

General & Special Purpose Financial Reports



Year ended
30 June 2004

City of Ryde

Council of the City of Ryde

GENERAL PURPOSE FINANCIAL REPORTS

for the year ending 30 June 2004

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Council of the City of Ryde

GENERAL PURPOSE FINANCIAL REPORTS

for the year ending 30 June 2004

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

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

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

To the best of our knowledge and belief, these Reports

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

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

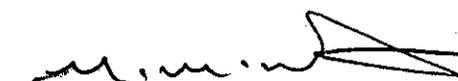
Signed in accordance with a resolution of Council made on 10 August 2004.



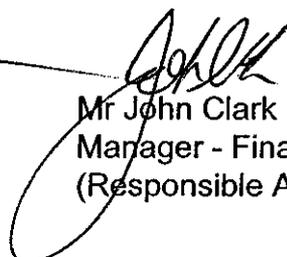
Councillor Terry Perram
Mayor



Councillor Gabrielle O'Donnell
Deputy Mayor



Mr Michael G McMahon
Chief Executive



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

Council of the City of Ryde

STATEMENT OF FINANCIAL PERFORMANCE for the year ending 30 June 2004

Original Budget* 2004 (\$'000)		Notes	Actual 2004 (\$'000)	Actual 2003 (\$'000)
	EXPENSES FROM ORDINARY ACTIVITIES			
21,343	Employee Costs	3(a)	20,755	20,605
445	Borrowing Costs	3(b)	413	464
14,363	Materials and Contracts		13,430	14,119
14,355	Depreciation	3(c)	15,023	14,548
9,403	Other Expenses from Ordinary Activities	3(d)	8,871	13,435
1,658	Loss from the disposal of assets	5	-	922
61,567	TOTAL EXPENSES FROM ORDINARY ACTIVITIES		58,492	64,093
	REVENUE FROM ORDINARY ACTIVITIES			
39,938	Rates & Annual Charges	4(a)	39,916	38,150
7,842	User Charges & Fees	4(b)	8,441	7,537
1,356	Interest	4(c)	2,129	2,015
1,889	Other revenues from ordinary activities	4(d)	2,032	1,545
4,656	Grants & Contributions provided for non-capital purposes	4(e&f)	5,023	4,943
-	Gain from the disposal of assets	5	300	-
55,681	REVENUES FROM ORDINARY ACTIVITIES BEFORE CAPITAL AMOUNTS		57,841	54,190
(5,886)	SURPLUS (DEFICIT) FROM ORDINARY ACTIVITIES BEFORE CAPITAL AMOUNTS		(651)	(9,903)
5,323	Grants & Contributions provided for capital purposes	4(e&f)	2,567	5,730
(563)	SURPLUS (DEFICIT) FROM ORDINARY ACTIVITIES AFTER CAPITAL AMOUNTS		1,916	(4,173)
(563)	SURPLUS (DEFICIT) FROM ORDINARY ACTIVITIES		1,916	(4,173)
(563)	SURPLUS (DEFICIT) FROM ALL ACTIVITIES	2(a)	1,916	(4,173)

Council of the City of Ryde

STATEMENT OF FINANCIAL POSITION As at 30 June 2004

	Notes	2004 (\$'000)	2003 (\$'000)	2003 (\$'000)	(\$'000)
CURRENT ASSETS					
Cash Assets	6	29,536		29,438	
Receivables	7	2,198		2,296	
Inventories	8	210		301	
Other	8	284		308	
TOTAL CURRENT ASSETS			32,228		32,343
NON-CURRENT ASSETS					
Cash Assets	6	9,137		3,791	
Receivables	7	201		194	
Property, Plant and Equipment	9	1,273,641		1,274,884	
TOTAL NON-CURRENT ASSETS			1,282,979		1,278,869
TOTAL ASSETS			1,315,207		1,311,212
CURRENT LIABILITIES					
Payables	10(a & c)	4,443		4,994	
Interest Bearing Liabilities	10(a & c)	1,587		1,974	
Provisions	10(a & c)	1,747		1,833	
TOTAL CURRENT LIABILITIES			7,777		8,801
NON-CURRENT LIABILITIES					
Payables	10(a)	3,965		3,229	
Interest Bearing Liabilities	10(a)	9,992		7,285	
Provisions	10(a,b & c)	4,204		4,544	
TOTAL NON-CURRENT LIABILITIES			18,161		15,058
TOTAL LIABILITIES			25,938		23,859
NET ASSETS			1,289,269		1,287,353
EQUITY					
Accumulated Surplus			1,289,269		1,287,353
TOTAL EQUITY			1,289,269		1,287,353

