

# Council of the City of Ryde

GENERAL PURPOSE FINANCIAL REPORT  
for the year ended 30 June 2009

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*“...an innovative city, a leader in  
environmental, economic and  
social sustainability.”*



# Council of the City of Ryde

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

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### Overview

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

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

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

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

- (iii) All figures presented in this Financial Report represent Australian Currency.
- (iv) This Financial Report was authorised for issue by the Council on 21/10/09. Council has the power to amend and reissue the financial report.
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# Council of the City of Ryde

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

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

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

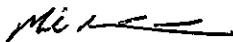
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

Signed in accordance with a resolution of Council made on 20 October 2009.



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Councillor Michael Butterworth  
MAYOR



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Councillor Roy Magno  
COUNCILLOR



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Mr Michael Whittaker  
GENERAL MANAGER



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Mr Richard Nankivell  
CHIEF FINANCIAL OFFICER  
RESPONSIBLE ACCOUNTING OFFICER

# Council of the City of Ryde

## Income Statement

for the financial year ended 30 June 2009

Budget <sup>(1)</sup>			Actual	Actual
2009	\$ '000	Notes	2009	2008
<b>Income from Continuing Operations</b>				
<i>Revenue:</i>				
52,125	Rates & Annual Charges	3a	52,159	50,335
11,314	User Charges & Fees	3b	10,662	11,270
3,783	Interest & Investment Revenue	3c	3,032	4,259
6,102	Other Revenues	3d	5,880	5,347
5,821	Grants & Contributions provided for Operating Purposes	3e,f	6,949	6,293
12,988	Grants & Contributions provided for Capital Purposes	3e,f	64,340	8,597
<i>Other Income:</i>				
84	Net gains from the disposal of assets	5	-	19,008
-	Net Share of interests in Joint Ventures & Associated Entities using the Equity Method	19	-	-
<b>92,217</b>	<b>Total Income from Continuing Operations</b>		<b>143,022</b>	<b>105,109</b>
<b>Expenses from Continuing Operations</b>				
30,589	Employee Benefits & On-Costs	4a	30,611	29,161
694	Borrowing Costs	4b	331	475
22,795	Materials & Contracts	4c	22,177	19,667
14,832	Depreciation & Amortisation	4d	18,301	16,123
-	Impairment	4d	-	-
8,956	Other Expenses	4e	8,663	9,735
-	Net Losses from the Disposal of Assets	5	4,096	-
<b>77,866</b>	<b>Total Expenses from Continuing Operations</b>		<b>84,179</b>	<b>75,161</b>
<b>14,351</b>	<b>Operating Result from Continuing Operations</b>		<b>58,843</b>	<b>29,948</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>14,351</b>	<b>Net Operating Result for the Year</b>		<b>58,843</b>	<b>29,948</b>
14,351	Net Operating Result attributable to Council		58,843	29,948
-	Net Operating Result attributable to Minority Interests		-	-
<b>1,363</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>(5,497)</b>	<b>21,351</b>

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

## Council of the City of Ryde

## Balance Sheet

as at 30 June 2009

\$ '000	Notes	Actual 2009	Actual 2008
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	44,987	34,516
Investments	6b	5,885	25,552
Receivables	7	6,288	4,683
Inventories	8	570	386
Other	8	330	303
Non-current assets classified as "held for sale"	22	-	-
<b>Total Current Assets</b>		<b>58,060</b>	<b>65,440</b>
<b>Non-Current Assets</b>			
Investments	6b	15,494	22,500
Receivables	7	488	389
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	2,166,375	2,109,750
Investments accounted for using the equity method	19	-	-
Investment Property	14	2,315	1,638
Intangible Assets	25	-	-
Other	8	-	-
<b>Total Non-Current Assets</b>		<b>2,184,672</b>	<b>2,134,277</b>
<b>TOTAL ASSETS</b>		<b>2,242,732</b>	<b>2,199,717</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	16,068	14,956
Borrowings	10	453	700
Provisions	10	6,820	7,513
<b>Total Current Liabilities</b>		<b>23,341</b>	<b>23,169</b>
<b>Non-Current Liabilities</b>			
Payables	10	-	-
Borrowings	10	4,747	5,240
Provisions	10	250	188
<b>Total Non-Current Liabilities</b>		<b>4,997</b>	<b>5,428</b>
<b>TOTAL LIABILITIES</b>		<b>28,338</b>	<b>28,597</b>
<b>Net Assets</b>		<b>2,214,394</b>	<b>2,171,120</b>
<b>EQUITY</b>			
Retained Earnings	20	1,696,018	1,644,113
Revaluation Reserves	20	518,376	527,007
<b>Council Equity Interest</b>		<b>2,214,394</b>	<b>2,171,120</b>
<b>Minority Equity Interest</b>		<b>-</b>	<b>-</b>
<b>Total Equity</b>		<b>2,214,394</b>	<b>2,171,120</b>

## Council of the City of Ryde

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2009</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		1,644,113	527,007	2,171,120	-	2,171,120
a. Correction of Prior Period Errors	20 (c)	(6,938)	-	(6,938)	-	(6,938)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/08)</b>		<b>1,637,175</b>	<b>527,007</b>	<b>2,164,182</b>	<b>-</b>	<b>2,164,182</b>
c. Current Year Income & Expenses Recognised direct to Equity						
- Transfers to/(from) Asset Revaluation Reserve	20b (ii)	-	(8,631)	(8,631)	-	(8,631)
- Transfers to/(from) Other Reserves	20b (ii)	-	-	-	-	-
- Other Income/Expenses recognised	20b (ii)	-	-	-	-	-
- Other Adjustments	20b (ii)	-	-	-	-	-
<b>Net Income Recognised Directly in Equity</b>		<b>-</b>	<b>(8,631)</b>	<b>(8,631)</b>	<b>-</b>	<b>(8,631)</b>
d. Net Operating Result for the Year		58,843	-	58,843	-	58,843
<b>Total Recognised Income &amp; Expenses (c&amp;d)</b>		<b>58,843</b>	<b>(8,631)</b>	<b>50,212</b>	<b>-</b>	<b>50,212</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>1,696,018</b>	<b>518,376</b>	<b>2,214,394</b>	<b>-</b>	<b>2,214,394</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2008</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		1,607,434	81,699	1,689,133	-	1,689,133
a. Correction of Prior Period Errors	20 (c)	6,731	-	6,731	-	6,731
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/07)</b>		<b>1,614,165</b>	<b>81,699</b>	<b>1,695,864</b>	<b>-</b>	<b>1,695,864</b>
c. Current Year Income & Expenses Recognised direct to Equity						
- Transfers to/(from) Asset Revaluation Reserve	20b (ii)	-	445,308	445,308	-	445,308
- Transfers to/(from) Other Reserves	20b (ii)	-	-	-	-	-
- Other Income/Expenses recognised	20b (ii)	-	-	-	-	-
- Other Adjustments	20b (ii)	-	-	-	-	-
<b>Net Income Recognised Directly in Equity</b>		<b>-</b>	<b>445,308</b>	<b>445,308</b>	<b>-</b>	<b>445,308</b>
d. Net Operating Result for the Year		29,948	-	29,948	-	29,948
<b>Total Recognised Income &amp; Expenses (c&amp;d)</b>		<b>29,948</b>	<b>445,308</b>	<b>475,256</b>	<b>-</b>	<b>475,256</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>1,644,113</b>	<b>527,007</b>	<b>2,171,120</b>	<b>-</b>	<b>2,171,120</b>

## Council of the City of Ryde

### Cash Flow Statement

for the financial year ended 30 June 2009

Budget 2009	\$ '000	Notes	Actual 2009	Actual 2008
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
52,127	Rates & Annual Charges		51,611	50,007
13,332	User Charges & Fees		10,405	14,633
3,782	Interest & Investment Revenue Received		5,141	2,721
19,289	Grants & Contributions		13,145	14,863
5,060	Other		11,068	2,802
<b>Payments:</b>				
(30,684)	Employee Benefits & On-Costs		(30,428)	(28,567)
(25,700)	Materials & Contracts		(21,129)	(17,435)
(614)	Borrowing Costs		(332)	(480)
(9,810)	Other		(15,052)	(11,224)
<b>26,782</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>24,429</b>	<b>27,320</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
47,403	Sale of Investment Securities		26,667	121,589
2,783	Sale of Infrastructure, Property, Plant & Equipment		1,904	20,264
<b>Payments:</b>				
(25,552)	Purchase of Investment Securities		(5,993)	(107,200)
(59,085)	Purchase of Infrastructure, Property, Plant & Equipment		(35,796)	(26,031)
<b>(34,451)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(13,218)</b>	<b>8,622</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
2,000	Proceeds from Borrowings & Advances		-	-
<b>Payments:</b>				
(737)	Repayment of Borrowings & Advances		(728)	(1,036)
-	Repayment of Finance Lease Liabilities		(12)	(16)
-	Other Financing Activity Payments		-	(318)
<b>1,263</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>(740)</b>	<b>(1,370)</b>
<b>(6,406)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>10,471</b>	<b>34,572</b>
34,516	plus: Cash & Cash Equivalents - beginning of year	11a	34,516	(56)
<b>28,110</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>44,987</b>	<b>34,516</b>

Please refer to Note 11 for information on the following:

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

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

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n/a - not applicable



## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 1. Summary of Significant Accounting Policies

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

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

##### (a) Basis of preparation

###### (i) Background

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

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

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

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

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

Examples include;

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

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

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

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

###### (iii) Application of AAS 27

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

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

###### (iv) Basis of Accounting

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

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

###### (v) Changes in Accounting Policies

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

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

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (vi) Critical Accounting Estimates

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

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

##### (b) Revenue recognition

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

Revenue is measured on major income categories as follows:

##### Rates, Annual Charges, Grants and Contributions

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

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

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

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

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular

manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

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

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

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

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

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

##### User Charges, Fees and Other Income

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

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

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

##### Sale of Infrastructure, Property, Plant and Equipment

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

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 1. Summary of Significant Accounting Policies (continued)

##### Interest and Rents

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

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

##### (c) Principles of Consolidation

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

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

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

##### (i) The Consolidated Fund

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

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

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

- General Purpose Operations

##### (ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a

separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those monies.

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

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

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

##### (iii) Joint Venture Entities

###### Jointly Controlled Assets & Operations

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

###### Jointly Controlled Entities

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

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

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

##### (iv) Associated Entities

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

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 1. Summary of Significant Accounting Policies (continued)

Such entities are usually termed "Associates".

##### (v) County Councils

Council is not a member of any County Councils.

##### (vi) Additional Information

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

##### (d) Leases

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

###### Finance Leases

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

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

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

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

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

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

###### Operating Leases

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

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

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

##### (e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

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

##### (f) Investments and Other Financial Assets

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

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

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

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

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

##### (ii) Loans and receivables

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

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

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

##### (iii) Held-to-maturity investments

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

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

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

##### (iv) Available-for-sale financial assets

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

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

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

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

##### Financial Assets – Reclassification

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

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

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

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

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date.

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 1. Summary of Significant Accounting Policies (continued)

Further increases in estimates of cash flows adjust effective interest rates prospectively.

#### Actual Reclassifications

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

#### General Accounting & Measurement of Financial Instruments:

##### (i) Initial Recognition

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

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

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

##### (ii) Subsequent Measurement

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

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

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

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

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

#### Impairment

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

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

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

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

##### (iii) Types of Investments

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

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

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

##### (g) Fair value estimation

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

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

#### (h) Receivables

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

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

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

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

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

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

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

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

#### (i) Inventories

##### Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

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

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 1. Summary of Significant Accounting Policies (continued)

##### Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

###### Acquisition of assets

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

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

- **Investment Properties** – refer Note 1(n),
- **Operational Land**
- **Community Land**
- **Buildings – Specialised/Non Specialised**
- **Other Structures**
- **Roads, Bridges & Footpaths**
- **Stormwater Drainage**
- **Plant and Equipment** (as approximated by depreciated historical cost)

Council's other assets will be progressively revalued at fair value in accordance with a staged implementation advised by the Department of Local Government.

###### Initial Recognition

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

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

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

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

###### Subsequent costs

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

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

###### Asset Revaluations

The methodology applied to the revaluation process was based on Asset Management Guidelines prepared and endorsed by the seven member councils of the Northern Sydney Regional Organisation of Councils (NSROC).



## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

For 2008/2009, a major revaluation exercise was done on Infrastructure – Footpaths, and minor revaluations were done across other classes of assets.

The depreciation of non-current assets restated under the Fair Value review have had their accumulated depreciation adjusted based on their condition assessment.

#### Capitalisation Thresholds

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

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

#### Plant & Equipment

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

#### Buildings & Land Improvements

Park Furniture & Equipment	> \$2,000
Building	
- construction/extensions	100% Capitalised
- renovations	> \$10,000
Other Structures	> \$2,000

#### Water & Sewer Assets

Reticulation extensions	> \$5,000
Other	> \$5,000

#### Stormwater Assets

Drains & Culverts	> \$5,000
Other	> \$5,000

#### Transport Assets

Road construction & reconstruction	> \$10,000
Reseal/Re-sheet & major repairs:	> \$10,000
Bridge construction & reconstruction	> \$10,000

#### Disposal and De-recognition

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

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

#### (k) Land

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

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

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (l) Land under roads

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

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

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

Land under roads acquired during the 2008/09 financial year has been brought on at its assessed market value.

##### (m) Crown Reserves

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

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

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

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

##### (n) Investment property

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

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

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

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

##### (o) Provisions for close down, restoration and for environmental clean up costs – including Tips and Quarries

Close down, Restoration and Remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas.

Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance.

Costs are estimated on the basis of a closure plan.

The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close down, Restoration and Remediation costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations.

Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 1. Summary of Significant Accounting Policies (continued)

provisions is charged to the income statement in each accounting period.

This amortisation of the discount is shown as a borrowing cost.

Other movements in the provisions for Close down, Restoration and Remediation costs including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment.

These costs are then depreciated over the lives of the assets to which they relate.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the income statement.

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date.

These costs are charged to the income statement.

Movements in the environmental clean up provisions are presented as an operating cost, except for the unwind of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations.

The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates.

As a result there could be significant adjustments to the provision for close down and restoration and

environmental clean up, which would affect future financial results.

Specific Information relating to Councils provisions relating to Close Down, Restoration and Remediation costs can be found at Note 26.

#### **(p) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations**

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either **(i)** their carrying amount and **(ii)** fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

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

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

A Discontinued Operation is a component of the entity that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (q) Impairment of assets

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

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

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

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

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

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

##### (r) Payables

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

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

##### (s) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

##### (t) Borrowing costs

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

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

##### (u) Provisions

Provisions for legal claims and service warranties are recognised when:

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

Provisions are not recognised for future operating losses.

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

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

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

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 1. Summary of Significant Accounting Policies (continued)

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

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

#### (v) Employee benefits

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

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

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

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

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

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

##### (ii) Long service leave

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

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

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

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and

currency that match as closely as possible, the estimated future cash outflows.

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

##### (iii) Retirement benefit obligations

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

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

#### Defined Benefit Plans

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

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

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

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

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

#### Define Contribution Plans

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

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

#### (iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will

arise when payment of current employee benefits is made in future periods.

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

#### (w) Allocation between current and non-current assets & liabilities

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

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

#### Exceptions

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

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

#### (x) Taxes

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

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

#### Goods & Services Tax (GST)

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

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

#### **(y) New accounting standards and UIG interpretations**

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

**Council has not adopted any of these standards early.**

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

#### **Applicable to Local Government with implications:**

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

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of

changes in equity, but will not affect any of the amounts recognised in the financial statements.

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

Council will apply the revised standard from 1 July 2009.

#### **Applicable to Local Government but no implications for Council;**

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

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

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

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

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

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

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AASB-I 16 clarifies which foreign currency risks qualify as hedged risk in the hedge of a net investment in a foreign operation and that hedging



## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 1. Summary of Significant Accounting Policies (continued)

instruments may be held by any entity or entities within the group.

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

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

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

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

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

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

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

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

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

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

**Not applicable to Local Government per se;**

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

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

**(z) Rounding of amounts**

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

**(aa) Comparative Figures**

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

**(ab) Disclaimer**

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

# Council of the City of Ryde

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

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2009	Actual 2009	Actual 2008	Original Budget 2009	Actual 2009	Actual 2008	Original Budget 2009	Actual 2009	Actual 2008	Actual 2009	Actual 2008	Actual 2009	Actual 2008
<b>PEOPLE</b>													
Community Services	791	800	874	1,971	1,993	2,370	(1,180)	(1,193)	(1,496)	518	503	28,697	27,822
Community Life	-	-	-	366	338	-	(366)	(338)	-	-	-	-	-
Community Relations & Events	541	497	495	1,766	1,941	2,199	(1,225)	(1,444)	(1,704)	-	-	12,854	12,762
Library Services	841	866	842	4,416	4,739	4,996	(3,575)	(3,873)	(4,154)	255	249	14,411	13,999
Parks	489	1,164	664	3,179	3,895	10,014	(2,690)	(2,731)	(9,350)	2,007	30	1,155,603	1,142,308
Ryde Aquatic Leisure Centre	5,288	4,765	4,668	5,325	5,582	5,632	(37)	(817)	(964)	93	-	48,047	47,600
	7,950	8,092	7,543	17,023	18,488	25,211	(9,073)	(10,396)	(17,668)	2,873	782	1,259,612	1,244,491
<b>GOVERNANCE</b>													
Governance	942	1,748	103	4,496	3,344	980	(3,554)	(1,596)	(877)	39	490	6,027	3,768
	942	1,748	103	4,496	3,344	980	(3,554)	(1,596)	(877)	39	490	6,027	3,768
<b>ENVIRONMENT</b>													
Assessment	1,653	1,051	1,563	2,518	3,024	2,803	(865)	(1,973)	(1,240)	-	-	-	2
Environment	255	470	264	1,290	1,283	730	(1,035)	(813)	(466)	-	255	-	-
Health and Building	1,090	726	841	1,672	1,899	1,601	(582)	(1,173)	(760)	-	-	203	81
Regulation	3,801	4,174	3,738	2,192	2,125	2,062	1,609	2,049	1,676	-	-	91	74
Environmental & Planning	-	-	-	-	-	523	-	-	(523)	-	-	-	-
Urban Planning	12,574	2,671	8,481	2,476	2,603	2,451	10,098	68	6,030	49	104	-	2
	19,373	9,092	14,887	10,148	10,934	10,170	9,225	(1,842)	4,717	49	359	294	159

# Council of the City of Ryde

## Notes to the Financial Statements

for the financial year ended 30 June 2009

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2009	Actual 2009	Actual 2008	Original Budget 2009	Actual 2009	Actual 2008	Original Budget 2009	Actual 2009	Actual 2008	Actual 2009	Actual 2008	Actual 2009	Actual 2008
<b>ASSETS</b>													
Access	4,431	52,536	4,682	12,723	14,788	15,115	(8,292)	37,748	(10,433)	1,509	1,159	568,255	551,566
Buildings & Property	1,373	2,965	20,021	6,672	6,929	3,518	(5,299)	(3,964)	16,503	-	167	49,356	43,115
Catchments & Assets	327	1,599	1,429	5,889	6,347	6,661	(5,562)	(4,748)	(5,232)	734	256	272,437	262,268
Waste & Fleet Management Operations	12,311	12,939	12,202	11,404	12,774	10,563	907	165	1,639	463	181	12,563	8,279
	164	8,942	426	8,729	9,826	1,783	(8,565)	(884)	(1,357)	-	-	146	146
	18,606	78,981	38,760	45,417	50,664	37,640	(26,811)	28,317	1,120	2,706	1,763	902,757	865,374
<b>Total Functions &amp; Activities</b>	<b>46,871</b>	<b>97,913</b>	<b>61,293</b>	<b>77,084</b>	<b>83,430</b>	<b>74,001</b>	<b>(30,213)</b>	<b>14,483</b>	<b>(12,708)</b>	<b>5,667</b>	<b>3,394</b>	<b>2,168,690</b>	<b>2,113,792</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income <sup>1</sup>	45,345	45,109	43,816	781	751	1,160	44,564	44,358	42,656	3,885	3,045	74,042	85,925
<b>Operating Result from Continuing Operations</b>	<b>92,217</b>	<b>143,022</b>	<b>105,109</b>	<b>77,866</b>	<b>84,179</b>	<b>75,161</b>	<b>14,351</b>	<b>58,843</b>	<b>29,948</b>	<b>9,552</b>	<b>6,439</b>	<b>2,242,732</b>	<b>2,199,717</b>

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

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 2(b). Components of Functions / Activities

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

##### **COMMUNITY SERVICES**

- Social planning and Policy
- Community development
- Social service delivery

##### **COMMUNITY RELATIONS & EVENTS**

- Co-ordination of Community Events
- Publications and Media Releases
- Management & Hire of Community Halls

##### **LIBRARY SERVICES**

- Information and lending services
- Community information
- Local studies

##### **PARKS**

- Planning and administration of all the City's sporting and recreational facilities and open space
- Management of trees in public areas and on private land
- Landscape design and recreational planning
- Review and implementation of construction and maintenance works programs for sporting and recreational facilities and open space

##### **RYDE AQUATIC LEISURE CENTRE**

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

##### **CORPORATE SERVICES**

##### **ASSESSMENT**

- Assessment of development applications

##### **ENVIRONMENT**

- Preparation of the State of the Environment Report
- Preparation of Environmental Policy

##### **HEALTH AND BUILDING**

- Enforcement of illegal landuses and illegal buildings
- Maintenance of registers
- Issuing planning certificates and building certificates
- Undertaking property searches
- Food shop inspections
- Regulated system (e.g. cooling towers) inspections
- Pollution control
- Construction and compliance certificates issued
- Principal Certifying Authority activities

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 2(b). Components of Functions / Activities (continued)

##### **REGULATION**

- Animal control
- Street and Parking control

##### **SUPPORT SERVICES**

- Provision of facilitation/mediation services
- Review and development of business processes
- Executive support

##### **URBAN PLANNING**

- Heritage planning and conservation
- Preparation of statutory planning instruments
- Preparation of integrated planning strategies including master plans
- Pre-lodgement advice and client management
- Progress building inspections

##### **ACCESS**

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

##### **BUILDINGS and PROPERTY**

- Supply and maintain corporate and community land and buildings used to accommodate Council's operations and to provide facilities and services to the Community
- Commercial management of land and buildings
- Commercial disposal of surplus land and properties
- Property acquisition

##### **CATCHMENTS and ASSETS**

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

##### **WASTE & FLEET MANAGEMENT**

- Regular collection of domestic garbage from all residential premises and collection of commercial waste from commercial premises in the City
- Regular collection of recyclable materials from all residential premises and contracted commercial premises in the City
- Removal of litter and rubbish from public places including public footpaths, roadways, malls, small reserves and pocket parks
- Provide and maintain the organisation's vehicles and equipment

## Council of the City of Ryde

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

#### Note 2(b). Components of Functions / Activities (continued)

##### **WORKS**

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

##### **GENERAL PURPOSE REVENUES**

- Rates and charges collection
- Investments and borrowings

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

### Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2009	Actual 2008
<b>(a). Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		21,846	21,528
Environmental Management Levy		5,314	5,319
Business		11,411	10,540
<b>Total Ordinary Rates</b>		<b>38,571</b>	<b>37,387</b>
<b>Special Rates</b>			
Macquarie Park		1,099	1,081
<b>Total Special Rates</b>		<b>1,099</b>	<b>1,081</b>
<b>Annual Charges</b> (pursuant to s.496 & s.501)			
Domestic Waste Management Services		11,521	10,905
Stormwater Management Services		968	962
<b>Total Annual Charges</b>		<b>12,489</b>	<b>11,867</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>52,159</b>	<b>50,335</b>

Council has used 2007 year valuations provided by the NSW Valuer General in calculating its rates.

## Council of the City of Ryde

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2009	Actual 2008
<b>(b). User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Waste Management Services (non-domestic)		534	560
<b>Total User Charges</b>		<b>534</b>	<b>560</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s608, 610A & 611)			
Environmental Planning		723	1,196
Private Works - Section 67		33	79
Regulatory/ Statutory Fees		1,633	1,898
Section 611 Charges		155	152
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>2,544</b>	<b>3,325</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.610C)			
Aquatic Centre		4,549	4,572
Gutter Crossings		270	196
Hall Hire		397	366
Home Maintenance & Modification		56	86
Parking Fees		876	720
Restoration Charges		743	728
Sports Facility Rental		438	432
Vacation Care		177	191
Other		78	94
<b>Total Fees &amp; Charges - Other</b>		<b>7,584</b>	<b>7,385</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>10,662</b>	<b>11,270</b>



## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2009	Actual 2008
<b>(c). Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges		148	119
- Interest earned on Investments (interest & coupon payment income)		2,883	4,140
<b>Amortisation of Premiums &amp; Discounts</b>			
- "Held to Maturity" Investments		1	-
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>3,032</u></b>	<b><u>4,259</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges		148	119
General Council Cash & Investments		2,348	3,234
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		536	906
<b>Total Interest &amp; Investment Revenue Recognised</b>		<b><u>3,032</u></b>	<b><u>4,259</u></b>
<b>(d). Other Revenues</b>			
Fair Value Adjustments - Investment Properties	14	677	-
Rental Income - Investment Properties	14	199	195
Rental Income - Other Council Properties		732	704
Ex Gratia Rates		2	2
Parking Fines		3,155	2,863
Other Fines		77	73
Legal Fees Recovery - Rates & Charges (Extra Charges)		-	5
Legal Fees Recovery - Other		2	1
Deed of Settlement Waste Contract		-	236
Eastwood Plaza		-	26
Insurance Claim Recoveries		5	15
Leases - Telecommunication		173	203
Recycling Income (non domestic)		29	82
Royalties		133	86
Sales - General		22	16
Staff Vehicle Leases and Other Payments		390	388
Other		284	452
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>5,880</u></b>	<b><u>5,347</u></b>

## Council of the City of Ryde

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 3. Income from Continuing Operations (continued)

\$ '000	2009 Operating	2008 Operating	2009 Capital	2008 Capital
<b>(e). Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	2,392	1,765	-	-
Financial Assistance - Local Roads Component	931	682	-	-
Pensioners' Rates Subsidies - General Component	562	598	-	-
<b>Total General Purpose</b>	<b>3,885</b>	<b>3,045</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Domestic Waste Management	208	179	-	-
Catchment Management	153	256	581	-
Community Staff Funding	166	148	-	-
Environmental Protection	-	423	-	-
Home Maintenance & Modification	300	259	-	-
Library	255	249	-	-
Masterplans	47	104	-	-
Parks	60	30	1,947	15
DEET - Apprentice Rebate Scheme	38	-	-	-
Street Lighting	330	322	-	-
Waste Performance Improvement Program	255	168	-	-
Transport (Roads to Recovery)	-	-	598	393
Transport (Other Roads & Bridges Funding)	-	-	376	748
Vacation Care	52	49	-	-
Other	152	51	149	-
<b>Total Specific Purpose</b>	<b>2,016</b>	<b>2,238</b>	<b>3,651</b>	<b>1,156</b>
<b>Total Grants</b>	<b>5,901</b>	<b>5,283</b>	<b>3,651</b>	<b>1,156</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	4,348	3,224	2,729	393
- State Funding	1,553	2,059	922	763
- Other Funding	-	-	-	-
	<b>5,901</b>	<b>5,283</b>	<b>3,651</b>	<b>1,156</b>

