (s.502)		
Aquatic Centre	7	527
Sports Facility Rental	249	225
Hall Hire	206	165
Road Restorations	1,772	886
Gutter Crossings	141	168
Commercial Waste Service	394	408
Other	<u>132</u>	<u>24</u>
<b>Total User Charges</b>	2,901	2,403
<b><u>Fees</u></b>		
Regulatory/Statutory Fees	1,776	1,458
Discretionary		
- Section 611(1)	179	180
- Town Planning	690	622
- Private Works	212	149
- Vacation Care	102	108
- Home Maintenance & Modification	70	86
- Other	<u>19</u>	<u>127</u>
<b>Total Fees</b>	<u>3,048</u>	<u>2,730</u>
<b>Total User Charges &amp; Fees</b>	<u>5,949</u>	<u>5,133</u>
<b>(c) INTEREST</b>		
Interest on Investments with Funds Managers	947	1,652
Interest on Floating Rate Notes	145	
Interest on Investments - Other	261	
Interest on Overdue Rates & Charges	80	96
Interest on Development Contributions - Sect. 94	<u>344</u>	<u>365</u>
Total Interest Revenue	<u>1,777</u>	<u>2,113</u>



	2002 (\$'000)	2001 (\$'000)
<b>(d) OTHER OPERATING REVENUES</b>		
Fines	157	169
Recycling Income	34	19
Lease Rental	478	425
Lease Premium for Ryde Aquatic Centre	-	3,000
Lease - Telecommunications	51	-
Legal Fees Recoveries	66	91
Insurance Claims	121	7
Staff Vehicle Leases & Other Payments	230	168
Eastwood Plaza	27	31
Sundry Sales	4	31
Other	87	82
<b>Total Other Revenue from Ordinary Activities</b>	<u>1,255</u>	<u>4,023</u>

	OPERATING		CAPITAL	
	2002	2001	2002	2001
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>(e) GRANTS</b>				
<b><u>General Purpose (Untied) Grants</u></b>				
- Financial Assistance	2,018	1,947	-	-
- Pensioner Rebate Subsidy	842	851	-	-
<b>Total General Purpose (Untied) Grants</b>	<u>2,860</u>	<u>2,798</u>	<u>-</u>	<u>-</u>
<b><u>Specific Purpose Grants</u></b>				
Home Maintenance & Modification	145	140	-	-
DEET	6	6	-	-
Library Subsidy	187	187	-	-
Vacation Care	44	56	-	-
DUAP	-	-	-	24
EPA	-	-	260	374
Child Care Assistance	75	78	-	-
Other	101	97	97	46
<b>Total Specific Purpose Grants</b>	<u>558</u>	<u>564</u>	<u>357</u>	<u>444</u>
<b>(f) CONTRIBUTIONS</b>				
Developer Contributions (S94)				
- Open Space	-	-	1,762	822
- Traffic (North Ryde)	-	-	-	-
- Drainage	-	-	2,543	63
- Other	-	-	25	-
Other Councils	426	363	-	-
Other	51	143	104	62
RTA Contributions				
- Street & Traffic Lighting	278	271	-	-
- Bikeways	-	-	57	74
- Roads & Bridges	279	259	584	40
- Excess Vehicle Weight Subsidy	-	-	-	-
Ex Gratia Payments in Lieu of Rates	8	15	-	-
Ryde Aquatic Centre (OCA)	-	-	26,538	25,728
<b>Total Contributions</b>	<u>1,042</u>	<u>1,051</u>	<u>31,613</u>	<u>26,789</u>
<b>Total Grants &amp; Contributions</b>	<u>4,460</u>	<u>4,413</u>	<u>31,970</u>	<u>27,233</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 5**

**GAIN OR LOSS ON DISPOSAL OF ASSETS**

	<b>2002</b>	<b>2001</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
<b>GAIN (OR LOSS) ON DISPOSAL OF PROPERTY</b>		
*Proceeds from disposal	2,389	426
Less: Carrying amount of assets sold/disposed	<u>-</u>	<u>26,220</u>
Gain (or loss) on disposal	<u><u>2,389</u></u>	<u><u>(25,794)</u></u>
<b>GAIN (OR LOSS) ON DISPOSAL OF PLANT &amp; EQUIPMENT</b>		
Proceeds from disposal	1,473	921
Less: Carrying amount of assets sold	<u>1,574</u>	<u>1,043</u>
Gain (or loss) on disposal	<u><u>(101)</u></u>	<u><u>(122)</u></u>
<b>GAIN (OR LOSS) ON DISPOSAL OF REAL ESTATE ASSETS HELD FOR SALE</b>		
Proceeds from Sales	-	-
Less: Cost of Sales	<u>-</u>	<u>-</u>
Gain (or loss) on disposal	<u><u>-</u></u>	<u><u>-</u></u>
<b>NET GAIN (OR LOSS) ON DISPOSAL OF ASSETS</b>	<u><u>2,288</u></u>	<u><u>(25,916)</u></u>

\* These proceeds represent additional revenue in the form of compensation for the resumption of land in a prior period.

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 6a**

**CASH ASSETS & INVESTMENT SECURITIES**

	Notes	2002		2001	
		<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)
<b><u>CASH ASSETS</u></b>					
Cash on Hand	11	4	-	3	-
Term Deposits	11	-	-	1,877	-
Deposits with Fund Managers	11	25,357	2,791	23,062	2,609
Floating Rate Notes	11	2,000	3,000	-	-
Other - Loan Offset Facility	11	3,942	-	4,481	-
Cash at Bank		-	-	-	-
Total Cash Assets		<u>31,303</u>	<u>5,791</u>	<u>29,423</u>	<u>2,609</u>
<b>TOTAL CASH ASSETS AND INVESTMENT SECURITIES</b>		<u>31,303</u>	<u>5,791</u>	<u>29,423</u>	<u>2,609</u>

**RESTRICTED CASH ASSETS AND INVESTMENT SECURITIES**

<u>Purpose</u>	Notes	2002		2001	
		<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)
<b><u>EXTERNAL RESTRICTIONS</u></b>					
<b>- Other</b>					
Development Contributions (A)	17	3,233	5,696	2,776	2,579
Specific Purpose Unexpended Grants (B)	14	337	-	333	-
Public Roads (C)	6b	-	30	-	30
RTA Contributions (D)	6b	10	65	127	-
Domestic Waste Management (E)	6b	1,050	-	398	-
<b>TOTAL EXTERNAL RESTRICTIONS</b>		4,630	5,791	3,634	2,609
<b>TOTAL INTERNAL RESTRICTIONS</b>	6b	13,799	-	13,218	-
<b>TOTAL UNRESTRICTED</b>		12,875	-	12,571	-
<b>TOTAL CASH ASSETS AND INVESTMENT SECURITIES</b>		<u>31,303</u>	<u>5,791</u>	<u>29,423</u>	<u>2,609</u>

- A. Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (See separate Note 17).
- B. Grants which are not yet expended for the purposes for which the grants were obtained. (See separate Note 14 "Conditions over Grants").
- C. Funds reserved under the Public Roads Act (Section 43(4)).
- D. RTA Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- E. Domestic Waste Management funds are externally restricted assets which must be applied for the purposes for which they were raised.