Council of the City of Ryde

STATEMENT OF CHANGES IN EQUITY for the year ending 30 June 2004

	Accum Surplus	Asset Revaluation Reserve	2004 (\$'000) Council Equity Interest	Total Equity	Accum Surplus	2003 (\$'000) Asset Revaluation Reserve
Balance at the beginning of the reporting period	1,287,353	-	1,287,353	1,287,353	1,291,526	-
Change in Equity recognised in the Statement of Financial Performance	1,916	-	1,916	1,916	(4,173)	-
Adjustments due to compliance with revised Accounting Standards	-	-	-	-	-	-
Transfers to asset revaluation reserve	-	-	-	-	-	-
Transfers from asset revaluation reserve	-	-	-	-	-	-
Distributions to/from Outside Equity Interests	-	-	-	-	-	-
Balance at the end of the reporting period	1,289,269	-	1,289,269	1,289,269	1,287,353	-

Council of the City of Ryde

STATEMENT OF CASH FLOWS for the year ending 30 June 2004

Original Budget* 2004 (\$'000)	Notes	2004 (\$'000) (\$'000)		2003 (\$'000) (\$'000)	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
39,938	Rates & Annual Charges	39,898		38,293	
7,842	User Charges & Fees	9,092		8,705	
1,356	Interest	2,097		1,992	
7,979	Grants and Contributions	8,054		11,092	
1,889	Other	4,765		4,859	
Payments					
(21,343)	Employee Costs	(21,242)		(19,598)	
(14,363)	Materials and Contracts	(14,582)		(16,597)	
(445)	Interest	(424)		(472)	
(9,277)	Other	(10,830)		(15,784)	
<hr/>					
13,576	Net cash provided by (used in) Operating Activities	11(b)	16,829		12,490
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
-	Sale of Investments	-		-	
-	Sale of Real Estate Assets	-		-	
3,950	Sale of Property, Plant and Equipment	2,659		2,460	
-	Sale of Interests in Joint Ventures/Associates	-		-	
-	Other	-		-	
Payments					
-	Purchase of Investments	-		-	
-	Purchase of Real Estate Assets	-		-	
(24,506)	Purchase of Property, Plant and Equipment	(16,152)		(15,599)	
-	Purchase of Interests in Joint Ventures/Associates	-		-	
-	Other	-		-	
<hr/>					
(20,556)	Net cash provided by (used in) Investing Activities		(13,493)		(13,139)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
4,000	Borrowings and Advances	4,000		-	
-	Other	-		-	
Payments					
(1,142)	Borrowings and Advances	(1,122)		(1,080)	
(318)	Deferred Creditor	(319)		(318)	
(126)	Finance Leases	(154)		(75)	
<hr/>					
2,414	Net cash provided by (used in) Financing Activities		2,405		(1,473)
<hr/>					
(4,566)	Net Increase (Decrease) in Cash Assets Held		5,741		(2,122)
32,812	Cash Assets at beginning of Reporting Period	11(a)	32,812		34,934
28,246	Cash Assets at end of Reporting Period	11(a)	38,553		32,812

NOTES TO THE FINANCIAL STATEMENTS

Note 1

SIGNIFICANT ACCOUNTING POLICIES

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

1. *The Local Government Reporting Entity*

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

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

The General Purpose Financial Statements incorporate the assets and liabilities of all entities controlled by Council (the parent entity) and the results of all controlled entities for the financial period ended 30 June 2004. They include the consolidated fund and other entities through which the Council controls resources to carry on its functions. In the process of reporting on the local government as a single unit, all transactions and balances between activities (for example, loans and transfers) have been eliminated.