## Council of the City of Ryde

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 3. Income from Continuing Operations (continued)

\$ '000	2009 Operating	2008 Operating	2009 Capital	2008 Capital
<b>(f). Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the NSW LG Act):</b>				
S 94 - Contributions towards amenities/services	-	-	1,226	4,693
S 94 - Buildings, Properties & Infrastructure (In Kind)	-	-	1,658	-
<b>Total Developer Contributions</b>	<b>17</b>	<b>-</b>	<b>2,884</b>	<b>4,693</b>
<b>Other Contributions:</b>				
Bus Shelters	-	105	-	-
Community Events	61	114	-	-
Customer/Resident Contributions	-	1	7	60
Other Councils - Joint Works/Services	484	469	-	-
RTA Contributions (Regional/Local, Block Grant)	332	312	-	32
Voluntary Planning Agreements	-	-	1,000	2,118
Environmental Monitoring	100	-	-	-
Macquarie Park Master Plans	68	-	-	-
Buildings, Property & Infrastructure (In Kind)	-	-	56,341	-
Other	3	9	457	538
<b>Total Other Contributions</b>	<b>1,048</b>	<b>1,010</b>	<b>57,805</b>	<b>2,748</b>
<b>Total Contributions</b>	<b>1,048</b>	<b>1,010</b>	<b>60,689</b>	<b>7,441</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>6,949</b>	<b>6,293</b>	<b>64,340</b>	<b>8,597</b>

## Council of the City of Ryde

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2009	Actual 2008
<b>(g). Restrictions relating to Grants and Contributions</b>		
<b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
Unexpended at the Close of the Previous Reporting Period	15,559	19,336
<b>add:</b> Grants and contributions recognised in the current period which have not been spent:	5,468	6,729
<b>less:</b> Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(11,370)	(10,506)
<b>Net Increase (Decrease) in Restricted Assets during the Current Reporting Period</b>	<b>(5,902)</b>	<b>(3,777)</b>
<b>Unexpended at the Close of this Reporting Period and held as Restricted Assets</b>	<b>9,657</b>	<b>15,559</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	2,373	1,479
- Developer Contributions	7,284	14,080
- Other Contributions	-	-
	<b>9,657</b>	<b>15,559</b>

## Council of the City of Ryde

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2009	Actual 2008
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		23,444	22,782
Employee Leave Entitlements (ELE)		5,307	4,907
Superannuation		2,735	2,404
Workers' Compensation Insurance		1,324	1,216
Fringe Benefit Tax (FBT)		290	262
Training Costs (other than Salaries & Wages)		326	298
Other		431	430
<b>Total Employee Costs</b>		<b>33,857</b>	<b>32,299</b>
less: Capitalised Costs		(3,246)	(3,138)
<b><u>TOTAL EMPLOYEE COSTS EXPENSED</u></b>		<b><u>30,611</u></b>	<b><u>29,161</u></b>
Number of "Equivalent Full Time" Employees at year end		<b>486</b>	<b>486</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		331	474
Charges relating to Finance Leases		-	1
<b>Total Interest Bearing Liability Costs</b>		<b>331</b>	<b>475</b>
less: Capitalised Costs		-	-
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>331</b>	<b>475</b>
<b>(ii) Other Borrowing Costs</b>			
Nil			
<b><u>TOTAL BORROWING COSTS EXPENSED</u></b>		<b><u>331</u></b>	<b><u>475</u></b>

## Council of the City of Ryde

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2009	Actual 2008
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		4,291	4,225
Contractor & Consultancy Costs		17,262	14,597
Auditors Remuneration			
i. Audit Services - Council's Auditor		66	64
ii. Other Services - Council's Auditor		-	3
Infringement Notice Contract Costs (SEINS)		451	518
Legal Expenses:			
- Legal Expenses - Planning & Development		16	39
- Legal Expenses - Other		91	192
Operating Leases:			
Operating Lease Rentals - Minimum Lease Payments <sup>(1)</sup>		-	29
<b>Total Materials &amp; Contracts</b>		<b>22,177</b>	<b>19,667</b>
less: Capitalised Costs		-	-
<b><u>TOTAL MATERIALS &amp; CONTRACTS</u></b>		<b><u>22,177</u></b>	<b><u>19,667</u></b>
<b>1. Operating Lease Payments are attributable to:</b>			
- Computers		-	29
		<b>-</b>	<b>29</b>

## Council of the City of Ryde

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Depreciation/Amortisation		Impairment Costs	
	Actual 2009	Actual 2008	Actual 2009	Actual 2008
<b>(d) Depreciation, Amortisation &amp; Impairment</b>				
Plant and Equipment	1,759	1,767	-	-
Office Equipment	1,113	762	-	-
Furniture & Fittings	198	197	-	-
Property, Plant & Equipment - Leased	14	16	-	-
Land Improvements (depreciable)	928	928	-	-
Buildings - Non Specialised	1,232	267	-	-
Buildings - Specialised	1,188	902	-	-
Other Structures	2,314	934	-	-
Infrastructure:				
- Roads, Bridges & Footpaths	5,435	5,655	-	-
- Stormwater Drainage	3,801	4,326	-	-
Other Assets				
- Library Books	447	511	-	-
<b>Total Depreciation &amp; Impairment Costs</b>	<b>18,429</b>	<b>16,265</b>	-	-
less: Capitalised Costs	(128)	(142)	-	-
<b><u>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</u></b>	<b><u>18,301</u></b>	<b><u>16,123</u></b>	-	-

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2009	Actual 2008
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		209	186
Bad & Doubtful Debts		10	224
Bank Charges		182	209
Contributions to Other Levels of Government			
- NSW Fire Brigade Levy		1,370	1,393
- Department of Planning Levy		215	210
Councillor Expenses - Mayoral Fee		51	49
Councillor Expenses - Councillors' Fees		222	214
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		125	56
Donations, Contributions & Assistance to other organisations (Section 356)		367	193
Election Expenses		405	-
Electricity & Heating		793	789
Insurance		717	1,055
Interest in Refundable Deposits		25	58
Postage & Courier Costs		234	224
Property Lease Costs		41	5
Revaluation Decrements (applicable to Fair Valuation of Investment Properties)	14	-	892
Street Lighting		1,549	1,398
Membership Fees		112	71
Telephone & Communications		402	459
Valuation Fees		115	129
Waste Development Tax		1,107	999
Water Rates		263	170
Other		149	752
<b>Total Other Expenses</b>		<b>8,663</b>	<b>9,735</b>
less: Capitalised Costs		-	-
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>8,663</u></b>	<b><u>9,735</u></b>



## Council of the City of Ryde

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 5. Gains or Losses on Disposal of Assets

\$ '000	Notes	Actual 2009	Actual 2008
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal		-	19,393
less: Carrying Amount of Property Assets Sold		-	(174)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>19,219</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal		1,904	871
less: Carrying Amount of P&E Assets Sold		(2,090)	(1,167)
<b>Net Gain/(Loss) on Disposal</b>		<b>(186)</b>	<b>(296)</b>
<b>Financial Assets*</b>			
Proceeds from Disposal		90	3,585
less: Carrying Amount of Financial Assets Sold		(4,000)	(3,500)
<b>Net Gain/(Loss) on Disposal</b>		<b>(3,910)</b>	<b>85</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(4,096)</b>	<b>19,008</b>
<b>* Financial Assets disposals include:</b>			
- Net Gain/(Loss) from Financial Instruments designated "Held to Maturity"		(3,910)	85
<b>Net Gain/(Loss) on Disposal of Financial Instruments</b>		<b>(3,910)</b>	<b>85</b>

## Council of the City of Ryde

## Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000	2009	2009	2008	2008
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>				
Cash on Hand and at Bank	491	-	260	-
Cash-Equivalent Assets <sup>1</sup>				
- Deposits at Call	18,116	-	-	-
- Short Term Deposits	26,380	-	34,256	-
<b>Total Cash &amp; Cash Equivalents</b>	<b>44,987</b>	<b>-</b>	<b>34,516</b>	<b>-</b>
<b>Investment Securities (Note 6b)</b>				
- Managed Funds	885	-	24,552	-
- NCD's, FRN's (with Maturities > 3 months)	1,000	2,000	-	6,000
- CDO's	-	6,000	1,000	9,000
- Other Long Term Maturity Financial Instruments	4,000	7,494	-	7,500
<b>Total Investment Securities</b>	<b>5,885</b>	<b>15,494</b>	<b>25,552</b>	<b>22,500</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>	<b>50,872</b>	<b>15,494</b>	<b>60,068</b>	<b>22,500</b>

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

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

**Cash & Cash Equivalents**

a. "At Fair Value through the Profit & Loss"	<b>44,987</b>	<b>-</b>	<b>34,516</b>	<b>-</b>
--	---------------	----------	---------------	----------

**Investments**

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	885	-	24,552	-
- "Designated At Fair Value on Initial Recognition"	6(b-i)	-	-	-	-
b. "Held to Maturity"	6(b-ii)	5,000	15,494	1,000	22,500
c. "Loans & Receivables"	6(b-iii)	-	-	-	-
d. "Available for Sale"	6(b-iv)	-	-	-	-
<b>Investments</b>		<b>5,885</b>	<b>15,494</b>	<b>25,552</b>	<b>22,500</b>

## Council of the City of Ryde

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 6b. Investments (continued)

\$ '000	2009	2009	2008	2008
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Note 6(b-i)</b>				
<b>Reconciliation of Investments classified as "At Fair Value through the Profit &amp; Loss"</b>				
Balance at the Beginning of the Year	24,552	-	35,438	-
Revaluations (through the Income Statement)	(2,090)	-	1,418	-
Additions	-	-	102,200	-
Disposals (sales & redemptions)	(21,577)	-	(114,504)	-
<b>Balance at End of Year</b>	<b>885</b>	<b>-</b>	<b>24,552</b>	<b>-</b>
<b>Comprising:</b>				
- Managed Funds	885	-	24,552	-
<b>Total</b>	<b>885</b>	<b>-</b>	<b>24,552</b>	<b>-</b>
<b>Note 6(b-ii)</b>				
<b>Reconciliation of Investments classified as "Held to Maturity"</b>				
Balance at the Beginning of the Year	1,000	22,500	1,500	24,001
Amortisation of Premiums & Discounts	1	-	-	(1)
Additions	2,999	2,994	-	5,000
Disposals (sales & redemptions)	(1,000)	(8,000)	(1,500)	(5,500)
Transfers between Current/Non Current	2,000	(2,000)	1,000	(1,000)
<b>Balance at End of Year</b>	<b>5,000</b>	<b>15,494</b>	<b>1,000</b>	<b>22,500</b>
<b>Comprising:</b>				
- NCD's, FRN's (with Maturities > 3 months)	1,000	2,000	-	6,000
- CDO's	-	6,000	1,000	9,000
- Other Long Term Maturity Financial Assets	4,000	7,494	-	7,500
<b>Total</b>	<b>5,000</b>	<b>15,494</b>	<b>1,000</b>	<b>22,500</b>
<b>Note 6(b-iii)</b>				
<b>Reconciliation of Investments classified as "Loans &amp; Receivables"</b>				
Nil				
<b>Note 6(b-iv)</b>				
<b>Reconciliation of Investments classified as "Available for Sale"</b>				
Nil				

## Council of the City of Ryde

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 6c. Restricted Cash, Cash Equivalents &amp; Investments

\$ '000	2009	2009	2008	2008
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investment Securities</b>	<b>50,872</b>	<b>15,494</b>	<b>60,068</b>	<b>22,500</b>
<b>attributable to:</b>				
External Restrictions (refer below)	11,621	247	14,153	4,271
Internal Restrictions (refer below)	33,331	15,247	40,942	18,229
Unrestricted	5,920	-	4,973	-
	<b>50,872</b>	<b>15,494</b>	<b>60,068</b>	<b>22,500</b>

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

## Details of Restrictions

## External Restrictions - Included in Liabilities

Nil

## External Restrictions - Other

Developer Contributions - General (A)	14,080	1,762	(8,558)	7,284
Specific Purpose Unexpended Grants (B)	1,479	2,048	(1,154)	2,373
Domestic Waste Management (C)	1,774	11,898	(11,501)	2,171
Stormwater Management (C)	207	969	(1,176)	-
Macquarie Park Special Rate (C)	809	1,103	(1,912)	-
External Works Drainage Contributions (C)	75	-	(35)	40
<b>External Restrictions - Other</b>	<b>18,424</b>	<b>17,780</b>	<b>(24,336)</b>	<b>11,868</b>
<b>Total External Restrictions</b>	<b>18,424</b>	<b>17,780</b>	<b>(24,336)</b>	<b>11,868</b>

## Council of the City of Ryde

## Notes to the Financial Statements

for the financial year ended 30 June 2009

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

2009 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	1,140	3,815	(3,892)	1,063
Employees Leave Entitlement	1,854	55	-	1,909
Carry Over Works	4,490	2,928	(4,490)	2,928
Deposits, Retentions & Bonds	6,202	957	-	7,159
West Ryde Child Care Centre	184	9	-	193
Voluntary Planning Agreements	1,817	1,000	(2,623)	194
Asset Replacement Reserve	5,067	601	(3,957)	1,711
Ryde Aquatic Leisure Centre	2,396	778	(365)	2,809
Investment Property Reserve	26,291	-	(8,971)	17,320
Civic Centre Remediation/Redevelopment	8,842	950	(1,773)	8,019
Financial Security Reserve	-	8,000	(3,910)	4,090
Other	888	790	(495)	1,183
<b>Total Internal Restrictions</b>	<b>59,171</b>	<b>19,883</b>	<b>(30,476)</b>	<b>48,578</b>
<b>TOTAL RESTRICTIONS</b>	<b>77,595</b>	<b>37,663</b>	<b>(54,812)</b>	<b>60,446</b>