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 6b**

**DETAILS OF MOVEMENT & UTILISATION OF  
RESTRICTED CASH ASSETS & INVESTMENTS**

Restrictions	Notes	Movements			Proposed Utilisation of Restrictions			
		Opening Balance 30 June 2001 \$'000	Transfers To Restriction \$'000	Transfers From Restriction \$'000	Closing Balance 30 June 2002 \$'000	Less than 1 Year	Between 1 and 5 Years	Greater than 5 years
<b>External</b>								
RTA Contributions	6a	127	-	53	74	10	64	-
Public Roads	6a	30	-	-	30	-	30	-
Development Contributions	6a, 17	5,355	4,671	1,098	8,928	3,233	5,695	-
Specific Purpose Unexpended Grants	6a	333	1,878	1,874	337	337	-	-
Domestic Waste Management	6a	398	7,187	6,535	1,050	-	1,050	-
<b>Total</b>		<b>6,243</b>	<b>13,736</b>	<b>9,560</b>	<b>10,419</b>	<b>3,580</b>	<b>6,839</b>	<b>-</b>
<b>Internal</b>								
Employee Leave Entitlements	6a	1,294	220	-	1,514	-	1,514	-
Refundable Deposits	6a	515	39	-	554	554	-	-
West Ryde Child Care Centre	6a	124	6	-	130	-	130	-
Construction of a Building	6a	4,416	2,846	2,599	4,664	1,150	3,514	-
Parklands Acquisition & Embellishment	6a	219	66	-	285	-	285	-
North Ryde Traffic Facilities	6a	727	86	-	813	-	813	-
Special Projects Reserve	6a	4,728	169	447	4,450	194	4,200	56
Waste Recycling	6a	47	-	-	47	-	47	-
Environmental Management Reserve	6a	582	2,944	3,484	42	42	-	-
Asset Replacement Reserve	6a	44	1,200	1,218	26	25	-	1
Ryde Aquatic Leisure Centre	6a	178	796	773	201	201	-	-
Civic Centre Remediation/Redevelopment	6a	-	542	-	542	542	-	-
Other	6a	344	220	33	531	-	531	-
<b>Total</b>		<b>13,218</b>	<b>9,135</b>	<b>8,554</b>	<b>13,799</b>	<b>2,708</b>	<b>11,034</b>	<b>57</b>
<b>Total Restrictions</b>		<b>19,461</b>	<b>22,871</b>	<b>18,115</b>	<b>24,218</b>	<b>6,288</b>	<b>17,873</b>	<b>57</b>

**NOTES TO THE FINANCIAL STATEMENTS****Note 7****RECEIVABLES**

<b>Purpose</b>	<b>2002</b>		<b>2001</b>	
	<b>Current (\$'000)</b>	<b>Non-Current (\$'000)</b>	<b>Current (\$'000)</b>	<b>Non-Current (\$'000)</b>
Rates and Annual Charges	693	155	677	179
Rates Interest & Extra Charges	107	45	130	59
User Charges & Fees				-
Joint Library Agreement	146	-	96	-
Overhead Wire Charges	66	-	66	-
Gas Main Charges	44	-	43	-
Energy Charges	-	-	160	-
Restorations	331	-	165	-
Other	42	-	67	-
Accrued Interest on Investments	68	-	12	-
Government Grants & Subsidies	330	-	438	-
Commercial Waste	140	-	252	-
GST	543	-	419	-
Other	162	-	198	-
<b>Total</b>	<b>2,672</b>	<b>200</b>	<b>2,723</b>	<b>238</b>
Less: Provision for Doubtful Debts				
- Rates and Annual Charges	-	-	-	-
- Fees & Charges	23	-	-	-
- Other	16	-	20	-
	<b>2,633</b>	<b>200</b>	<b>2,703</b>	<b>238</b>

**EXTERNALLY RESTRICTED RECEIVABLES (Included Above)**

Domestic Waste Management	191	81	266	58
<b>TOTAL RESTRICTED RECEIVABLES</b>	<b>191</b>	<b>81</b>	<b>266</b>	<b>58</b>
<b>UNRESTRICTED RECEIVABLES</b>	<b>2,442</b>	<b>119</b>	<b>2,437</b>	<b>180</b>
<b>TOTAL RECEIVABLES</b>	<b>2,633</b>	<b>200</b>	<b>2,703</b>	<b>238</b>

**Rates and Annual Charges**

Rates are secured by underlying properties.

Interest is charged on overdue rates at 9% (2000 11%). Rates are due for payment on 31 August, 30 November, 28 February and 31 May in each financial year. Overdue rates are those not paid within 1 day of the due date. The amount of the overdue debts upon which interest is charged is \$848,000 (2000 \$856,000).

**User charges and fees**

User charges and fees are unsecured. The credit risk for this class of debtor is 100% of the carrying value. A provision for doubtful debts in respect of the class of debtor has already been provided in an amount of \$39,000.

**Government Grants**

Government grants and subsidies (subject to terms and conditions of the relevant agreement) have been guaranteed.

**NOTES TO THE FINANCIAL STATEMENTS****Note 8****INVENTORIES AND OTHER ASSETS**

	2002		2001	
	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)
<b><u>Inventories</u></b>				
- Stores and Materials	246	-	420	-
- Real Estate	-	-	-	-
- Other	-	-	-	-
<b>TOTAL</b>	<u>246</u>	<u>-</u>	<u>420</u>	<u>-</u>
<b><u>Other</u></b>				
Prepayments	500	-	235	-
<b>TOTAL</b>	<u>500</u>	<u>-</u>	<u>235</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 9 (a)**

**PROPERTY, PLANT AND EQUIPMENT**

At 30 June 2001					MOVEMENTS DURING THE YEAR								At 30 June 2002			
ASSET TYPE	At Cost	At Valuation	Accumulated Depreciation	Book Value	Asset Purchases	Transfers From WIP	Entity Acquisitions	Asset Disposals	Depreciation	Recoverable Amt W'downs	Recoverable Amt Reversal	Net Revaluation	At Cost	At Valuation	Accumulated Depreciation	Book Value
Plant and Equipment	12,788	-	5,335	7,453	10,338		-	1,574	1,328	-	-	-	20,641	-	5,752	14,889
Office Equipment	7,815	-	4,884	2,931	664		-	-	944	-	-	-	8,480	-	5,829	2,651
Furniture and Fittings	1,458	-	948	510	212		-	-	100	-	-	-	1,670	-	1,048	622
Land																
- Council Land	12,662	-	-	12,662	-		-	-	-	-	-	-	12,662	-	-	12,662
- Open Space	873,093	-	-	873,093	-		-	-	-	-	-	-	873,093	-	-	873,093
- Land Improvements (non-depr'n)	551	-	-	551	-		-	-	-	-	-	-	551	-	-	551
- Land Improvements (depr'n)	3,350	-	1,312	2,038	929	156	-	-	398	-	-	-	4,435	-	1,710	2,725
- Land Under Infrastructure	17,307	-	-	17,307	-		-	-	-	-	-	-	17,307	-	-	17,307
Buildings	46,634	-	18,486	28,148	21,191	191	-	-	911	-	-	-	68,016	-	19,397	48,619
Other Structures	12,660	-	8,696	3,964	23		-	-	514	-	-	-	12,683	-	9,210	3,473
Infrastructure																
- Roads, Bridges and Footpaths	458,772	-	259,151	199,621	4,200	367	-	-	5,964	-	-	-	463,339	-	265,115	198,224
- Stormwater Drainage	226,787	-	143,140	83,647	1,409	15,998	-	-	3,643	-	-	-	244,194	-	146,783	97,411
Other Assets																
- Heritage Collections	432	-	11	421	-		-	-	-	-	-	-	432	-	11	421
- Library Books	3,452	-	1,819	1,633	398		-	-	465	-	-	-	3,851	-	2,285	1,566
Capital Works in Progress	17,078	-	-	17,078	1,748	(16,712)	-	-	-	-	-	-	2,114	-	-	2,114
<b>TOTALS</b>	<b>1,694,839</b>	<b>-</b>	<b>443,782</b>	<b>1,251,057</b>	<b>41,112</b>	<b>-</b>	<b>-</b>	<b>1,574</b>	<b>14,267</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,733,468</b>	<b>-</b>	<b>457,140</b>	<b>1,276,328</b>

Note: Council has not valued bulk earthworks as the value was considered to be immaterial when compared to the value of the roadworks infrastructure.