1.1 *The Consolidated Fund*

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

Council has one subsidiary entity being Eastwood Plaza Committee and the following is a summary of its financial results for 2003/2004, which have been consolidated into the results for Council:

	\$
Income	2,025
Expenses	<u>2,576</u>
Operating	<u>-551</u>
Net Assets	1,040

2. ***Basis of Accounting***

2.1 Compliance

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

2.2 Basis of Accounting

This general purpose financial report has been prepared on the accrual basis of accounting and, except for revenue derived from the issuance of parking fines which has been brought to account in a cash basis due to difficulties in determining amounts outstanding, in accordance with the historical cost convention.

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

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

2.3 Transition to International Financial Reporting Standards

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

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

- include information regarding it's managing of the transition to IFRS's,
- and

- disclose key differences in accounting policies expected to arise as a result of the transition.

Accordingly, the following is provided:

The Council's Financial Services Service Unit is accountable for achieving the transition to IFRS reporting, which must be finalised for the General Purpose Financial Report for the 12 months ending 30 June 2006. Presently, the Financial Services Service Unit is assessing the significance of this transition and preparing for the implementation of Australian Equivalent IFRS's.

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

1. Assessment and planning phase

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

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

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

2. Design phase

The design phase aims to formulate the changes required to existing accounting policies and procedures and systems and processes in order to ensure the transition to IFRS.

It is expected the design phase will be finalised by 30 June 2005.

3. Implementation phase

The implementation phase will include implementation of identified changes to accounting and business procedures, processes, and systems and operational training for staff.

It is expected that this phase will be substantially complete by 31 December 2006.

Key Differences between existing Accounting Standards and IFRS.

At present, it is envisaged that the major differences in the accounting policies and reporting requirements that will be applied upon adopting Australian Equivalent IFRS's include:

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

3. Rates

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

4. Grants, Contributions and Donations

4.1 General

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

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

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

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

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

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

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

5. *Property, Plant & Equipment*

5.1 Transitional Provisions

Infrastructure assets (which were expensed prior to 1 January 1993) have been capitalised in the accounts on a "staged" basis since June 1995. All assets, apart from land under roads (the transitional provisions applicable to land under roads have now been extended pursuant to AASB 1045, released in October 2002, until 31 December 2006), have now been brought to account. The effect of recognising these non-current assets has increased Council's accumulated wealth by \$1,606m since 1993. In addition, the annual estimated depreciation expense is approximately \$15m as compared to \$1.5m prior to their recognition.

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

5.2 Materiality

Assets with an economic life which is determined to be longer than one year are only capitalised where the cost of acquisition/construction exceeds materiality thresholds established by Council for each type of

asset. In determining such thresholds, which are reviewed annually, regard is given to the nature of the asset and its estimated service life.

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

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

New major software is capitalised in the year of purchase. Other software upgrades and other software are expensed in the year of purchase.

5.3 Valuation of Assets

5.3.1 Recoverable Amounts Test

Council is exempt from the “Recoverable Amount Test” except in relation to recognised trading operations under the provision of paragraph 2.1 of AAS10 “Recoverable Amount of Non Current Assets”.

5.3.2 Plant & Equipment, Office Equipment & Furniture & Fittings

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

5.3.3 Land

5.3.3.1 Operational Land

Land classified by Council as operational land in accordance with Part 2 of Chapter 6 of the Local Government Act 1993, and buildings thereon, were valued by independent valuation (Valuer General) in the reporting period ended 30 June 1995. At 1 July 2000, Council elected to adopt the 'cost basis' method of accounting for non-current assets and disclose them on the 'cost basis' in accordance with AAS 38 (AASB 1041) paragraph 10.4(a) of the Standard.

Pursuant to clause 8.2.1 of AAS 36, Council has undertaken current valuations of all land.