- A** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- B** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- C** Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

## Council of the City of Ryde

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 7. Receivables

\$ '000	2009		2008	
	Current	Non Current	Current	Non Current
<b>Purpose</b>				
Rates & Annual Charges	1,484	444	1,013	367
Interest & Extra Charges	146	44	57	22
User Charges & Fees				-
Environmental & Health Restorations	122	-	29	-
Recreational Facilities	252	-	117	-
Property & Infrastructure Works	92	-	140	-
Home Modification Service	108	-	115	-
Ryde Aquatic Leisure Centre	6	-	10	-
Contributions to Works	90	-	73	-
Accrued Revenues	250	-	104	-
- Interest on Investments	286	-	418	-
Government Grants & Subsidies	1,180	-	1,035	-
Net GST Receivable	736	-	1,016	-
Commercial Waste	217	-	165	-
Workers Compensation	36	-	31	-
Voluntary Planning Agreements	1,100	-	-	-
Other Debtors	279	-	445	-
<b>Total</b>	<b>6,384</b>	<b>488</b>	<b>4,768</b>	<b>389</b>
<b>less: Provision for Impairment</b>				
User Charges & Fees	(96)	-	(85)	-
<b>Total Provision for Impairment - Receivables</b>	<b>(96)</b>	<b>-</b>	<b>(85)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>	<b><u>6,288</u></b>	<b><u>488</u></b>	<b><u>4,683</u></b>	<b><u>389</u></b>
<b>Externally Restricted Receivables</b>				
Domestic Waste Management	356	102	229	102
<b>Total External Restrictions</b>	<b>356</b>	<b>102</b>	<b>229</b>	<b>102</b>
<b>Internally Restricted Receivables</b>				
Nil				
<b>Unrestricted Receivables</b>	<b>5,932</b>	<b>386</b>	<b>4,454</b>	<b>287</b>
<b><u>TOTAL NET RECEIVABLES</u></b>	<b><u>6,288</u></b>	<b><u>488</u></b>	<b><u>4,683</u></b>	<b><u>389</u></b>

**Notes on Debtors above:**

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

## Council of the City of Ryde

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

## Note 8. Inventories &amp; Other Assets

\$ '000	2009		2008	
	Current	Non Current	Current	Non Current
<b>Inventories</b>				
Stores & Materials	570	-	386	-
<b>Total Inventories</b>	<b>570</b>	<b>-</b>	<b>386</b>	<b>-</b>
<b>Other Assets</b>				
Prepayments	330	-	303	-
<b>Total Other Assets</b>	<b>330</b>	<b>-</b>	<b>303</b>	<b>-</b>
<b><u>TOTAL INVENTORIES &amp; OTHER ASSETS</u></b>	<b><u>900</u></b>	<b><u>-</u></b>	<b><u>689</u></b>	<b><u>-</u></b>
<b>Total Unrestricted Assets</b>	900	-	689	-
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>	<b>900</b>	<b>-</b>	<b>689</b>	<b>-</b>

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

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2008				Asset Movements during the Reporting Period					as at 30/6/2009			
	At	At	Accumul'd	Carrying	Asset Additions	WDV-Asset Disposals	Depreciation Expense	Transfers & Adjustments	Revaluation Decrements to Equity (ARR)	At	At	Accumul'd	Carrying
	Cost	Fair Value	Deprec.	Value						Cost	Fair Value	Dep'n	Value
Capital Work in Progress	3,040	-	-	3,040	41,042	(191)	-	(2,413)	-	41,478	-	-	41,478
Plant & Equipment	-	22,744	10,708	12,036	4,028	(1,899)	(1,759)	-	-	-	23,290	10,884	12,406
Office Equipment	-	15,403	11,051	4,352	2,259	-	(1,113)	-	-	-	17,662	12,164	5,498
Furniture & Fittings	-	3,754	2,062	1,692	28	-	(198)	-	-	-	3,782	2,260	1,522
Plant & Equipment (under Finance Lease)	-	209	195	14	-	-	(14)	-	-	-	209	209	-
<b>Land:</b>													
- Operational Land	-	202,933	-	202,933	2,097	-	-	-	-	-	205,030	-	205,030
- Community Land	-	1,011,407	-	1,011,407	6,318	-	-	-	-	-	1,017,725	-	1,017,725
- Land under Roads (purchased post 30/6/08)	-	-	-	-	11,442	-	-	-	-	-	11,442	-	11,442
Land Improvements - non depreciable	2,564	-	-	2,564	365	-	-	10	-	2,939	-	-	2,939
Land Improvements - depreciable	11,217	-	6,272	4,945	240	-	(928)	150	-	11,607	-	7,200	4,407
Buildings - Non Specialised	-	95,849	45,046	50,803	3,056	-	(1,232)	174	-	-	99,079	46,279	52,800
Buildings - Specialised	-	43,307	9,707	33,600	-	-	(1,188)	-	-	-	43,307	10,895	32,412
Other Structures	-	93,938	26,268	67,670	5,057	-	(2,314)	(957)	-	-	97,892	28,435	69,457
<b>Infrastructure:</b>													
- Roads, Bridges, Footpaths	-	562,899	108,250	454,649	11,983	-	(5,435)	836	(8,631)	-	564,140	110,738	453,402
- Stormwater Drainage	-	354,202	95,717	258,485	4,385	-	(3,801)	(4,738)	-	-	364,465	110,134	254,332
<b>Other Assets:</b>													
- Heritage Collections	137	-	-	137	-	-	-	-	-	137	-	-	137
- Library Books	6,921	-	5,498	1,423	412	-	(447)	-	-	7,333	-	5,945	1,388
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>23,879</b>	<b>2,406,645</b>	<b>320,774</b>	<b>2,109,750</b>	<b>92,712</b>	<b>(2,090)</b>	<b>(18,429)</b>	<b>(6,938)</b>	<b>(8,631)</b>	<b>63,494</b>	<b>2,448,023</b>	<b>345,143</b>	<b>2,166,375</b>



## Council of the City of Ryde

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

\$ '000 Class of Asset	Actual 2009				Actual 2008			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Domestic Waste Management Plant &amp; Equipment</b>	721	-	55	<b>666</b>	-	721	42	<b>679</b>
<b>Total DWM</b>	<b>721</b>	<b>-</b>	<b>55</b>	<b>666</b>	<b>-</b>	<b>721</b>	<b>42</b>	<b>679</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>721</b>	<b>-</b>	<b>55</b>	<b>666</b>	<b>-</b>	<b>721</b>	<b>42</b>	<b>679</b>

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

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

## Council of the City of Ryde

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 10a. Payables, Borrowings &amp; Provisions

\$ '000	Notes	2009		2008	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		3,932	-	2,700	-
Goods & Services - capital expenditure		1,908	-	3,119	-
Payments Received In Advance		418	-	425	-
Accrued Expenses;					
- Borrowings		-	-	1	-
- Other Expenditure Accruals		1,438	-	828	-
Security Bonds, Deposits & Retentions		7,159	-	6,581	-
Staff Salaries & Wages		417	-	548	-
Domestic Waste		479	-	459	-
Other Contributions		193	-	184	-
Other		124	-	111	-
<b>Total Payables</b>		<b>16,068</b>	<b>-</b>	<b>14,956</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		453	4,747	688	5,240
Finance Lease Liabilities		-	-	12	-
<b>Total Borrowings</b>		<b>453</b>	<b>4,747</b>	<b>700</b>	<b>5,240</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		2,526	-	2,511	-
Sick Leave		197	-	238	-
Long Service Leave		4,097	250	3,803	188
Gratuities		-	-	147	-
Sub Total - Aggregate Employee Benefits		6,820	250	6,699	188
Asset Remediation/Restoration (Future Works) <sup>26</sup>		-	-	814	-
<b>Total Provisions</b>		<b>6,820</b>	<b>250</b>	<b>7,513</b>	<b>188</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>23,341</b>	<b>4,997</b>	<b>23,169</b>	<b>5,428</b>

## (i) Liabilities relating to Restricted Assets

	2009		2008	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>				
Domestic Waste Management	479	-	459	-
Liabilities relating to externally restricted assets	479	-	459	-
<b>Total Liabilities relating to restricted assets</b>	<b>479</b>	<b>-</b>	<b>459</b>	<b>-</b>

<sup>1</sup> Loans are secured over the General Rating Income of Council

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

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000	2009	2008
<b>(ii) Current Liabilities not anticipated to be settled within the next 12 months</b>		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	3,970	3,612
Security Bonds, Deposits & Retentions	5,548	5,099
	<b>9,518</b>	<b>8,711</b>

#### Note 10b. Description of and movements in Provisions

Class of Provision	2008			2009		Closing Balance as at 30/6/09
	Opening Balance as at 1/7/08	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	2,511	1,985	(1,970)	-	-	<b>2,526</b>
Sick Leave	238	905	(946)	-	-	<b>197</b>
Long Service Leave	3,991	1,178	(822)	-	-	<b>4,347</b>
Gratuities	147	(8)	(139)	-	-	-
Asset Remediation	814	-	(814)	-	-	-
<b>TOTAL</b>	<b>7,701</b>	<b>4,060</b>	<b>(4,691)</b>	-	-	<b>7,070</b>

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

b. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 11. Cash Flow Statement - Additional Information

\$ '000	Notes	Actual 2009	Actual 2008
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	44,987	34,516
Less Bank Overdraft	10	-	-
<b>BALANCES as per the CASH FLOW STATEMENT</b>		<b>44,987</b>	<b>34,516</b>
 <b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>58,843</b>	<b>29,948</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		18,301	16,123
Net Losses/(Gains) on Disposal of Assets		4,096	(19,008)
Non Cash Capital Grants and Contributions		(57,999)	-
Impairment Losses Recognition / (Prior Period Reversal) - Financial Investment		2,090	-
<b>Losses/(Gains) recognised on Fair Value Re-measurements through the P&amp;L:</b>			
- Investments classified as "@ Fair Value" or "Held for Trading"		-	(1,417)
- Investment Properties		(677)	892
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- "Held to Maturity" Financial Assets		(1)	-
 <b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(1,716)	(1,265)
Increase/(Decrease) in Provision for Doubtful Debts		11	65
Decrease/(Increase) in Inventories		(184)	126
Decrease/(Increase) in Other Current Assets		(27)	40
Increase/(Decrease) in Payables		1,232	1,724
Increase/(Decrease) in accrued Interest Payable		(1)	(5)
Increase/(Decrease) in other accrued Expenses Payable		610	-
Increase/(Decrease) in Other Current Liabilities		482	-
Increase/(Decrease) in Employee Leave Entitlements		183	417
Increase/(Decrease) in Other Provisions		(814)	(320)
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from CASH FLOW STATEMENT</b>		<b>24,429</b>	<b>27,320</b>

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000	Notes	Actual 2009	Actual 2008
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
S94 Contributions "in kind"		1,658	-
Other Dedications		56,341	-
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>57,999</b>	<b>-</b>
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdraft Facilities <sup>(1)</sup>		-	-
Credit Cards / Purchase Cards		35	35
Other		-	-
<b>Total Financing Arrangements</b>		<b>35</b>	<b>35</b>

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.  
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

#### **(ii) Secured Loan Liabilities**

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

#### **(e) Net Cash Flows Attributable to Discontinued Operations**

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

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2009	Actual 2008
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Plant & Equipment		43	43
Undergrounding of overhead mains		367	945
Town Centre Block Paving		472	309
Supply & Install Bus Shelters		-	116
Curtilage		60	883
Landscaping Works		13	-
Park Improvements		657	-
Stormwater Drainage		649	-
Buildings		707	-
<b>Total Commitments</b>		<b>2,968</b>	<b>2,296</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		2,968	2,296
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
<b>Total Payable</b>		<b>2,968</b>	<b>2,296</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		2,968	2,296
<b>Total Sources of Funding</b>		<b>2,968</b>	<b>2,296</b>

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2009	Actual 2008
<b>(b) Other Expenditure Commitments (exclusive of GST)</b>			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
DWM & Recycling Services		35,161	43,678
Cleaning Services		602	200
Audit Services		211	265
Management Study		73	115
Security Services		339	367
Communication Services		457	914
Top Ryder Bus Service		117	-
<b>Total Commitments</b>		<b>36,960</b>	<b>45,539</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		8,994	9,967
Later than one year and not later than 5 years		27,966	35,572
Later than 5 years		-	-
<b>Total Payable</b>		<b>36,960</b>	<b>45,539</b>

## Council of the City of Ryde

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2009	Actual 2008
<b>(c) Finance Lease Commitments</b>			
<b>(i) Commitments under Finance Leases at the Reporting Date are payable as follows:</b>			
Within the next year		-	13
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
<b>Total Minimum Lease Payments</b>		<b>-</b>	<b>13</b>
less: Future Finance Charges		-	(1)
<b>Amount Recognised as a Liability</b>		<b>-</b>	<b>12</b>
<b>(ii) Finance Lease Liability Recognised represent;</b>			
Current Liabilities		-	12
Non-Current Liabilities		-	-
<b>Total Finance Lease Liabilities Disclosed</b>		<b>-</b>	<b>12</b>
<b>(iii) General Details</b>			
Council Leases the following Property, Plant & Equipment under Finance Leases:			
	Term (Years)	Option to Purchase	Contingent Rent Clauses
Other Equipment/Assets			
			-
<b>Total Carrying Value at Year End</b>			<b>12</b>

**(d) Operating Lease Commitments (Non Cancellable)**

Nil



## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2009	Actual 2008
<b>(e) Investment Property Commitments</b>			
Nil			
<b>(f) Remuneration Commitments</b>			
Commitments for the payment of salaries & other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities are payable:			
Within the next year		6,227	5,415
Later than one year and not later than 5 years		13,723	13,266
Later than 5 years		-	-
<b>Total Payable</b>		<b>19,950</b>	<b>18,681</b>

#### (g) Investment in Associates / Joint Ventures - Commitments

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

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 13. Statement of Performance Measurement - Indicators

\$ '000	Amounts 2009	Indicator 2009	Prior Periods 2008      2007	
<b>1. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(1)</sup>	<b>46,083</b>	<b>3.45 : 1</b>	<b>3.65</b>	<b>1.71</b>
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	<b>13,344</b>			
<b>2. Debt Service Ratio</b>				
Debt Service Cost	<b>1,071</b>	<b>1.42%</b>	<b>1.98%</b>	<b>2.59%</b>
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<b>75,618</b>			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>				
Rates & Annual Charges	<b>52,159</b>	<b>36.47%</b>	<b>47.90%</b>	<b>57.20%</b>
Revenue from Continuing Operations	<b>143,022</b>			
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual & Extra Charges Outstanding	<b>2,118</b>	<b>3.94%</b>	<b>2.82%</b>	<b>2.49%</b>
Rates, Annual & Extra Charges Collectible	<b>53,766</b>			
<b>5. Building &amp; Infrastructure Renewals Ratio</b>				
Asset Renewals <sup>(4)</sup> [Buildings & Infrastructure]	<b>14,283</b>	<b>122.54%</b>	<b>119.40%</b>	<b>123.20%</b>
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	<b>11,656</b>			

#### Notes

<sup>(1)</sup> Refer Notes 6-8 inclusive.