Land under roads has not been valued.

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 10 (a)**

**PAYABLES, INTEREST BEARING LIABILITIES AND PROVISIONS**

	2002		2001	
	Current (\$'000)	Non-Current (\$'000)	Current (\$'000)	Non-Current (\$'000)
<b><u>Payables</u></b>				
Goods and Services	1,902	-	1,643	-
Payments received in advance	48	-	36	-
Payments received in advance - Rates	58	-	87	-
Accrued Expenses	946	-	673	-
Interest Expenses	27	-	29	-
Deposits and Retentions	1,736	2,546	1,215	2,616
Other	165	-	170	-
<b>Total Payables</b>	<b>4,882</b>	<b>2,546</b>	<b>3,853</b>	<b>2,616</b>
<b><u>Interest Bearing Liabilities</u></b>				
Bank Overdraft	2,160	-	1,345	-
Loans	1,079	6,899	1,147	7,864
Olympic Construction Authority	318	1,591	318	1,909
<b>Total Interest Bearing Liabilities</b>	<b>3,557</b>	<b>8,490</b>	<b>2,810</b>	<b>9,773</b>
<b><u>Provisions</u></b>				
Annual & Other Accrued Leave	1,235	625	1,056	777
Sick Leave	47	359	65	330
Long Service Leave	241	2,469	315	1,843
Gratuities	-	100	-	79
Insurance	-	924	-	-
Other Employee Provisions	-	-	-	-
<b>Total Provisions</b>	<b>1,523</b>	<b>4,477</b>	<b>1,436</b>	<b>3,029</b>



**NOTES TO THE FINANCIAL STATEMENTS****Note 10 (b)****DETAILS OF CURRENT PAYABLES, INTEREST BEARING LIABILITIES AND PROVISIONS**

	<b>Specific Purpose DWM Current (\$'000)</b>		<b>General Purpose Current (\$'000)</b>		<b>Total Current (\$'000)</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	Payables	271	169	4,611	3,597	4,882
Interest Bearing Liabilities	-	-	1,397	1,465	1,397	1,465
Provisions	-	-	1,523	1,436	1,523	1,436
Bank Overdraft	-	-	2,160	1,345	2,160	1,345
<b>Total</b>	<b>271</b>	<b>169</b>	<b>9,691</b>	<b>7,843</b>	<b>9,962</b>	<b>8,012</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 11**

**STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash Assets**

	Notes	2002 (\$'000)	2001 (\$'000)
Total Cash Assets & Investment Securities (Note 6)	6	37,094	32,032
<u>Less:</u> Bank Overdraft		<u>(2,160)</u>	<u>(1,345)</u>
Balances as per Statement of Cash Flows		<u>34,934</u>	<u>30,687</u>

**(b) Reconciliation of Surplus/(Deficit) from Ordinary Activities to Cash from Operating Activities**

	2002 (\$'000)	2001 (\$'000)
Surplus/(Deficit) from Ordinary Activities	28,357	1,119
Add:		
Depreciation (Note 3)	14,116	13,263
Increase in provision for doubtful debts (Note 7)	19	-
Increase in employee leave entitlements (Note 10)	611	128
Increase in Other Provisions - Insurance (Note 10)	924	-
Decrease in receivables (Note 7)	89	-
Decrease in inventories (Note 8)	174	-
Decrease in other current assets (Note 8)	-	4
Increase in payables (Note 10) (includes pmnt of def. creditor)	242	2,503
Increase in accrued interest payable (Note 10)	-	-
Increase in accrued expenses (Note 10)	273	-
Increase in other current liabilities (Note 10)	446	338
Loss on sale of assets (Note 5)	-	25,916
Less:		
Decrease in provision for doubtful debts (Note 7)	-	(111)
Decrease in employee leave entitlements (Note 10)	-	-
Increase in receivables (Note 7)	-	(472)
Increase in inventories (Note 8)	-	(102)
Increase in other current assets (Note 8)	(265)	-
Decrease in payables (Note 10)	-	-
Decrease in accrued interest payable (Note 10)	(2)	(5)
Decrease in Accrued Expenses (Note 10)	-	(812)
Decrease in other current liabilities (Note 10)	-	-
Gain on sale of Assets (Note 5)	(2,288)	-
Net cash Non Cash Capital Grants & Contributions	<u>(26,538)</u>	<u>(25,928)</u>
	<u>16,158</u>	<u>15,841</u>

**Note 11 (Continued)**

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	<b>2002</b> <b>(\$'000)</b>	<b>2001</b> <b>(\$'000)</b>
<b><u>(c) Non-Cash Financing and Investing Activities</u></b>		
Write-off of RALC asset	-	(25,728)
Write-on of RALC asset	26,538	25,728
	<u>26,538</u>	<u>-</u>

**(d) Financing Arrangements**

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

Bank Overdrafts Facility used at balance date *	(2,160)	(1,345)
	<u>(2,160)</u>	<u>(1,345)</u>

\* The bank overdraft facility may be drawn at any time and may be terminated by the bank Without Notice. Interest rates are variable.

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 12**

***COMMITMENTS FOR EXPENDITURE***

	<b>2002</b>	<b>2001</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
<b><u>(a) Capital Commitments</u></b>		
Capital expenditure contracted for at the reporting date but not recognised in the financial statements as liabilities:		
Vehicle Purchases (subject to trade-ins)	8,100	7,366
<b>Total</b>	<b>8,100</b>	<b>7,366</b>
These expenditures are payable:		
- Not later than one year	1,620	1,473
- Later than one year and not later than 5 years	6,480	5,893
- Later than 5 years	-	-
<b>Total</b>	<b>8,100</b>	<b>7,366</b>
<b><u>(b) Service Commitments</u></b>		
Other non-capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities include:		
- Waste Management Services	29,250	34,000
- Cleaning Services	150	150
- Audit Services	185	222
<b>Total</b>	<b>29,585</b>	<b>34,372</b>
These expenditures are payable:		
- Not later than one year	7,150	7,087
- Later than one year and not later than 5 years	22,435	27,285
- Later than 5 years	-	-
<b>Total</b>	<b>29,585</b>	<b>34,372</b>