Current Valuation – An independent valuation of operational land based on market value was undertaken as at 1 July 2001 by the Valuer General. The market valuation (plus an indexed increase for 3 years) is \$95,590,349. The new valuation has not been brought to account as Council has continued to adopt the 'cost basis' for recording this asset class.

5.3.3.2 Community Land

Land not classified by Council as operational land is deemed as community land and was valued by Council officers at municipal site value during the reporting period ended 30 June 1995. The Municipal Site Rate is calculated by dividing the land area (hectares) of all rateable land (excluding mining) into the dollar value of that rateable land as determined by the Valuer General and then applying that rate towards the non rateable property controlled by the Council. At 1 July 2000, Council elected to adopt the 'cost basis' method of accounting for non-current assets and disclose them on the 'cost basis' in accordance with AAS 38 (AASB 1041) paragraph 10.4(a) of the Standard.

Pursuant to clause 8.2.1 of AAS 36, Council has undertaken current valuations of all land.

Current Valuation – A valuation of community land was undertaken on a municipal site value basis by Council officers as at 30 June 2003, and totalled \$3,224,831,025. The new valuation has not been brought to account as Council has continued to adopt the 'cost basis' for recording this asset class.

5.3.3.3 Land Under Roads

Land Under Roads has not been valued or recognised as an asset in the statement of financial position (as allowed under transitional provisions for asset recognition contained in Australian Accounting Standard 27A – paragraph 108). The transitional provisions applicable to land under roads have now extended pursuant to AASB 1045, released in October 2002, until 31 December 2006.

5.3.4 Buildings & Land Improvements

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

Land improvements and other structures were valued by independent valuation during the reporting period ended 30 June 2000. All acquisitions made after the respective dates of valuation are recorded at cost.

Pursuant to clause 8.2.1 of AAS 36, Council has undertaken current valuations of all buildings.

Current Valuation – An independent valuation of buildings, based on written down current replacement costs as at 3 March 2003 was undertaken by Mr Peter Byrne, Valuer #3394. The market value of the valuation was \$106,422,251. The new valuation has not been brought to account as Council has continued to adopt the 'cost basis' for recording this asset class.

5.3.5 Infrastructure Assets

5.3.5.1 Stormwater Drainage Assets

Stormwater drainage infrastructure was valued by Council officers as at 30 June 1997 at written down current replacement cost, based on actual costs incurred during the reporting period ended 30 June 1997. All acquisitions made after the respective dates of valuation were recorded at cost. All stormwater drainage assets have now been measured on the 'cost basis', being the carrying amount of those assets at 30 June 2001 in accordance with AASB 1041.

5.3.5.2 Transport Assets

Transportation assets were valued by Council officers at written down current replacement cost during the reporting period ended 30 June 1996. All acquisitions made after the respective dates of valuation were recorded at cost. All transportation assets have now been measured on the 'cost basis', being the carrying amount of those assets at 30 June 2001 in accordance with AASB 1041.

5.4 Depreciation of Non-Current Assets

Assets are depreciated over their useful lives.

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

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

5.5 Investments

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

5.6 Employee Benefits

In June 2001, The Australian Accounting Standards Board (AASB) issued a new standard on 'Employee Benefits', AASB 1028. The new standard replaces AAS 30 and applies to annual reporting periods beginning on or after 1 July 2002.

The City of Ryde changed its accounting policy during the financial year ended 30 June 2003 relating to the measurement and recognition of employee benefit on-costs in order to comply with the application of Accounting Standard AASB 1028.

Employee benefits are accrued on a pro-rata basis for annual leave, sick leave, long service leave and gratuities in respect of service provided by employees up to the reporting date in accordance with AASB 1028. Such accruals are assessed as at each reporting date, having regard to a number of factors including experience of employee departures, projected employee rates of pay and their periods of service.

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

Employee benefit liabilities (other than wages and salaries, annual leave and sick leave) expected to be settled more than 12 months after reporting date are to be measured at 'present value'. The standard requires the market yields on national government bonds to be used in determining the present value of the employee benefit liabilities.