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

<sup>(2)</sup> Refer to Note 10(a).

<sup>(3)</sup> Refer to Note 10(c) - excludes all ELE not expected to be paid in the next 12 months.

<sup>(4)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity or performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Council of the City of Ryde

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

Note 13a. Statement of Performance Measurement - Graphs

\$ '000

<p><b>1. Unrestricted Current Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <tr> <td>2006</td> <td>1.80</td> </tr> <tr> <td>2007</td> <td>1.71</td> </tr> <tr> <td>2008</td> <td>3.65</td> </tr> <tr> <td>2009</td> <td>3.45</td> </tr> </tbody> </table>	Year	Ratio : 1	2006	1.80	2007	1.71	2008	3.65	2009	3.45	<p><b>Purpose of Unrestricted Current Ratio</b></p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p><b>Commentary on 2008/09 Result</b></p> <p><b>2008/09 Ratio 3.45 : 1</b></p> <p>For every \$1 of current liabilities, Council has \$3.45 of working capital to satisfy these obligations in the short term. It is generally accepted that a ratio of anything above 1 is satisfactory meaning you can meet your short term liabilities as they fall due.</p>
Year	Ratio : 1											
2006	1.80											
2007	1.71											
2008	3.65											
2009	3.45											
<p><b>2. Debt Service Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>2006</td> <td>3.20%</td> </tr> <tr> <td>2007</td> <td>2.59%</td> </tr> <tr> <td>2008</td> <td>1.98%</td> </tr> <tr> <td>2009</td> <td>1.42%</td> </tr> </tbody> </table>	Year	Ratio	2006	3.20%	2007	2.59%	2008	1.98%	2009	1.42%	<p><b>Purpose of Debt Service Ratio</b></p> <p>To assess the impact of loan principal &amp; interest repayments on the discretionary revenue of council.</p>	<p><b>Commentary on 2008/09 Result</b></p> <p><b>2008/09 Ratio 1.42%</b></p> <p>Council's debt service ratio has been steadily decreasing over the past six years. 1.42% of total revenue was committed to loan repayments for 2008/09. Council was proposing to take up loan funds of \$2 million to fund the Ryde Integrated Traffic Solution however this was subsequently funded from the Civic Centre Precinct Reserve.</p>
Year	Ratio											
2006	3.20%											
2007	2.59%											
2008	1.98%											
2009	1.42%											
<p><b>3. Rates &amp; Annual Charges Coverage Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>2006</td> <td>58.00%</td> </tr> <tr> <td>2007</td> <td>57.20%</td> </tr> <tr> <td>2008</td> <td>47.90%</td> </tr> <tr> <td>2009</td> <td>36.47%</td> </tr> </tbody> </table>	Year	Ratio	2006	58.00%	2007	57.20%	2008	47.90%	2009	36.47%	<p><b>Purpose of Rates &amp; Annual Charges Coverage Ratio</b></p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p><b>Commentary on 2008/09 Result</b></p> <p><b>2008/09 Ratio 36.47%</b></p> <p>Council received 36.47% of its revenue from Rates and Annual Charges. The main reason for the reduction in this ratio was due to the recognition of app \$58 million in public domain contributed assets.</p>
Year	Ratio											
2006	58.00%											
2007	57.20%											
2008	47.90%											
2009	36.47%											
<p><b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>2006</td> <td>2.60%</td> </tr> <tr> <td>2007</td> <td>2.49%</td> </tr> <tr> <td>2008</td> <td>2.82%</td> </tr> <tr> <td>2009</td> <td>3.94%</td> </tr> </tbody> </table>	Year	Ratio	2006	2.60%	2007	2.49%	2008	2.82%	2009	3.94%	<p><b>Purpose of Rates &amp; Annual Charges Outstanding Ratio</b></p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p><b>Commentary on 2008/09 Result</b></p> <p><b>2008/09 Ratio 3.94%</b></p> <p>Ryde maintains a strong recovery rate of 3.94% outstanding rates and annual charges for 2009 which compares favorably with the industry benchmark of 5%. This year saw an increase in the level of outstanding rates due in part to the Global Financial Crisis and timing issues associated with issuing of final notices following the 4th Installment</p>
Year	Ratio											
2006	2.60%											
2007	2.49%											
2008	2.82%											
2009	3.94%											

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 14. Investment Properties

\$ '000	Actual 2009	Actual 2008
<b>(a) Investment Properties at Fair value</b>		
<u>Investment Properties on Hand</u>	<u>2,315</u>	<u>1,638</u>
<b>Reconciliation of Annual Movement:</b>		
Opening Balance	1,638	2,530
- Net Gain/(Loss) from Fair Value Adjustments	677	(892)
<b>CLOSING BALANCE - INVESTMENT PROPERTIES</b>	<b><u>2,315</u></b>	<b><u>1,638</u></b>

#### (b) Valuation Basis

The basis of Valuation of Investment Properties is Fair Value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The 2008 valuations was based on Independent Assessments made by a member of the Australian Property Institute. In 2009 a desktop audit was undertaken by Council's Property Manager Mr D Nagel who is a registered valuer - Registered Valuer No 2748.

#### (c) Contractual Obligations at Reporting Date

Refer to Note 12 for disclosures relating to any Capital and Service obligations that have been contracted.

#### (d) Leasing Arrangements

Details of leased Investment Properties are as follows;

Future Minimum Lease Payments receivable under non-cancellable Investment Property Operating Leases not recognised in the Financial Statements are due:

Within 1 year	161	190
Later than 1 year but less than 5 years	220	357
Later than 5 years	-	-
<b>Total Minimum Lease Payments Receivable</b>	<b><u>381</u></b>	<b><u>547</u></b>

#### (e) Investment Property Income & Expenditure - summary

<b>Rental Income from Investment Properties:</b>		
- Minimum Lease Payments	199	195
<b>Direct Operating Expenses on Investment Properties:</b>		
- that generated rental income	(20)	(16)
<b>Net Revenue Contribution from Investment Properties</b>	<b><u>179</u></b>	<b><u>179</u></b>
plus:		
<b>Fair Value Movement for year</b>	<b>677</b>	<b>(892)</b>
<b>Total Income attributable to Investment Properties</b>	<b><u>856</u></b>	<b><u>(713)</u></b>

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 15. Financial Risk Management

\$ '000

##### Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2009	2008	2009	2008
<b>Financial Assets</b>				
Cash and Cash Equivalents	44,987	34,516	44,987	34,516
Investments				
- "Held for Trading"	885	24,552	885	24,552
- "Held to Maturity"	20,494	23,500	16,285	16,849
Receivables	6,776	5,072	6,776	5,072
<b>Total Financial Assets</b>	<b>73,142</b>	<b>87,640</b>	<b>68,933</b>	<b>80,989</b>
<b>Financial Liabilities</b>				
Payables	15,650	14,531	15,650	14,531
Loans / Advances	5,200	5,928	5,200	5,928
Lease Liabilities	-	12	-	12
<b>Total Financial Liabilities</b>	<b>20,850</b>	<b>20,471</b>	<b>20,850</b>	<b>20,471</b>

Fair Value is determined as follows:

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

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2009</b>				
Possible impact of a 10% movement in Market Values	89	89	(89)	(89)
Possible impact of a 1% movement in Interest Rates	641	641	(641)	(641)
<b>2008</b>				
Possible impact of a 10% movement in Market Values	2,455	2,455	(2,455)	(2,455)
Possible impact of a 1% movement in Interest Rates	421	421	(421)	(421)

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (b) Receivables

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

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

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

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

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

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

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

	2009	2009	2008	2008
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	-	4,558	-	3,166
Past due by up to 30 days	1,928	386	1,380	611
	<u>1,928</u>	<u>4,944</u>	<u>1,380</u>	<u>3,777</u>
<b>(ii) Movement in Provision for Impairment of Receivables</b>			2009	2008
Balance at the beginning of the year			85	20
+ new provisions recognised during the year			11	224
- amounts already provided for & written off this year			-	(159)
<b>Balance at the end of the year</b>			<u>96</u>	<u>85</u>

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity		payable in:					Total Cash Outflows	Actual Carrying Values
	≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs			
<b>2009</b>									
Trade/Other Payables	7,159	8,491	-	-	-	-	-	15,650	15,650
Loans & Advances	-	453	499	517	536	555	2,640	5,200	5,200
<b>Total Financial Liabilities</b>	<b>7,159</b>	<b>8,944</b>	<b>499</b>	<b>517</b>	<b>536</b>	<b>555</b>	<b>2,640</b>	<b>20,850</b>	<b>20,850</b>
<b>2008</b>									
Trade/Other Payables	6,581	7,950	-	-	-	-	-	14,531	14,531
Loans & Advances	-	688	370	401	433	470	3,566	5,928	5,928
Lease Liabilities	-	12	-	-	-	-	-	12	12
<b>Total Financial Liabilities</b>	<b>6,581</b>	<b>8,650</b>	<b>370</b>	<b>401</b>	<b>433</b>	<b>470</b>	<b>3,566</b>	<b>20,471</b>	<b>20,471</b>

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

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

	2009		2008	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	15,650	0.0%	14,531	0.0%
Loans & Advances - Fixed Interest Rate	-	0.0%	344	6.8%
Loans & Advances - Variable Interest Rate	5,200	3.4%	5,584	8.1%
Lease Liabilities	-	0.0%	12	
	<b>20,850</b>		<b>20,471</b>	



## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 16. Material Budget Variations

\$ '000

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

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

In accordance with section 407 of the Local Government Act 1993, variations to Council's budget are reported to Council on a quarterly basis as part of the Management Plan Implementation Report. These documents can be viewed on Council's website at [www.ryde.nsw.gov.au](http://www.ryde.nsw.gov.au)

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

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

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

\$ '000	2009 Budget	2009 Actual	----- 2009 Variance* -----		
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#### REVENUES

<b>Interest &amp; Investment Revenue</b>	<b>3,783</b>	<b>3,032</b>	<b>(751)</b>	(20%)	<b>U</b>
--	--------------	--------------	--------------	-------	----------

Council received interest revenue of \$3.032M which was below the original budget by \$751K (-20%)

This reduced interest revenue is largely attributed to a reduction in the interest rates applicable to long and short term investments as well as the reduction in the mark to market valuation of a number of CDO investments held for trading as part of the former Lehman Bros Individually Managed Portfolio.

Official interest rates fell from 7.25% in July 2008 to 3% in June 2009

<b>Operating Grants &amp; Contributions</b>	<b>5,821</b>	<b>6,949</b>	<b>1,128</b>	19%	<b>F</b>
---	--------------	--------------	--------------	-----	----------

Council's revenue from Operating Grants and Contributions exceeded the original budget by \$1.13M.

Council received an additional \$203K in respect of the Financial Assistance Grant compared to the original budget. The Federal Government as part of its economic stimulus package also brought forward the payment of the 2009/10 Financial Assistance Grant. This represented an additional \$670K that was required to be recognised as revenue in 2008/09 and was not included in the original budget. These funds will be utilised to assist with funding the 2009/10 budget as per the adopted 2009/13 Management Plan.

Council received an additional \$254K from the Department of Environment Climate Change & Water under the Water & Sustainability Improvement Program as well as \$100K from Sydney Water for a Business Audit program.

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 16. Material Budget Variations (continued)

\$ '000	2009 Budget	2009 Actual	2009 Variance* -----
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#### REVENUES (continued)

<b>Capital Grants &amp; Contributions</b>	<b>12,988</b>	<b>64,340</b>	<b>51,352</b>	395%	<b>F</b>
---	---------------	---------------	---------------	------	----------

Council has brought to account \$57.9M of contributed assets in 2008/09 arising from major development activity within the City as a number of these development involve the provision of public infrastructure benefits with the control and ownership of these assets being vested with Council.

Council was successful in receiving a number of unbudgeted capital grants during 2008/09. The major grants received are listed below:

The Federal Government approved a \$3.5M grant towards the construction of the Ryde Community & Sports Centre at ELS Hall Park . Council received the 1st instalment of this grant of \$1.75M in 2008/09.