**(c) Finance Lease Commitments**

Council has no Finance lease commitments

**(d) Operating Lease Commitments**

Council has no Operating lease commitments

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 13**

**STATEMENT OF PERFORMANCE MEASUREMENT**

for the year ended 30 June 2002

	<u>Current Year</u>			<u>2001 Year</u>	<u>2000 Year</u>	<u>1999 Year</u>
	<u>Amounts</u> (\$'000)	<u>Indicators</u>				
<b><u>1. CURRENT RATIO</u></b>						
Current Assets	\$34,682	Ratio	3.5:1	4:1	3.3:1	3.8:1
Current Liabilities	\$9,962					
<b><u>2. UNRESTRICTED CURRENT RATIO</u></b>						
*Current Assets Less All External Restrictions	\$29,861	Ratio	3.1:1	3.6:1	2.7:1	3.3:1
**Current Liabilities Less Specific Purpose Liabilities	\$9,691					
<b><u>3. DEBT SERVICE RATIO</u></b>						
Debt Service Cost (Principal & Interest Payments)	\$1,854		3.7%	2.5%	1.5%	1.3%
Revenue from Ordinary Activities	\$50,754					
<b><u>4. RATE COVERAGE RATIO</u></b>						
Rates & Annual Charges	\$36,625		43.4%	45.1%	66.4%	66.8%
Total Revenue	\$84,324					
<b><u>5. RATES &amp; ANNUAL CHARGES OUTSTANDING PERCENTAGE</u></b>						
Rates, Annual Charges, Interest & Extra Charges Outstanding	\$1,000		2.64%	2.62%	3.20%	2.03%
Rates, Annual Charges, Interest & Extra Charges Collectable	\$37,816					

\* Refer to Notes 6 - 8 Inclusive

\*\* Refer to Note 10(b)

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 14**

**CONDITIONS OVER GRANTS AND CONTRIBUTIONS**

	<b>Notes</b>	<b>Grants (\$'000)</b>	<b>2002 Contributions (\$'000)</b>	<b>Grants (\$'000)</b>	<b>2001 Contributions (\$'000)</b>
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:					
Unexpended at the close of the previous reporting period		333	5,487	308	6,459
LESS: Expended during the current reporting period from revenues recognised in previous reporting periods		272	1,098	235	2,223
PLUS: Amounts recognised as revenues in current reporting period but not yet expended in accordance with the conditions.		275	4,672	260	1,251
<hr/>					
Unexpended at the close of the current reporting period and held as restricted assets	6	<u>336</u>	<u>9,061</u>	<u>333</u>	<u>5,487</u>
Net increase (decrease) in restricted assets in the current reporting period		<u>3</u>	<u>3,574</u>	<u>25</u>	<u>(972)</u>

**NOTES TO THE FINANCIAL STATEMENTS****Note 15****FINANCIAL INSTRUMENTS**

The council's exposure to interest rate risk, and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below. Exposures arise predominantly from assets and liabilities bearing variable interest rates, which the Council intends to hold as fixed rate assets and liabilities to maturity.

2002	Notes	Fixed interest maturing in:				Non- interest bearing (\$'000)	Total (\$'000)
		Floating interest rate (\$'000)	<1 year (\$'000)	>1 year <5 years (\$'000)	>5 years (\$'000)		
<b>Financial Assets</b>							
Cash and deposits	6	-				4	4
Receivables	7					2,833	2,833
Other Fin. Assets - Investments	6	37,090	-				37,090
<b>Total</b>		<b>37,090</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,837</b>	<b>39,927</b>
Weighted Ave. interest rate		4.91%	0.00%			0.00%	4.56%
<b>Financial Liabilities</b>							
Bank overdraft	10					2,160	2,160
Trade and Other payables	10	4,282				3,146	7,428
Loans	10	3,941	528	2,448	1,061	1,909	9,887
<b>Total</b>		<b>8,223</b>	<b>528</b>	<b>2,448</b>	<b>1,061</b>	<b>7,215</b>	<b>19,475</b>
Weighted Ave. interest rate		2.59%	6.53%	6.53%	6.53%	0.00%	1.63%
<b>Net Financial assets/(liabilities)</b>		<b>28,867</b>	<b>(528)</b>	<b>(2,448)</b>	<b>(1,061)</b>	<b>(4,378)</b>	<b>20,452</b>

**NOTES TO THE FINANCIAL STATEMENTS****Note 15 (continued)****FINANCIAL INSTRUMENTS**

2001	Notes	Fixed interest maturing in:				Non- interest bearing (\$'000)	Total (\$'000)
		Floating interest rate (\$'000)	<1 year (\$'000)	>1 year <5 years (\$'000)	>5 years (\$'000)		
<b>Financial Assets</b>							
Cash and deposits	6	-				3	3
Receivables	7	-				2,854	2,854
Investments	6	32,029	-				32,029
<b>Total</b>		<b>32,029</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,857</b>	<b>34,886</b>
Weighted Ave. interest rate		5.05%				0.00%	4.64%
<b>Financial Liabilities</b>							
Bank overdraft	10					1,345	1,345
Creditors	10	3,831				2,551	6,382
Loans	10	4,293	686	2,299	1,733	2,227	11,238
<b>Total</b>		<b>8,124</b>	<b>686</b>	<b>2,299</b>	<b>1,733</b>	<b>6,123</b>	<b>18,965</b>
Weighted Ave. interest rate		2.59%	6.53%	6.53%	6.53%	0.00%	1.94%
<b>Net Financial assets/(liabilities)</b>		<b>23,905</b>	<b>(686)</b>	<b>(2,299)</b>	<b>(1,733)</b>	<b>(3,266)</b>	<b>15,921</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
**Note 15 (continued)**

**FINANCIAL INSTRUMENTS**

<b>Reconciliation of Net Financial Assets</b>		<b>2002</b>	<b>2001</b>
Notes		<b>(\$'000)</b>	<b>(\$'000)</b>
Net financial assets as above		20,452	15,921
Non-financial assets and liabilities			
- Inventories	8	246	420
- Property, Plant and Equip.	9	1,276,328	1,251,057
- Other assets	8	500	235
- Provisions	10	(6,000)	(4,465)
Net Assets per Statement of Financial Position		<u>1,291,526</u>	<u>1,263,168</u>

**Net Fair Value of Financial Assets**

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value.

The net fair value of other monetary assets and liabilities is based upon market prices, where a market exists, or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

The carrying amounts of net fair values of financial assets and liabilities at balance date are as follows:

	<b>2002</b>		<b>2001</b>	
	<b>Carrying Amount (\$'000)</b>	<b>Net Fair Value (\$'000)</b>	<b>Carrying Amount (\$'000)</b>	<b>Net Fair Value (\$'000)</b>
<b>Financial Assets</b>				
Trade debtors	735	735	700	700
Other debtors	2,098	2,098	2,154	2,154
Investments	37,094	37,094	32,032	32,032
Other assets				
<b>Total</b>	<u>39,927</u>	<u>39,927</u>	<u>34,886</u>	<u>34,886</u>
<b>Financial Liabilities</b>				
Bank loans	12,047	12,047	12,583	12,583
Other loans				
Other liabilities	7,428	7,428	6,382	6,382
<b>Total</b>	<u>19,475</u>	<u>19,475</u>	<u>18,965</u>	<u>18,965</u>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Note 16**

#### **MATERIAL BUDGET VARIATIONS**

Council's original budget was incorporated as part of the Management Plan adopted by the Council in June 2001. The original projections on which the budget was based have been affected by a number of factors.

This Note sets out the details of material variations between the original budget and actual results for the Statement of Financial Performance. Material favourable (F) and unfavourable (U) variances represent amounts of 10% or more of the budgeted amount.

#### **Expenses**

##### **Borrowing Costs -22% (F)**

Interest expense was under budget due to lower interest rates than anticipated during the year.

##### **Materials & Contracts -12% (F)**

Materials & Contracts was under budget due to the following:

1. The decommissioning of Council's former depot sites was deferred until the 2002/2003 financial year .
2. Waste Management expenditure was under budget due to lower tonnages throughout the year combined with lower disposal fees and waste development tax than was budgeted for.
3. Remediation works on Council's Civic Centre were deferred until 2002/2003.
4. Some under expenditure on maintenance of Council's buildings also occurred.