Consistent with the revised standard, Council has recognised the aggregate liability and aggregate asset (where applicable) arising from the employee benefits and related on-costs. In contrast to the previous standard, Council previously disclosed the aggregate employee entitlement liability recognised which excluded on-costs.

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

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

Accumulation Fund Members

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

Defined Benefit Members

Council makes employer contributions to the defined benefits categories of the Scheme at rates determined by the Scheme's Trustee. The rate is currently NIL% (NIL% in 2002/2003) of superannuation salary. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefit, as defined in the Trust Deed, as they accrue.

Council has an ongoing obligation to share in the future experience of the Scheme. Favourable or unfavourable variations may arise should the experience of the Scheme differ from the assumptions made by the Scheme's actuary in estimating the Scheme's accrued benefits liability. The most recent actuarial review of the Scheme was undertaken as at 30 June 2004. The Scheme's liability for accrued benefits was determined by reference to expected future salary levels and by application of a market-based risk-adjusted discount rate and relevant actuarial assumptions. Some of the assumptions are:

1. The pool of assets is allocated to individual employers in proportion to the value of the accrued liabilities.
2. The same financial and demographic assumptions as used in the 30 June 2003 actuarial valuation have been adopted by the Actuary for the purposes of projecting AAS25 employer liabilities from 30 June 2003 to 30 June 2004.
3. In projecting any asset-based liabilities and the assets themselves over the year 30 June 2004, the Actuary has utilised an investment return of 13% p.a. and a salary increase rate of 4% p.a.

The estimated assets and liabilities for the City of Ryde as at 30 June are as follows:

Employer Liability	Employer Assets	Surplus
\$9,856,408	\$10,834,202	\$977,794

The net surplus is only disclosed for information purposes. No amount has been brought to account due to Council's inability to control this asset.

The total number of “equivalent full time” employees (as per approved establishment) at the beginning and end of the financial year were 404 and 398, respectively.

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

5.7 Leases

Lease arrangements have been accounted for in accordance with the Australian Accounting Standard AAS 17 “Accounting for Leases”.

The Council’s rights and obligations under finance leases, which are leases that effectively transfer to the council substantially all of the risks and benefits incident to ownership of the leased items, are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed as assets under lease, and are amortised to expense over the period during which the council is expected to benefit from the use of the leased asset.

Minimum lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

Lease liabilities are allocated between current and non-current components. The principal component of lease payments due on or before the end of the succeeding year is disclosed as a current liability, and the remainder of the lease liability is disclosed as a non-current liability.

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

5.8 Inventories

5.8.1 Inventories other than real estate assets held for resale

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

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

5.9 Monetary Amounts

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

5.10 Budget Information

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

5.11 Financial Instruments

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

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

Where investments are held with fund managers, the net fair value has been equated to the carrying amount as money is available at call.

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

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

5.12 Borrowings

Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it became due and is disclosed in the notes.

5.13 Payables and Other Current Liabilities

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

5.14 Provisions, Contingent Liabilities and Contingent Assets

In October 2001, The Australian Accounting Standards Board (AASB) issued a standard on 'Provisions, Contingent Liabilities and Contingent Assets', AASB 1044. The new standard applies to annual reporting periods beginning on or after 1 July 2002.

Council has recognised and disclosed all provisions (Note 10(a), (b) & (c)), Contingencies and Other Assets and Liabilities Not Recognised (Note 18) as required by AASB 1044.

5.15 Insurance Pools

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 dependent on its past performance. Council's share of Net Assets or Net Liabilities reflects our contributions to the pool and insurance claims within each of the Fund Years.

Council's accounting policy regarding the measurement and disclosure of the potential liability or benefit is to book Council's share of the net asset or liability value, as advised by StateWide Mutual taking into account their audited figures for the year ended 30 June 2003.