The Federal Government provided one-off funding of \$381K as part of the Regional and Local Community Infrastructure Program for ready to proceed community infrastructure projects. These funds were put towards the Field of Mars walking trails project

Council received additional grant funding under the Federal Government Roads to Recovery Program of \$221K for the reconstruction of Lakeside Avenue (Wingate Avenue to Hillview Street).

Council had originally budgeted to receive \$10M in Section 94 Developer Contributions during 2008/09. As a result of the Global Financial Crisis, Council only received \$1.2M in cash contributions, which was below the original budget by \$8.7M. Council did receive Section 94 contributed assets to the value of \$1.7M

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 16. Material Budget Variations (continued)

\$ '000	2009 Budget	2009 Actual	2009 Variance* -----	-----	-----
<b>EXPENSES</b>					
<b>Borrowing Costs</b>	<b>694</b>	<b>331</b>	<b>363</b>	52%	<b>F</b>
<p>Borrowing costs were \$363K less than originally budgeted. This was due to Council not acquiring any new loans during the financial year compared to those that were used to formulate the budget. Instead of taking up new loan funds, Council funded the acquisition of land for the Ryde Integrated Traffic Solution from Internal Reserves.</p>					
<b>Depreciation &amp; Amortisation</b>	<b>14,832</b>	<b>18,301</b>	<b>(3,469)</b>	(23%)	<b>U</b>
<p>Depreciation expense was \$3.469M more than originally budgeted. Council's depreciation budget excludes depreciation for Council's Fleet - Motor Vehicles and Plant. Depreciation for Fleet is included in the plant hire recovery for these items classified as Materials &amp; Contracts. Actual depreciation for Council's Fleet was \$987K and for the purposes of the Financial Statements has been transferred from Materials &amp; Contracts to Depreciation. All Council assets (with the exception of land under roads) are valued at Fair Value. 2008/09 is the first year that all these assets have the depreciation expense determined by utilising the decay method model outlined in the NSROC Asset Management Guidelines. Depreciation expense for 2008/09 was \$18.3 M.</p>					
<b>Net Losses from Disposal of Assets</b>	-	<b>4,096</b>	<b>(4,096)</b>	0%	<b>U</b>
<p>The Global Financial Crisis (GFC) and the associated ongoing volatility in financial markets has impacted on Council's structured investments, particularly CDOs. Council has sustained losses of \$3.9 M in respect 3 CDOs which were originally AAA or AA rated that have since defaulted. These have been reported to Council in detail as part of Council's monthly Investment Report. This loss has been funded from Council's \$8M Financial Security Reserve (created from interest earned on Council investments) to limit any impact associated with the GFC.</p>					

# Council of the City of Ryde

## Notes to the Financial Statements

for the financial year ended 30 June 2009

### Note 17. Statement of Developer Contributions

\$ '000

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

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

#### SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Community & Culture	-	92	-	3	(46)	-	49	51,724	(55,702)	(3,929)	-
Open Space & Public Domain	6,563	617	625	81	(6,844)	-	1,042	138,681	(139,444)	279	-
Roads, Traffic, Carparks & Cycleways	404	69	892	-	(1,701)	(336)	-	35,088	(35,088)	-	(336)
Stormwater Management	6,766	345	141	422	(1,581)	336	5,757	3,398	(9,155)	-	336
Administration	347	103	-	30	(44)	-	436	565	(1,001)	-	-
<b>S94 Contributions - under a Plan</b>	<b>14,080</b>	<b>1,226</b>	<b>1,658</b>	<b>536</b>	<b>(10,216)</b>	<b>-</b>	<b>7,284</b>	<b>229,456</b>	<b>(240,390)</b>	<b>(3,650)</b>	<b>-</b>
<b>S94A Levies - under a Plan</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>				<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>14,080</b>	<b>1,226</b>	<b>1,658</b>	<b>536</b>	<b>(10,216)</b>	<b>-</b>	<b>7,284</b>				<b>-</b>
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	-	-	-	-	-	-	-				
S64 Contributions	-	-	-	-	-	-	-				
<b>Total Contributions</b>	<b>14,080</b>	<b>1,226</b>	<b>1,658</b>	<b>536</b>	<b>(10,216)</b>	<b>-</b>	<b>7,284</b>	<b>229,456</b>	<b>(240,390)</b>	<b>(3,650)</b>	<b>-</b>

# Council of the City of Ryde

## Notes to the Financial Statements

for the financial year ended 30 June 2009

### Note 17. Statement of Developer Contributions (continued)

\$ '000

#### S94 CONTRIBUTIONS - UNDER A PLAN

##### CONTRIBUTION PLAN - 2007 Plan

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Community & Culture	-	92		3	(46)	-	49	51,724	(55,702)	(3,929)	-
Open Space & Public Domain	6,563	617	625	81	(6,844)	-	1,042	138,681	(139,444)	279	-
Roads, Traffic, Carparks & Cycleways	404	69	892	-	(1,701)	(336)	-	35,088	(35,088)	-	(336)
Stormwater Management	6,766	345	141	422	(1,581)	336	5,757	3,398	(9,155)	-	336
Administration	347	103		30	(44)	-	436	565	(1,001)	-	-
<b>Total</b>	<b>14,080</b>	<b>1,226</b>	<b>1,658</b>	<b>536</b>	<b>(10,216)</b>	<b>-</b>	<b>7,284</b>	<b>229,456</b>	<b>(240,390)</b>	<b>(3,650)</b>	<b>-</b>

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

##### (i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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

##### (ii) Statewide Limited

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

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

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

##### (iii) StateCover Limited

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

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

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

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

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000

##### LIABILITIES NOT RECOGNISED (continued):

##### (iv) Council Investments

Council's Investments are made in compliance with the Minister for Local Government's Investment Order and Council's Investment Policy.

Council has always invested in highly rated AAA and AA rated investment products. Council's investment portfolio (cash & cash equivalents) as at 30 June 2009 totalled \$65.9 million.

Approximately \$6 million (9%) of Council's investments are held in structured products (CDO'S). These investments are shown in the Financial Report at face value as they were acquired on the basis of holding the investment to maturity and are valued at amortised cost in accordance with AASB 139.

The Global Financial Crisis has severely impacted Council's structured investments. They are not widely traded and many independent valuations are technical prices based on modelling the unwinding of the investment. It is extremely difficult to obtain independent verifiable valuations given the limited market data available. Council created an \$8 million Financial Security Reserve in October 2008 to protect Council from any future fall-out from the Global Financial Crisis. The Reserve was created from interest from investments Council had received from its investment portfolio over the previous six years.

##### (iv) Council Investments (continued)

Security Reserve had a balance of \$4.1 million and Council in reviewing the adequacy of the reserve to cover future defaults in these CDO investments maintained the reserve at this level.

##### ASSETS NOT RECOGNISED:

##### (i) Infringement Notices/Fines

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

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

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

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

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

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

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2009	Actual 2008
<b>a. Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		1,644,113	1,607,434
a. Correction of Prior Period Errors	20 (c)	(6,938)	6,731
b. Changes in Accounting Policies (Prior Period Effects)	20 (d)	-	-
c. Current Year Income & Expenses Recognised direct to Equity excluding direct to Reserves transactions		-	-
d. Net Operating Result for the Year		58,843	29,948
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
<b>Balance at End of the Reporting Period</b>		<b><u>1,696,018</u></b>	<b><u>1,644,113</u></b>

#### b. Reserves

##### (i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve		518,376	527,007
- "Available for Sale" Financial Investments Revaluation Reserve		-	-
- Other Reserves (Specify)		-	-
<b>Total</b>		<b><u>518,376</u></b>	<b><u>527,007</u></b>

##### (ii). Reconciliation of movements in Reserves:

###### Infrastructure, Property, Plant & Equipment Revaluation Reserve

- Opening Balance		527,007	81,699
- Revaluations for the year	9(a)	(8,631)	445,308
<b>- Balance at End of Year</b>		<b><u>518,376</u></b>	<b><u>527,007</u></b>

###### **TOTAL VALUE OF RESERVES**

<b><u>518,376</u></b>	<b><u>527,007</u></b>
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##### (iii). Nature & Purpose of Reserves

###### Infrastructure, Property, Plant & Equipment Revaluation Reserve

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



## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000	Notes	Actual 2009	Actual 2008
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#### c. Correction of Error/s relating to a Previous Reporting Period

Council, as part of its ongoing review of the asset data, has made adjustments to reflect assets not previously recognised, and where the condition of asset was materially different than what was previously recorded. An adjustment has been made against current year asset balances and Retained Earnings to correct the errors because it was found to be impractical to restate the prior year comparatives.

Council revalued the following asset classes for the 07/08 Year End:

- Operational Land
- Community Land
- Other Structures

This reassessment resulted in a material difference as to where some assets actually sat in with respect to their asset life cycle relative to what the value of accumulated depreciation in Council's Financial Reports had previously indicated.

Council did not have sufficient and reliable information that would allow the restatement of information prior to 30/6/08 (the closing date for the comparative figures in last year's report).

As a result, Council adjusted the accumulated depreciation for the Asset Classes below as at 30/6/08 to reflect the correct value of accumulated depreciation:	(6,938)	6,731
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This adjustment resulted in a net increase / (decrease) in Council's Accumulated Surplus as at 30/6/08.

**In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.**

**These amounted to the following Equity Adjustments:**

- Adjustments to Opening Equity - 1/7/07 (relating to adjustments for the 30/6/07 reporting year end and prior periods)		6,731
- Adjustments to Closing Equity - 30/6/08 (relating to adjustments for the 30/6/08 year end)	(6,938)	-
<b>Total Prior Period Adjustments - Prior Period Errors</b>	<b>(6,938)</b>	<b>6,731</b>

#### d. Voluntary Changes in Accounting Policies

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

## Council of the City of Ryde

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

#### Note 21. Financial Result & Financial Position by Fund

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\$ '000

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Council has opted not to include this Note in the Financial Report.

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

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

#### Note 23. Events occurring after Balance Sheet Date

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Events that occur after the reporting date of 30 June 2009, up to and including the date when the financial report is "authorised for issue" have been taken into account in preparing this financial report.

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

Accordingly, the "authorised for issue" date is 21/10/09

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

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

These financial reports (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2009.

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

These financial reports (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2009 and which are only indicative of conditions that arose after 30 June 2009.

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

#### Note 24. Discontinued Operations

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

## Council of the City of Ryde

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 25. Intangible Assets

\$ '000

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

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

#### Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

Council has legal/public obligations to make restore, rehabilitate and reinstate the following assets/operations;

Wellington Road Works Depot  
Parsonage Street Works depot

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2009	2008
Road Works Depot	2009	-	814
Balance at End of the Reporting Period	10	-	814

Under AASB 116 - Property, Plant & Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 - Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

#### Reconciliation of movement in Provision for year:

Balance at beginning of year	814	1,134
Expenditure incurred attributable to Provisions	(814)	(320)
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>-</b>	<b>814</b>

#### Amount of Expected Reimbursements

Of the above Provisions for Reinstatement, Rehabilitation and Restoration works, those applicable to Garbage Services & Waste Management are able to be funded through future charges incorporated within Council's Annual Domestic Waste Management Charge.



SPENCER STEER  
CHARTERED ACCOUNTANTS

CITY OF RYDE

GENERAL PURPOSE FINANCIAL REPORT

INDEPENDENT AUDITORS' REPORT

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**REPORT ON THE FINANCIAL REPORT**

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

***Responsibility of Council for the Financial Report***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our audit responsibility does not extend to the original budget information disclosed in the Income Statement, Cash Flow Statement and Note 2(a) or the budget variation explanations disclosed in Note 16. Nor does our responsibility extend to the commentary provided in Note 13(a) or the projected future developer contributions and costs disclosed in Note 17. Accordingly, no opinion is expressed on these matters.

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

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

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



***Independence***

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

***Basis for Qualified Auditor's Opinion***

Since July 2007, global financial markets have experienced a period of high volatility led by events in the US housing market, particularly sub prime loans, which has impacted the value, recoverability, liquidity, cash flows and rates of return of many financial assets including Collateralised Debt Obligations (CDOs).

At 30 June 2009, Council's investment portfolio totalled \$65.875 million and included CDO securities totalling \$6 million and classified as 'held to maturity'. Whilst these investments are carried at face value, their fair value was \$2.193 million which is included in the fair value disclosure in Note 15. These securities do not have market values that are independently quoted and they are not widely traded. Independent market valuations are not readily available and in many cases, values are assessed based on estimates from issuers and/or valuation models for which there is limited market evidence available to verify their reasonableness in the current economic environment. Further, the ongoing volatility of financial markets creates greater uncertainty in the valuation process and determination of future cash flows.

These circumstances have resulted in our inability to obtain sufficient appropriate audit evidence to satisfy ourselves as to the value and recoverability of \$6 million of Council's total investment portfolio.

***Qualified Auditor's Opinion***

In our opinion, except for the effects on the financial statements of the matter referred to in the paragraph titled *Basis for Qualified Auditor's Opinion*,

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

**SPENCER STEER**  
Chartered Accountants

**N. MAH CHUT**  
Partner

Dated at Sydney this 21st day of October 2009



SPENCER STEER  
CHARTERED ACCOUNTANTS

21 October 2009

The Mayor  
City of Ryde  
1 Devlin Street  
**RYDE NSW 2112**

Mayor,

**Audit Report - Year Ended 30 June 2009**

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

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

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

**1. RESULTS FOR THE YEAR**

***1.1 Operating Result***

The operating result for the year was a Surplus of \$58.843 million as compared with \$29.948 million in the previous year.