##### **Other Expenses 64% (U)**

Major variations in Other Expenses occurred in the following areas:

1. Legal Fees - \$1.8M incurred on the West Ryde Drainage Project.
2. Insurance - \$1M to recognise a liability for deficits incurred by Statewide Mutual and bad debt provisions with Statewide Mutual as a result of the collapse of HIH.
3. Additional water, electricity and heating costs associated with the Ryde Aquatic Leisure Centre.

#### **Revenues**

##### **User Charges & Fees 10% (F)**

Higher than expected Utility Restoration work was required and income in this area exceeded budget by \$1.1M. This additional income is offset by additional expenditure.

##### **Interest 32% (F)**

Interest income exceeded budget due to higher than anticipated returns from investments, expenditure not being incurred in line with budgeted cash flows and additional funds being carried forward from the 2000/2001 financial year.

##### **Grants & Contributions Provided for Capital Purposes 1043% (F)**

During 2001/2002 control of the Ryde Aquatic Leisure Centre reverted back to Council (see Note 1 for more details). To recognise the value of the asset a capital contribution of \$26.5M. Also additional S94 contributions were received than anticipated.

##### **Gain From Sale of Assets 93% (F)**

During 2001/2002 Council budgeted for the write-off of its Parsonage Street and Wellington Road Depots valued at \$1.08M, this expenditure has now been included in the 2002/2003 budget.

**NOTES TO THE FINANCIAL STATEMENTS**

**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	1,494	2,543	-	85	25	-	4,097	715
Parking	145	-	-	57	-	-	202	2,332
North Ryde Traffic Fund	415	-	-	18	83	-	351	1,259
Open Space	3,301	1,762	-	181	991	-	4,253	21,396
Community Facilities	-	-	-	-	-	-	-	-
Other	-	25	-	1	-	-	26	-
<b>TOTAL CONTRIBUTIONS</b>	<b>5,355</b>	<b>4,330</b>	<b>-</b>	<b>342</b>	<b>1,098</b>	<b>-</b>	<b>8,929</b>	<b>25,701</b>

**CONTRIBUTION PLAN NO. 1**

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	396	2,543	-	81	25	-	2,995	25
Parking	61	-	-	3	-	-	64	-
North Ryde Traffic Fund	415	-	-	18	83	-	351	1,259
Open Space	3,301	1,762	-	181	991	-	4,253	10,446
Community Facilities	-	-	-	-	-	-	-	-
Other	-	25	-	1	-	-	26	-
<b>TOTAL</b>	<b>4,173</b>	<b>4,330</b>	<b>-</b>	<b>284</b>	<b>1,098</b>	<b>-</b>	<b>7,689</b>	<b>11,729</b>

**CONTRIBUTIONS NOT UNDER PLANS**

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR *		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	EXPENDED IN ADVANCE \$'000	HELD AS RESTRICTED ASSET ** \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Drainage	1,098	-	-	4	-	-	1,102	690
Parking	84	-	-	54	-	-	138	2,332
Open Space	-	-	-	-	-	-	-	10,950
Community Facilities	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,182</b>	<b>-</b>	<b>-</b>	<b>58</b>	<b>-</b>	<b>-</b>	<b>1,240</b>	<b>13,972</b>

\* Reconcilable with Note 4

\*\* Reconcilable with Note 6 (Restricted assets excludes 'amounts expended in advance')

**NOTES TO THE FINANCIAL STATEMENTS****Note 18****ASSETS AND 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 the users of the financial report in making and evaluating decisions about the allocation of scarce resources:

- (a) Council is a member of Statewide Mutual, a mutual scheme providing public liability insurance to local government.

Council has been advised that the Scheme has significant accumulated losses, partly resulting from the collapse of the HIH group of companies. Council's share of losses is \$924,233 which has been recognised as a liability in Note 10. This liability includes an amount of \$515,205 relating to the collapse of the HIH group as a reinsurer for the scheme.

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

- (b) Since 1997 Council has been invoicing Optus Vision and Telstra for telecommunications cables charges. On the basis that it was not probable that the income would be received in the relevant reporting periods the income and debts have not been recognised in the Statement of Financial Position. The amounts invoiced for total \$3,744,000 for Telstra and \$1,898,000 for Optus. These amounts will be recognised as income in the year they are received by Council.
- (c) In early 2000 Council began legal proceedings to challenge claims for excess costs associated with construction of the West Ryde Drainage Program. In August 2002 costs were awarded to the constructor. However Council, through an appeals process, is challenging that decision.



SPENCER STEER  
CHARTERED ACCOUNTANTS

CITY OF RYDE

GENERAL PURPOSE FINANCIAL REPORT

INDEPENDENT AUDITORS' REPORT

SCOPE

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

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

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

AUDIT OPINION

In our opinion,

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

SPENCER STEER  
Chartered Accountants

N. MAH CHUT  
Partner

Dated at Sydney, this 11th day of September 2002.



**SPENCER STEER**  
CHARTERED ACCOUNTANTS

11 September 2002

The Mayor  
City of Ryde  
PO Box 23  
**RYDE NSW 2112**

Mayor,

**Audit Report - Year Ended 30 June 2002**

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2002 and that all information required by us was readily available. We have signed and attached our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to;

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

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

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

**1. RESULTS FOR THE YEAR**

***1.1 Operating Result***

The Statement of Financial Performance discloses an increase in net assets, as a result of operations for the year of \$28.357 million as compared with \$1.120 million in the 2000/2001 financial year.



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

	2002	% of Total	2001	% of Total	Increase (Decrease)
	\$000		\$000		\$000
<b>Ordinary Expenses</b>					
Employees Costs	17,432	31%	15,830	21%	1,602
Depreciation	14,116	25%	13,263	17%	853
Other	24,419	44%	47,991	62%	(23,572)
	<b>55,967</b>	<b>100%</b>	<b>77,084</b>	<b>100%</b>	<b>(21,117)</b>
<b>Ordinary Revenues before Capital</b>					
Rates & Annual Charges	36,625	70%	35,289	69%	1,336
Grants & Contributions	4,460	9%	4,413	9%	47
Other	11,269	22%	11,269	22%	-
	<b>52,354</b>	<b>100%</b>	<b>50,971</b>	<b>100%</b>	<b>1,383</b>
<b>Surplus(Deficit) from Ordinary Activities before Capital items</b>	<b>\$ (3,613)</b>		<b>\$ (26,113)</b>		<b>\$ 22,500</b>
Capital Revenues	31,970		27,233		4,737
<b>Surplus(Deficit) from All Activities</b>	<b>\$ 28,357</b>		<b>\$ 1,120</b>		<b>\$ 27,237</b>

The increase in the operating result of \$27 million is almost entirely attributed to the recognition of the Ryde Aquatic & Leisure Centre amounting to \$26.538 million as a result of Council resuming control over the Centre.

Other notable fluctuations from the previous year consist of;

- Section 94 contributions from developers increased by \$3.434 million to yield a total of \$4.330 million.
- The previous year included a one off lease premium received for the Aquatic Centre amounting to \$3 million.
- Additional compensation from land resumed in respect to M2 of \$2.389 million.
- Road restoration charges increased by \$886,000 due to major utility works.
- Legal fees increased significantly and were attributable to expensing legal fees relating to the West Ryde Drainage Programme amounting to \$1.646 million (in previous years these fees were capitalised).
- A provision of \$924,000 has been brought to account for the first time in respect to Council's exposure to the existing accumulated deficit of Statewide Mutual.

## 1.2 Funding Result

The Operating Surplus of \$28.357 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.