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

	2009	% of Total	2008	% of Total	Increase (Decrease)
	\$000		\$000		\$000
<b>Revenues before capital items</b>					
Rates & annual charges	52,159	66%	50,335	52%	1,824
User charges, fees & other revenues	16,542	21%	17,625	18%	(1,083)
Grants & contributions provided for operating purposes	6,949	9%	6,293	7%	656
Interest & investment revenue	3,032	4%	4,259	4%	(1,227)
Proceeds from the sale of stratum land	-	0%	18,000	19%	(18,000)
	<b>78,682</b>	100%	<b>96,512</b>	100%	<b>(17,830)</b>
<b>Expenses</b>					
Employee benefits & costs	30,611	36%	29,161	39%	1,450
Materials, contracts & other expenses	34,936	42%	29,402	39%	5,534
Depreciation, amortisation & impairment	18,301	22%	16,123	21%	2,178
Borrowing costs	331	0%	475	1%	(144)
	<b>84,179</b>	100%	<b>75,161</b>	100%	<b>9,018</b>
<b>Surplus(Deficit) before capital items</b>	<b>(5,497)</b>		<b>21,351</b>		<b>(26,848)</b>
Grants & contributions provided for capital purposes	64,340		8,597		55,743
<b>Net Surplus(Deficit) for the year</b>	<b>58,843</b>		<b>29,948</b>		<b>28,895</b>

The table above shows an overall increase over the previous year of \$28.895 million and also highlights the variances over the previous year.

- total operating revenues increased by \$37.968 million and included in kind contributions of \$56.341 million offset by the proceeds from the sale of stratum land in the previous year of \$18 million.
- increased operating expenses included a realised loss from the disposal of investments amounting to \$3.910 million.

## 1.2 Funding Result

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



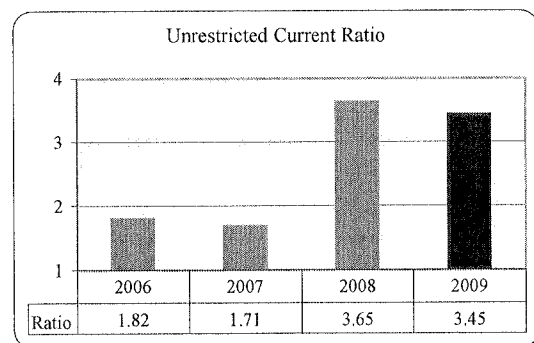
	<b>2009</b>	<b>2008</b>
<b>Funds were provided by:-</b>	<b>\$000</b>	<b>\$000</b>
<b>Operating Result (as above)</b>	<b>58,843</b>	<b>29,948</b>
Add back non funding items:-		
- Depreciation, amortisation & impairment	18,301	16,123
- Book value of non current assets sold	2,090	1,341
- Non cash Contributions of assets acquired	(57,999)	0
- (Gain)Loss of fair value to investment properties	(677)	892
	<u>20,558</u>	<u>48,304</u>
Decrease/Redemption in Non Current Investments	7,006	1,501
Transfers from externally restricted assets (net)	2,425	8,241
Transfers from internal reserves (net)	7,611	0
Net Changes in current/non current assets & liabilities	0	574
	<u>37,600</u>	<u>58,620</u>
<b>Funds were applied to:-</b>		
Purchase and construction of assets	(34,586)	(28,325)
Principal repaid on loans	(728)	(1,354)
Finance lease instalments	(12)	(16)
Transfers to internal reserves (net)	0	(29,078)
Net Changes in current/non current assets & liabilities	(152)	0
	<u>(35,478)</u>	<u>(58,773)</u>
<b>Increase(Decrease) in Available Working Capital</b>	<u><b>2,122</b></u>	<u><b>(153)</b></u>

## 2. FINANCIAL POSITION

### 2.1 Unrestricted Current Ratio

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

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to \$32.739 million representing a factor of 3.45 to 1.



### 2.2 Available Working Capital – (Working Funds)

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

At the close of the year the Available Working Capital of Council stood at \$4.322 million as detailed below;





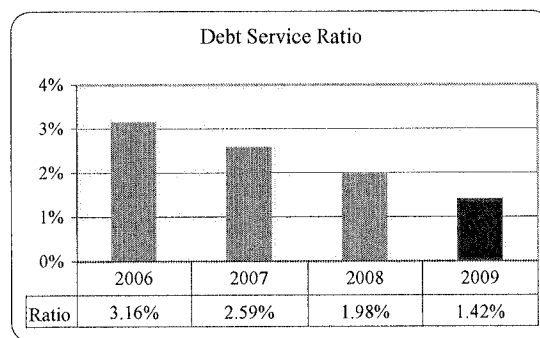
	2009	2008	Change
	\$000	\$000	\$000
<b>Net Current Assets (Working Capital) as per Accounts</b>	<b>34,719</b>	<b>42,271</b>	<b>(7,552)</b>
<i>Add:</i> Payables & provisions not expected to be realised in the next 12 months included above	9,518	8,711	807
Adjusted Net Current Assets	44,237	50,982	(6,745)
<i>Add:</i> Budgeted & expected to pay in the next 12 months			
- Borrowings	453	700	(247)
- Employees leave entitlements	2,850	3,087	(237)
- Site remediation	0	814	(814)
- Deposits & retention moneys	1,611	1,482	129
<i>Less:</i> Externally restricted assets	(11,498)	(13,923)	2,425
<i>Less:</i> Internally restricted assets	(33,331)	(40,942)	7,611
<b>Available Working Capital as at 30 June</b>	<b>4,322</b>	<b>2,200</b>	<b>2,122</b>

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

### 2.3 Debt

Operating revenue (excluding special purpose grants and contributions) required to service these repayments was 1.42%.

Total debt at 30 June 2009 amounted to \$5.2 million.



### 2.4 Summary

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

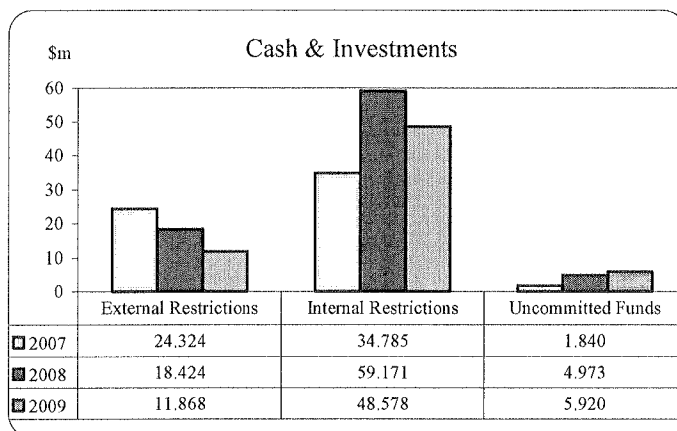
## 3. CASH ASSETS

### 3.1 Cash & Investments

Cash and investments held at the close of the year amounted to \$66.366 million as compared with \$82.568 million and \$60.949 million at the close of financial years 2008 and 2007 respectively.



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



**Externally restricted cash and investments** are restricted in their use by externally imposed requirements and consisted of unexpended development contributions under Section 94 of \$7.284 million, domestic waste management charges of \$2.171 million and specific purpose grants and contributions of \$2.413 million.

**Internally restricted cash and investments** have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's "**Reserves**". These Reserves totalled \$48.578 million and their purposes are more fully disclosed in Note 6 of the financial statements.

**Unrestricted cash and investments** amounted to \$5.920 million, which are available to provide liquidity for day to day operations.

### 3.2 Cash Flows

The Cash Flow Statement illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that Cash increased by \$10.471 million to \$44.987 million at the close of the year.

In addition to operating activities which contributed net cash of \$24.429 million were the proceeds from the sale of investments (\$26.667 million) and other assets (\$1.904 million). Cash outflows other than operating activities were used to purchase investments (\$5.993 million), repay loans (\$740,000) and to purchase and construct assets (\$35.796 million).

## 4. RECEIVABLES

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

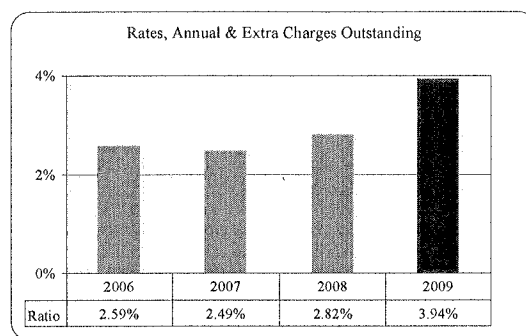
Net rates and annual charges levied during the year totalled \$52.159 million and represented 36.47% (2008 - 47.89%) of Council's total revenues.

Including arrears, the total rates and annual charges collectible was \$53.539 million of which \$51.611 million (96.40%) was collected.



#### 4.2 Rates, Annual & Extra Charges

Arrears of rates, annual & extra charges stood at \$2.118 million at the end of the year & represented 3.94% of those receivables.



#### 4.3 Other Receivables

Receivables (other than rates, annual & extra charges) totalled \$4.754 million and mainly consisted of user charges and fees (\$920,000) and amounts due from government departments (\$1.916 million).

Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$96,000.

### 5. PAYABLES

#### 5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$7.070 million.

A cash reserve of \$1.909 million was held at year end representing 27% of this liability and was, in our opinion, sufficient to meet unbudgeted and unanticipated retirements.

#### 5.2 Deposits, Retentions & Bonds

Deposits, retentions and bonds held at year end amounted to \$7.159 million which was fully funded by internally restricted cash and investments.

### 6. REVALUATION OF ASSETS

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

Fair valuation of remaining asset categories will be required over the next two reporting years. The Department of Local Government has issued guidance on the revaluation implementation plan which outlines the major steps and suggested timeframes.

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



**7. CONCLUSION**

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

Yours faithfully,

**SPENCER STEER**

*Chartered Accountants*

**N. MAH CHUT**

Partner

# Council of the City of Ryde

SPECIAL PURPOSE FINANCIAL REPORTS  
for the year ended 30 June 2009

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*“...an innovative city, a leader in  
environmental, economic and  
social sustainability.”*



# Council of the City of Ryde

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

Contents	Page
<b>1. Statement by Councillors &amp; Management</b>	2
<b>2. Special Purpose Financial Reports:</b>	
- Income Statement of Other Business Activities	3
- Balance Sheet of Other Business Activities	4
<b>3. Notes to the Special Purpose Financial Reports</b>	5
<b>4. Auditor's Report</b>	9

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### Background

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

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

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

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

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

# Council of the City of Ryde

## Special Purpose Financial Reports

for the financial year ended 30 June 2009

### Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

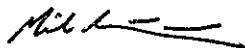
- The NSW Government Policy Statement "Application of National Competition Policy to Local Government"
- The Department of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality"
- The Local Government Code of Accounting Practice and Financial Reporting.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

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


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

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

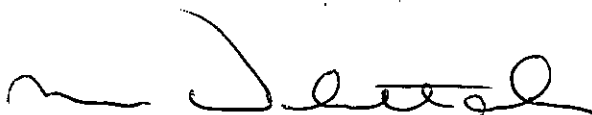
**Signed in accordance with a resolution of Council made on 20 October 2009.**



\_\_\_\_\_  
Councillor Michael Butterworth  
**MAYOR**



\_\_\_\_\_  
Councillor Roy Maggio  
**COUNCILLOR**



\_\_\_\_\_  
Mr Michael Whittaker  
**GENERAL MANAGER**



\_\_\_\_\_  
Mr Richard Nankivell  
**CHIEF FINANCIAL OFFICER  
RESPONSIBLE ACCOUNTING OFFICER**

## Council of the City of Ryde

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2009

\$ '000	Ryde Aquatic Leisure Centre		Commercial Waste Management	
	Actual 2009	Actual 2008	Actual 2009	Actual 2008
<b>Income from continuing operations</b>				
Access charges	-	-	-	-
User charges	4,475	4,572	534	560
Fees	-	-	-	-
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	76	96	-	-
<b>Total income from continuing operations</b>	<b>4,551</b>	<b>4,668</b>	<b>534</b>	<b>560</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	2,431	2,483	27	17
Borrowing costs	-	-	-	-
Materials and contracts	1,357	1,587	194	177
Depreciation and impairment	1,762	944	-	-
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	143	149	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	555	617	52	55
<b>Total expenses from continuing operations</b>	<b>6,248</b>	<b>5,780</b>	<b>273</b>	<b>249</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(1,697)</b>	<b>(1,112)</b>	<b>261</b>	<b>311</b>
Grants and contributions provided for capital purposes	-	-	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(1,697)</b>	<b>(1,112)</b>	<b>261</b>	<b>311</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(1,697)</b>	<b>(1,112)</b>	<b>261</b>	<b>311</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	(78)	(93)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(1,697)</b>	<b>(1,112)</b>	<b>183</b>	<b>218</b>
plus Opening Retained Profits	33,166	33,539	199	199
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	143	149	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	-	-	78	93
add:				
- Subsidy Paid/Contribution To Operations	415	739	-	-
less:				
- TER dividend paid	(143)	(149)	(78)	(93)
- Dividend paid	-	-	(183)	(218)
<b>Closing Retained Profits</b>	<b>31,884</b>	<b>33,166</b>	<b>199</b>	<b>199</b>
Return on Capital %	-3.7%	-2.3%	n/a	n/a
Subsidy from Council	-	-	-	-



## Council of the City of Ryde

## Balance Sheet of Council's Other Business Activities

as at 30 June 2009

\$ '000	Ryde Aquatic Leisure Centre Category 1		Commercial Waste Management Category 2	
	Actual 2009	Actual 2008	Actual 2009	Actual 2008
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	99	170	-	-
Investments	-	-	-	-
Receivables	61	73	217	165
Inventories	33	10	-	-
Other	-	-	9	54
Non-current assets classified as held for sale	-	-	-	-
<b>Total Current Assets</b>	<b>193</b>	<b>253</b>	<b>226</b>	<b>219</b>
<b>Non-Current Assets</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	45,915	47,347	-	-
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
<b>Total Non-Current Assets</b>	<b>45,915</b>	<b>47,347</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>46,108</b>	<b>47,600</b>	<b>226</b>	<b>219</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	294	483	21	14
Interest bearing liabilities	-	-	-	-
Provisions	490	515	3	6
<b>Total Current Liabilities</b>	<b>784</b>	<b>998</b>	<b>24</b>	<b>20</b>
<b>Non-Current Liabilities</b>				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	18	14	2	-
<b>Total Non-Current Liabilities</b>	<b>18</b>	<b>14</b>	<b>2</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>802</b>	<b>1,012</b>	<b>26</b>	<b>20</b>
<b>NET ASSETS</b>	<b>45,306</b>	<b>46,588</b>	<b>200</b>	<b>199</b>
<b>EQUITY</b>				
Retained earnings	31,884	33,166	200	199
Revaluation reserves	13,422	13,422	-	-
Council equity interest	<b>45,306</b>	<b>46,588</b>	<b>200</b>	<b>199</b>
Minority equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>45,306</b>	<b>46,588</b>	<b>200</b>	<b>199</b>

# Council of the City of Ryde

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

### Contents of the Notes accompanying the Financial Statements

<b>Note</b>	<b>Details</b>	<b>Page</b>
1	Summary of Significant Accounting Policies	6

## Council of the City of Ryde

### Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2009

#### Note 1. Significant Accounting Policies

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

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

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

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Urgent Issues Group 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.

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

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

#### National Competition Policy

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

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

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the Department of Local Government in July 1997 has also been adopted.

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and

provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

#### Declared Business Activities

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

##### Category 1

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

- a. **Ryde Aquatic Leisure Centre**  
Aquatic and dry court sports and leisure facilities

##### Category 2

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

- a. **Commercial Waste Removal**  
Commercial waste collection, recycling and disposal

#### Monetary Amounts

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

#### (i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations (General Purpose Financial Report) just like all other costs.

However, where council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all council nominated business activities and are reflected in the SPFR.

For the purposes of disclosing comparative information relevant to the private sector equivalent

## Council of the City of Ryde

### Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2009

#### Note 1. Significant Accounting Policies (continued)

the following taxation equivalents have been applied to all council nominated business activities (this does not include council's non-business activities):

#### Notional Rate Applied %

##### Corporate Income Tax Rate – 30%

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

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

#### Income Tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

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

Since the taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in the GPFR.

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

#### Local Government Rates & Charges

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

#### Loan & Debt Guarantee Fees

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

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

#### (ii) Subsidies

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

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

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

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

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

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

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

## Council of the City of Ryde

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

#### Note 1. Significant Accounting Policies (continued)

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The Rate of Return on Capital is calculated as follows:

**Operating Result before Capital Income + Interest Expense**

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

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

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

#### **(iv) Dividends**

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



SPENCER STEER  
CHARTERED ACCOUNTANTS

**CITY OF RYDE**  
**SPECIAL PURPOSE FINANCIAL REPORT**  
**INDEPENDENT AUDITORS' REPORT**

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**REPORT ON THE FINANCIAL REPORT**

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

***Responsibility of Council for the Financial Report***

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

***Auditors' Responsibility***

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

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



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

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

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

***Independence***

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

***Auditor's Opinion***

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

**SPENCER STEER**  
Chartered Accountants

**N. MAH CHUT**  
**Partner**

Dated at Sydney this 21st day of October 2009

# Council of the City of Ryde

SPECIAL SCHEDULES  
for the year ended 30 June 2009

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*“...an innovative city, a leader in  
environmental, economic and  
social sustainability.”*





# Council of the City of Ryde

## Special Schedules

for the financial year ended 30 June 2009

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<sup>1</sup> Special Purpose Schedules are not audited.

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### Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
  - the Australian Bureau of Statistics (ABS),
  - the Department of Energy, Utilities & Sustainability (DEUS), and
  - the Department of Local Government (DLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
  - the incorporation of Local Government financial figures in national statistics,
  - the monitoring of loan approvals,
  - the allocation of borrowing rights, and
  - the monitoring of specific service financial activities.
-

## Council of the City of Ryde

## Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2009

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
<b>Governance</b>	1,963	<b>1,963</b>	5	-	<b>5</b>	(1,958)	<b>(1,958)</b>
<b>Administration</b>							
Corporate Support	1,649		63	-		(1,586)	
Engineering and Works	1,825		146	200		(1,479)	
Other Support Services	17,176	<b>20,650</b>	1,218	-	<b>1,627</b>	(15,958)	<b>(19,023)</b>
<b>Public Order and Safety</b>							
Contributions to Fire Service Levy	1,370		-	-		(1,370)	
Fire Protection – Other	-		-	-		-	
Animal Control	239		50	-		(189)	
Beach Control	-		-	-		-	
Enforcement of Local Govt Regs	758		1,918	-		1,160	
Emergency Services	132		-	-		(132)	
Other	1,292	<b>3,791</b>	2,528	-	<b>4,496</b>	1,236	<b>705</b>
<b>Health</b>							
Administration and Inspection	613		237	-		(376)	
Immunisations	105		52	-		(53)	
Food Control	-		-	-		-	
Insect/Vermin Control	15		-	-		(15)	
Noxious Plants	15		34	-		19	
Health Centres	56		-	-		(56)	
Other	-	<b>804</b>	-	-	<b>323</b>	-	<b>(481)</b>
<b>Community Services and Education</b>							
Administration	495		19	-		(476)	
Family Day Care	-		-	-		-	
Child Care	-		-	-		-	
Youth Services	124		30	-		(94)	
Other Families and Children	424		218	-		(206)	
Aged and Disabled	400		398	-		(2)	
Migrant Services	-		-	-		-	
Aboriginal Services	-		-	-		-	
Other Community Services	972		132	-		(840)	
Education	18	<b>2,433</b>	45	-	<b>842</b>	27	<b>(1,591)</b>

## Council of the City of Ryde

Special Schedule No. 1 - Net Cost of Services (continued)  
for the financial year ended 30 June 2009

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
<b>Housing and Community Amenities</b>							
Housing	-		-	-		-	
Town Planning	5,040		2,599	1,000		(1,441)	
Domestic Waste Management	9,119		12,030	-		2,911	
Other Waste Management	902		696	-		(206)	
Street Cleaning	863		-	-		(863)	
Other Sanitation and Garbage	-		-	-		-	
Urban Stormwater Drainage	5,057		1,183	1,713		(2,161)	
Stormwater Management	-		-	-		-	
Environmental Protection	909		112	-		(797)	
Public Cemeteries	-		-	-		-	
Public Conveniences	224		1	-		(223)	
Other Community Amenities	-	22,114	-	-	19,334	-	(2,780)
<b>Recreation and Culture</b>							
Public Libraries	4,364		865	6		(3,493)	
Museums	-		-	-		-	
Art Galleries	-		-	-		-	
Community Centres	143		5	1,750		1,612	
Public Halls	440		381	-		(59)	
Other Cultural Services	314		76	-		(238)	
Swimming Pools	4,848		4,566	93		(189)	
Sporting Grounds	4,600		426	179		(3,995)	
Parks and Gardens (Lakes)	5,632		55	9,335		3,758	
Other Sport and Recreation	156	20,497	190		17,927	34	(2,570)
<b>Fuel and Energy</b>							
Gas Supplies	-	-	-	-	-	-	-
<b>Mining, Manufacturing and Construction</b>							
Building Control	671		212	-		(459)	
Abattoirs	-		-	-		-	
Quarries and Pits	-		-	-		-	
Other	-	671	-	-	212	-	(459)

## Council of the City of Ryde

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

for the financial year ended 30 June 2009

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
<b>Transport and Communication</b>							
Urban Roads (UR) - Local	7,972		1,778	50,064		43,870	
Urban Roads - Regional	60		49	-		(11)	
Sealed Rural Roads (SRR) - Local	-		-	-		-	
Sealed Rural Roads - Regional	-		-	-		-	
Unsealed Rural Roads (URR) - Local	-		-	-		-	
Unsealed Rural Roads - Regional	-		-	-		-	
Bridges on UR - Local	146		-	-		(146)	
Bridges on UR - Regional	-		-	-		-	
Bridges on SRR - Local	-		-	-		-	
Bridges on SRR - Regional	-		-	-		-	
Bridges on URR - Local	-		-	-		-	
Bridges on URR - Regional	-		-	-		-	
Footpaths	722		-	-		(722)	
Aerodromes	-		-	-		-	
Parking Areas	97		-	-		(97)	
Bus Shelters and Services	39		-	-		(39)	
Water Transport	-		-	-		-	
RTA Works (State)	-		-	-		-	
Street Lighting	1,555		330	-		(1,225)	
Other	327	10,918	263	-	52,484	(64)	41,566
<b>Economic Affairs</b>							
Camping Areas	-		-	-		-	
Caravan Parks	-		-	-		-	
Tourism and Area Promotion	8		-	-		(8)	
Industrial Development Promotion	-		-	-		-	
Saleyards and Markets	-		-	-		-	
Real Estate Development	-		-	-		-	
Commercial Nurseries	-		-	-		-	
Other Business Undertakings	328	336	663	-	663	335	327
<b>Totals – Functions</b>		84,179	33,573	64,340	97,914		13,735
<b>General Purpose Revenues<sup>(1)</sup></b>			45,109		45,109	45,109	45,109
Share of interests - joint ventures & associates using the equity method	-	-	-	-	-	-	-
<b>NET OPERATING RESULT FOR YEAR</b>		84,179	78,682	64,340	143,022	58,843	58,843

Notes:

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

# Council of the City of Ryde

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

for the financial year ended 30 June 2009

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	688	5,240	<b>5,928</b>	-	728	-	-	331	453	4,747	<b>5,200</b>
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Loans</b>	<b>688</b>	<b>5,240</b>	<b>5,928</b>	-	<b>728</b>	-	-	<b>331</b>	<b>453</b>	<b>4,747</b>	<b>5,200</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	12	-	<b>12</b>	-	12	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Debt</b>	<b>12</b>	-	<b>12</b>	-	<b>12</b>	-	-	-	-	-	-
<b>Total Debt</b>	<b>700</b>	<b>5,240</b>	<b>5,940</b>	-	<b>740</b>	-	-	<b>331</b>	<b>453</b>	<b>4,747</b>	<b>5,200</b>

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

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



# Council of the City of Ryde

## Special Schedule No. 7 - Condition of Public Works (continued)

as at 30 June 2009

### Notes:

Satisfactory condition refers to an asset rating condition of 1 or 2, where a condition rating scale of 1 (very Good Condition) to 5 (Asset Unservicable) is Utilised (Source: International Infrastructure Management Manual 2006). It does not include any planned 'enhancements' to assets.

### Condition Rating      Condition Description

1	Very good condition - Only normal maintenance required
2	Minor Defects Only - Minor maintenance required (5%)
3	Maintenance Required to Return to Accepted Level of Service - Significant maintenance required (10% - 20%)
4	Require Renewal - Significant renewal/upgrade required (20% - 40%)
5	Asset Unservicable - Over 50% of asset requires replacement

Required Annual Maintenance is what should be spent to maintain assets in a satisfactory standard (asset rating 1 or 2).

Current Annual Maintenance is what has been spent in the current year to maintain assets.

Council undertook a major review of its Asset Management practices for Buildings, Roads and Drainage Assets in 2006/07, further reviews were undertaken in 2007/08 for Land and Other Structures.

**Buildings**      In assessing the condition of the building assets, an overall condition rating is applied to the building. When a building is noted as satisfactory, this should be interpreted that the majority of assets within the building (i.e. building components) are in a satisfactory condition. However there may be individual assets within the building that may be in an unsatisfactory condition.

**Public Roads**      Included within the "Public Roads" group of assets is Urban Roads, Footpaths, and Kerb and Gutter.

Urban Roads      Council has adopted the use of a Pavement Management System (PMS) and condition Rating data has been collected since 1991. Some 20% of the roads network is condition rated each year. The current replacement cost of the road assets is \$386M.

Footpaths      Council's footpath network has a current replacement value of \$48M. Council has designed and implemented a Footpath Management System, where every footpath is inspected and rated on a 1 to 5 rating basis.

Kerb & Gutter      Council has designed and implemented a Kerb & Gutter Management System with approximately 100% of the network inspected and rated. The current replacement value is \$92M.

Bridges      The current replacement value of bridges is \$21M.

## Council of the City of Ryde

## Special Schedule No. 8 - Financial Projections

as at 30 June 2009

\$'000	Actual <sup>(1)</sup> 08/09	Forecast 09/10	Forecast 10/11	Forecast <sup>(3)</sup> 11/12
<b>(i) RECURRENT BUDGET</b>				
Income from continuing operations	92,217	88,840	89,693	95,124
Expenses from continuing operations	77,866	81,053	83,831	86,728
<b>Operating Result from Continuing Operations</b>	<b>14,351</b>	<b>7,787</b>	<b>5,862</b>	<b>8,396</b>
<b>(ii) CAPITAL BUDGET</b>				
New Capital Works <sup>(2)</sup>	-	-	-	-
Replacement/Refurbishment of Existing Assets	36,181	36,125	29,535	28,601
<b>Total Capital Budget</b>	<b>36,181</b>	<b>36,125</b>	<b>29,535</b>	<b>28,601</b>
<b>Funded by:</b>				
- Loans	-	-	-	-
- Asset sales	-	-	-	-
- Reserves	18,547	11,477	3,122	2,143
- Grants/Contributions	5,835	9,901	8,331	10,922
- Recurrent revenue	11,799	14,747	18,082	15,536
- Other	-	-	-	-
	<b>36,181</b>	<b>36,125</b>	<b>29,535</b>	<b>28,601</b>

**Notes:**

(1) From 08/09 Income Statement.

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

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