	2002	2001
<i>Funds were provided by:-</i>	\$000	\$000
<b>Operating Result (as above)</b>	<b>28,357</b>	<b>1,120</b>
Add back non funding items:-		
- Depreciation	14,116	13,263
- Book Value of Assets Sold	1,574	1,535
- Relinquishment of Ryde Aquatic & Leisure Centre	0	25,728
	<u>44,047</u>	<u>41,646</u>
Deferred Payment Creditors	0	2,545
Net Transfers from Internal Reserves	0	2,576
Net Movements between Current/Non Current Asset & Liabilities	0	2,588
	<u>44,047</u>	<u>49,355</u>
<i>Funds were applied to:-</i>		
Purchase and Construction of Assets	(14,423)	(17,593)
Recognition of Ryde Aquatic & Leisure Centre	(26,538)	(25,728)
Principal repaid on Loans	(1,033)	(432)
Principal repaid on Deferred Creditors	(318)	(318)
Net Transfers to Externally Restricted Assets	(819)	(1,295)
Net Transfers to Internal Reserves	(542)	0
Net Movements between Current/Non Current Asset & Liabilities	(1,679)	0
	<u>(45,352)</u>	<u>(45,366)</u>
<b>Surplus(Deficit) in Available Working Capital for the Year</b>	<b>\$ (1,305)</b>	<b>\$ 3,989</b>

## 2. FINANCIAL POSITION

### 2.1 Available Working Capital

Available Working Capital is a financial indicator, which adjusts Council's Net Current Asset position to take into account funds set aside for future works and commitments and for liabilities that are funded in the 2002/03 budget. Available Working Capital stood at \$9.845 million on 30 June 2002 and was made up as follows;



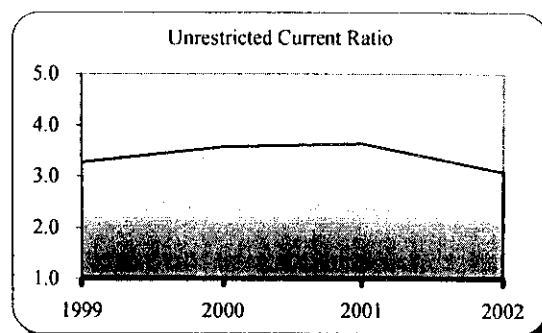
	2002	2001	Change
	\$000	\$000	\$000
<b>Net Current Assets (as per the Accounts)</b>	<b>24,720</b>	<b>24,682</b>	<b>38</b>
<i>Add(Less):</i> Budgetted to Pay(Receive) in the next 12 months			
- Borrowings	1,397	1,465	(68)
- Employees Leave Entitlements	1,523	1,436	87
<i>Less:</i> Externally Restricted Assets	(4,550)	(3,731)	(819)
<i>Less:</i> Internally Restricted Assets	(13,245)	(12,703)	(542)
<b>Available Working Capital as at 30 June</b>	<b>\$ 9,845</b>	<b>\$ 11,149</b>	<b>(1,304)</b>

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

## 2.2 Current Ratio

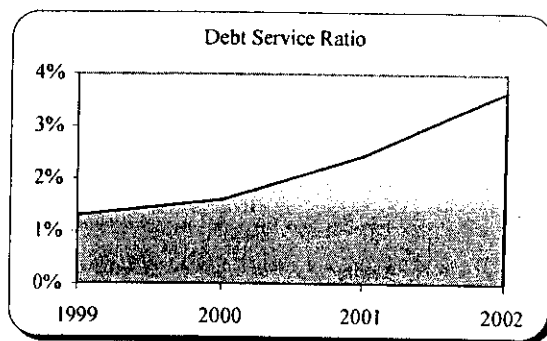
This ratio is a good indicator of Council's ability to operate and meet its debts in the short term.

The Statement of Performance Measurement (Note 13) discloses current assets exceeding current liabilities by a factor of **3.48 to 1**. After allowing for externally restricted assets and specific purpose liabilities, this ratio referred to, as the *Unrestricted Current Ratio* was **3.08 to 1** and in fact represents the general funds of Council.



## 2.3 Debt Service Ratio

Operating revenue (excluding special purpose grants and contributions) required to service debt was 3.65% as compared to 2.44% in 2001.



The rise in the debt service ratio was due to the commencement of principal repayments on loans that were previously interest only.

#### 2.4 Summary

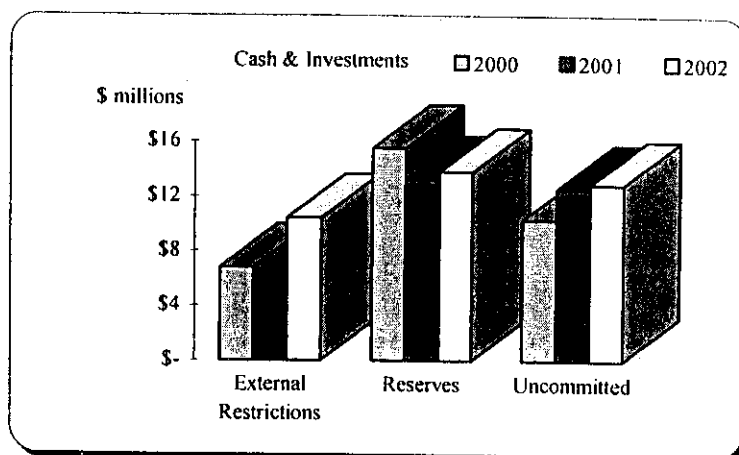
Council's overall financial position, after taking into consideration the above financial indicators is, in our opinion, sound.

### 3. CASH ASSETS

#### 3.1 Cash & Investments

Cash and investments held at the close of the year amounted to \$37.094 million as compared with \$32.032 million and \$32.608 million at the close of financial years 2001 and 2000 respectively.

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



*Externally restricted cash and investments* are restricted in their use by externally imposed requirements and consist of:



- unexpended development contributions under Section 94 of \$8.929 million,
- unexpended specific purpose grants, contributions and special levies of \$442,000, and
- domestic waste management charges of \$1.050 million.

*Internally restricted cash and investments* have been restricted in their use by resolution or policies of Council to reflect forward plans, identified programs of works, and are in fact, Council's "Reserves". These Reserves totalled \$13.799 million.

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

*Unrestricted cash and investments* amounted to \$12.875 million, which are available to provide liquidity for day to day operations and form the basis of Council's sound financial position.

### 3.2 Cash Flows

The Statement of Cash Flows illustrates the movement of cash flowing into and out of Council during the year (including GST paid and collected) and reveals that Council's cash assets increased by \$4.247 million from an opening balance of \$30.687 million.

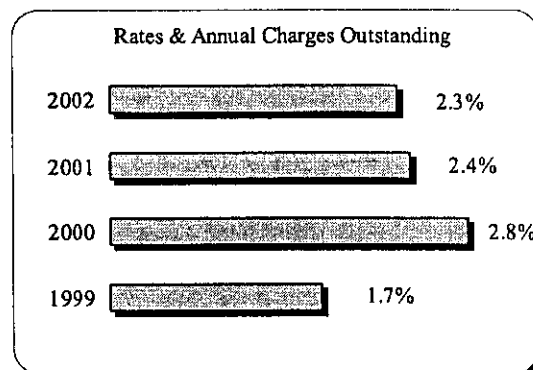
Operating activities contributed net cash of \$16.158 million and was supplemented by the sale of assets of \$3.862 million. Cash outflows other than operating activities were used to repay loans and advances totalling \$1.351 million and to purchase and construct assets of \$14.422 million (the Aquatic & Leisure Centre is a non cash transaction and is not included in this disclosure).

## 4. RECEIVABLES

### 4.1 Rates & Annual Charges

Net rates and annual charges levied during the year totalled \$36.625 million, and represents 43.43% of Council's total revenues.

The total rates and annual charges receivable (including arrears) was \$37.481 million. Arrears at the close of the year amounted to \$848,000 representing 2.25% of those receivables and a collection rate of 97.74%.





#### **4.2 Other Receivables**

Receivables (other than Rates & Annual Charges) total \$2.024 million, and a break up is provided in Note 7 to the financial statements.

The Provision for Doubtful Debts in respect of the above receivables stood at \$39,000. We have examined the outstanding balances and conclude that the provision appears adequate.

### **5. PAYABLES**

#### **5.1 Self Insurance**

A provision (\$924,000) has been brought to account for the first time in respect to Council's exposure to the existing accumulated deficit of Statewide Mutual, a local government insurance pool of 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 HIH collapse and past operational results of Statewide.

#### **5.2 Employees Leave Entitlements**

Council's provision for its liability toward employees leave entitlements amounted to \$5.076 million (2001 - \$4.465 million).

Reserves should be held to enable Council to meet unbudgeted and unanticipated retirements. At the close of the year, \$1.514 million was held for this purpose, which represents 29.83% of Council's obligation to their employees and, is in our opinion, adequate.

### **6. CONCLUSION**

We wish to record our appreciation to your Chief Executive 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

**Council of the City of Ryde****SPECIAL PURPOSE FINANCIAL REPORTS**

for the year ended 30 June 2002

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**Council of the City of Ryde**

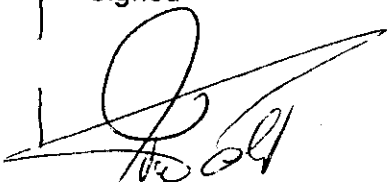
**SPECIAL PURPOSE FINANCIAL REPORTS**

**for the year ended 30 June 2002**


**Council's Certificate**

The undersigned declare that the Special Purpose Financial Reports have been prepared in accordance with the Local Government Code of Accounting Practice and Financial Reporting and relevant Australian Accounting Standards.

Signed



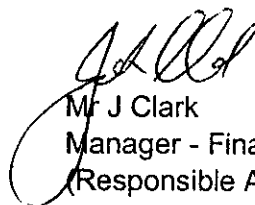
Councillor I J Petch  
Mayor



Mr Michael G McMahon  
General Manager



Councillor P J Graham, OAM  
Deputy Mayor



Mr J Clark  
Manager - Financial Services  
(Responsible Accounting Officer)

## Council of the City of Ryde

## STATEMENT OF FINANCIAL PERFORMANCE OF BUSINESS ACTIVITIES

As at 30 June 2002

(\$'000's)

	Domestic Waste Management		Property Leasing		Ryde Certification Service		Commercial Waste Management		Enviroserve Commercial Works	
	(Category 1)		(Category 2)		(Category 2)		(Category 2)		(Category 2)	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>										
Employee Costs	248	163	41	40	388	598	17	6	41	49
Materials and Contracts	6,115	5,866	165	96	317	350	227	261	89	60
Interest Charges	-	-	-	-	-	-	-	-	-	-
Depreciation	3	3	132	136	-	-	-	-	-	-
Loss On Asset Disposal	-	-	-	66	-	-	-	-	-	-
Taxation Equivalent Payments	-	-	131	167	-	-	-	-	-	-
Other expenses from ordinary activities	449	464	260	245	24	59	19	24	11	22
<b>Total Expenses From Ordinary Activities</b>	<b>6,815</b>	<b>6,496</b>	<b>729</b>	<b>750</b>	<b>729</b>	<b>1,007</b>	<b>263</b>	<b>291</b>	<b>141</b>	<b>131</b>
<b>REVENUE FROM ORDINARY ACTIVITIES</b>										
Rates & Annual Charges	7,235	6,872	-	-	-	-	-	-	-	-
User Charges & Fees	-	-	-	-	240	275	388	408	-	-
Interest	19	21	-	-	-	-	-	-	-	-
Other revenues from ordinary activities	7	4	436	392	13	8	-	-	210	150
Grants & Contributions provided for Non-Capital Purposes	200	202	-	-	-	-	-	-	-	-
Gain On Asset Disposal	-	-	-	-	-	-	-	-	-	-
<b>Revenue from Ordinary Activities before capital amounts</b>	<b>7,461</b>	<b>7,099</b>	<b>436</b>	<b>392</b>	<b>253</b>	<b>283</b>	<b>388</b>	<b>408</b>	<b>210</b>	<b>150</b>
<b>Surplus(Deficit) from Ordinary Activities before Revenue for Capital Purposes</b>	<b>646</b>	<b>603</b>	<b>(293)</b>	<b>(358)</b>	<b>(476)</b>	<b>(724)</b>	<b>125</b>	<b>117</b>	<b>69</b>	<b>19</b>
Grants & Contributions provided for Capital Purposes	-	-	-	-	-	-	-	-	-	-
<b>Surplus(Deficit) from Ordinary Activities after capital amounts</b>	<b>646</b>	<b>603</b>	<b>(293)</b>	<b>(358)</b>	<b>(476)</b>	<b>(724)</b>	<b>125</b>	<b>117</b>	<b>69</b>	<b>19</b>
Correction of Fundamental Error	-	-	-	-	-	-	-	-	-	-
<b>Surplus(Deficit) from All Activities before Tax</b>	<b>646</b>	<b>603</b>	<b>(293)</b>	<b>(358)</b>	<b>(476)</b>	<b>(724)</b>	<b>125</b>	<b>117</b>	<b>69</b>	<b>19</b>
Corporate Taxation Equivalent (30%) [based on Operating result before capital]	194	205	-	-	-	-	38	40	21	6
<b>Surplus(Deficit) After Tax</b>	<b>452</b>	<b>398</b>	<b>(293)</b>	<b>(358)</b>	<b>(476)</b>	<b>(724)</b>	<b>88</b>	<b>77</b>	<b>48</b>	<b>13</b>
Dividend Payment (non restricted activities) [Percent of Surplus after tax]	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%	148 169%	- 0%	51 106%	19 152%
<b>Surplus(Deficit) After Dividend Payment</b>	<b>452</b>	<b>398</b>	<b>(293)</b>	<b>(358)</b>	<b>(476)</b>	<b>(724)</b>	<b>(61)</b>	<b>77</b>	<b>(3)</b>	<b>(6)</b>
Opening Retained profits	566	(37)	8,923	4,595	(113)	0	117	-	-	-
Subsidy from Council	-	-	3	292	487	611	-	-	-	-
Equity Contributions	-	-	-	4,226	-	-	-	-	-	-
Adjustments for Amounts Unpaid:-										
Dividend Payment	-	-	-	-	-	-	-	-	-	-
Taxation Equivalent Payments	-	-	131	167	-	-	-	-	-	-
Corporate Taxation Equivalent	194	205	-	-	-	-	38	40	21	6
<b>Closing Retained Profits</b>	<b>1,212</b>	<b>566</b>	<b>8,764</b>	<b>8,923</b>	<b>(102)</b>	<b>(113)</b>	<b>94</b>	<b>117</b>	<b>18</b>	<b>-</b>
<b>RETURN ON CAPITAL (%)</b>	<b>1209%</b>	<b>1538%</b>	<b>-3%</b>	<b>-4%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>SUBSIDY FROM COUNCIL</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>292</b>	<b>487</b>	<b>611</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Council of the City of Ryde

### STATEMENT OF FINANCIAL POSITION BY BUSINESS ACTIVITY as at 30 June 2002 (\$000's)

	Domestic Waste Management		Property Leasing		Ryde Certification Service		Commercial Waste Management		Enviroserve Commercial Works	
	(Category 1)		(Category 2)		(Category 2)		(Category 2)		(Category 2)	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
<b>CURRENT ASSETS</b>										
Cash Assets	1,239	398	2	3	20	48	1	-	2	14
Investment Securities	-	-	-	-	-	-	-	-	-	-
Receivables	272	324	9	6	-	-	114	206	31	-
Inventories	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>1,511</b>	<b>722</b>	<b>11</b>	<b>9</b>	<b>20</b>	<b>48</b>	<b>115</b>	<b>206</b>	<b>33</b>	<b>14</b>
<b>NON-CURRENT ASSETS</b>										
Investment Securities	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-
Property, Plant and Equipment	55	55	8,775	8,925	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>55</b>	<b>55</b>	<b>8,775</b>	<b>8,925</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>1,566</b>	<b>777</b>	<b>8,786</b>	<b>8,934</b>	<b>20</b>	<b>48</b>	<b>115</b>	<b>206</b>	<b>33</b>	<b>14</b>
<b>CURRENT LIABILITIES</b>										
Payables	271	169	9	-	-	-	16	11	3	-
Interest Bearing Liabilities	-	-	-	-	-	-	-	73	-	-
Provisions	21	20	3	5	31	80	1	2	3	7
<b>TOTAL CURRENT LIABILITIES</b>	<b>292</b>	<b>189</b>	<b>12</b>	<b>5</b>	<b>31</b>	<b>80</b>	<b>17</b>	<b>86</b>	<b>6</b>	<b>7</b>
<b>NON-CURRENT LIABILITIES</b>										
Payables	-	-	-	-	-	-	-	-	-	-
Interest Bearing Liabilities	-	-	-	-	-	-	-	-	-	-
Provisions	62	22	10	5	91	81	4	3	9	7
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>62</b>	<b>22</b>	<b>10</b>	<b>5</b>	<b>91</b>	<b>81</b>	<b>4</b>	<b>3</b>	<b>9</b>	<b>7</b>
<b>NET ASSETS</b>	<b>1,212</b>	<b>566</b>	<b>8,764</b>	<b>8,923</b>	<b>(102)</b>	<b>(113)</b>	<b>94</b>	<b>117</b>	<b>18</b>	<b>-</b>
<b>EQUITY</b>										
Accumulated Surplus	1,212	566	8,764	8,923	(102)	(113)	94	117	18	-
Asset Revaluation Reserve	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EQUITY</b>	<b>1,212</b>	<b>566</b>	<b>8,764</b>	<b>8,923</b>	<b>(102)</b>	<b>(113)</b>	<b>94</b>	<b>117</b>	<b>18</b>	<b>-</b>



## NOTES TO THE SPECIAL PURPOSE FINANCIAL REPORTS

### Note 1

#### **SIGNIFICANT ACCOUNTING POLICIES**

This statement summarises the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Report (SPFR) for National Competition Policy reporting purposes. These financial statements are a SPFR prepared for use by the Council and Department of Local Government. For the purposes of these statements, the Council is not a reporting entity.

This special purpose financial report, unless otherwise stated, has been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the Local Government Act and Regulations, the Local Government Code of Accounting Practice and Financial Reporting and the Local Government Asset Accounting Manual. It is also based on the accounting policies as outlined in Note 1 to the Council's General Purpose Financial Report.

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

#### ***National Competition Policy***

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 Government Policy statement on the "*Application of National Competition Policy to Local Government*". The "*Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality*" issued by the Department of Local Government in July 1997 has also been adopted.

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; Council subsidies; return on investments (rate of return).

### **Declared Business Activities**

In accordance with *Pricing & Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

#### **Category 1**

<b>Name</b>	<b>Brief Description of Activity</b>
Domestic Waste Removal	Domestic waste collection, recycling and disposal and sale of recycling aids.

#### **Category 2**

<b>Name</b>	<b>Brief Description of Activity</b>
Property Leasing	Acquisition, management, leasing and disposal of property assets surplus to Council's operating requirements.
Ryde Certification Service	Certification of Development proposals under Part 4a of The Environmental Planning and Assessment Act.
Commercial Waste Removal	Commercial waste collection, recycling and disposal.
Enviroserve Commercial Works	The provision of urban services to customers within Ryde and its surrounding districts

### **Taxation Equivalent Payments**

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

<b>Tax</b>	<b>Notional Rate Applied %</b>
Corporate Tax Rate	30%
Land Tax	1.7% of property value in excess of \$220,000
Payroll Tax	6.2% where total labour payments for the individual business activity exceed \$600,000
Stamp Duty	Statutory rates for 2001/2002 as published by the Office of State Revenue. Council did not purchase any new properties for business activities in 2001/02.

### **Income Tax**

An income tax equivalent has been applied on the profits of the business. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level (gain/loss from ordinary activities before capital amounts) as would be applied by a private sector competitor.

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional, that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the Council.

### **Local Government Rates & Charges**

A calculation of the equivalent rates and charges for all Category 1 and 2 businesses have been applied to all assets owned or exclusively used by the business activity.

### **Subsidies**

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Statement of Financial Performance of Business Activities.

For Business Activities which incur a trading loss, with the exception of Domestic Waste Management, Council provides a subsidy based on the trading loss, before imputed taxes, and after consideration of any cash deficit within the business.

If Business Activities, other than Domestic Waste Management, require extra capital, this is supplied by Council (following consideration in the annual Management Planning process) as an equity contribution.

Any trading losses incurred by Domestic Waste Management may be funded temporarily by Council's general funds, but must be recouped in subsequent years by adjustments to the Domestic Waste charge.

### ***Trading Surplus***

If a business activity, other than Domestic Waste Management, produces a trading surplus, Council requires the payment of a dividend equal to the amount of the surplus before imputed taxes, and subject to the business having a sufficient cash surplus to effect dividend payment.

Any trading surplus produced by the Domestic Waste Management business activity is retained in an externally restricted reserve and exhausted over the long term by appropriate adjustments to the Domestic Waste management charge.

### ***Return on Investments (Rate of Return)***

The Competitive Neutrality Policy statement requires that Councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field". Funds are subsequently available for meeting commitments or financing future investment strategies. Where a business activity has required the investment of capital assets, the rate of return on investment is disclosed in the Statement of Financial Performance of Business Activities.

### ***Dividends***

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

Council's Domestic Waste Management activity relates to the collection and disposal of waste and recycling items from domestic premises. This is operated as a restricted activity. The Local Government Act 1993 requires that all operating surpluses or deficits are credited/debited to the equity of this fund.

### ***Corporate Overheads***

Council allocates a proportion of corporate overhead to Business Activities in relation to their usage of corporate resources as measured by various physical parameters. This overhead allocation is included as "Materials and Contracts" costs in the Business Activity Statement of Financial Performance.



**SPENCER STEER**  
CHARTERED ACCOUNTANTS

**CITY OF RYDE**

**SPECIAL PURPOSE FINANCIAL REPORTS**

**INDEPENDENT AUDITORS' REPORT**

**SCOPE**

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

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

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

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

**AUDIT OPINION**

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

**SPENCER STEER**  
Chartered Accountants

**N. MAH CHUT**  
Partner

Dated at Sydney this 11th day of September 2002