6. *Prior Year*

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

NOTES TO THE FINANCIAL STATEMENTS**Note 2(a)****FUNCTIONS**

REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS / ACTIVITIES. DETAILS OF THESE FUNCTIONS / ACTIVITIES ARE PROVIDED IN NOTE 2(b)													
FUNCTIONS/ACTIVITIES	EXPENSES FROM ORDINARY ACTIVITIES			REVENUES FROM ORDINARY ACTIVITIES			OPERATING RESULTS FROM ORDINARY ACTIVITIES BEFORE SHARE OF OUTSIDE PROFITS & CORRECTIONS			GRANTS INCLUDED IN REVENUES FROM ORDINARY ACTIVITIES		TOTAL ASSETS HELD (CURRENT AND NON - CURRENT)	
	Original Budget 2004 \$'000	Actual 2004 \$'000	Actual 2003 \$'000	Original Budget 2004 \$'000	Actual 2004 \$'000	Actual 2003 \$'000	Original Budget 2004 \$'000	Actual 2004 \$'000	Actual 2003 \$'000	Actual 2004 \$'000	Actual 2003 \$'000	Actual 2004 \$'000	Actual 2003 \$'000
CORPORATE SERVICES													
Corporate Services	45	57	49	45	57	49	0	(0)	0	0	0	372	431
Leased Properties	433	401	405	495	528	876	62	127	472	0	0	15,504	17,944
Property Services	2,102	72	1,695	2,011	185	92	(91)	113	(1,603)	0	0	11,113	14,560
	2,580	530	2,148	2,551	768	1,017	(29)	240	(1,131)	0	0	26,989	32,935
ENVIRONMENTAL PLANNING													
Environmental Strategy	354	322	271	0	16	2	(354)	(306)	(270)	0	0	257	187
Land & Property Use	3,606	3,513	3,428	1,514	1,445	1,598	(2,091)	(2,069)	(1,830)	0	0	2,744	2,232
Policy & Review	306	313	340	4	5	4	(302)	(309)	(336)	0	0	242	215
Ryde Certification Service	586	607	765	271	276	281	(314)	(331)	(484)	0	0	479	489
Standards Enforcement	1,447	1,378	1,235	578	629	355	(868)	(749)	(880)	0	0	1,111	856
Statutory Information	127	112	133	309	307	406	182	195	273	0	0	89	86
Strategic Planning	1,321	1,011	1,100	102	122	144	(1,220)	(889)	(956)	36	0	804	724
	7,747	7,257	7,271	2,779	2,800	2,790	(4,968)	(4,458)	(4,482)	36	0	5,726	4,790
CIVIC SERVICES													
City Promotions & Events	969	903	869	77	92	88	(892)	(812)	(781)	0	0	690	548
Community Services	1,972	1,867	1,895	629	560	744	(1,343)	(1,307)	(1,151)	343	530	7,362	6,980
Executive & Customer Services	3,519	3,250	2,327	35	86	68	(3,484)	(3,164)	(2,259)	0	0	2,529	1,575
Library Services	4,567	4,374	4,536	787	836	983	(3,780)	(3,538)	(3,553)	264	233	9,874	9,495
Venue Support	355	341	332	341	282	237	(14)	(59)	(94)	0	0	280	233
	11,382	10,735	9,959	1,869	1,855	2,120	(9,513)	(8,879)	(7,838)	607	763	20,735	18,831

NOTES TO THE FINANCIAL STATEMENTS

Note 2(a)

FUNCTIONS

REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS / ACTIVITIES. DETAILS OF THESE FUNCTIONS / ACTIVITIES ARE PROVIDED IN NOTE 2(b)													
FUNCTIONS/ACTIVITIES	EXPENSES FROM ORDINARY ACTIVITIES			REVENUES FROM ORDINARY ACTIVITIES			OPERATING RESULTS FROM ORDINARY ACTIVITIES BEFORE SHARE OF OUTSIDE PROFITS & CORRECTIONS			GRANTS INCLUDED IN REVENUES FROM ORDINARY ACTIVITIES		TOTAL ASSETS HELD (CURRENT AND NON - CURRENT)	
	Original Budget 2004 \$'000	Actual 2004 \$'000	Actual 2003 \$'000	Original Budget 2004 \$'000	Actual 2004 \$'000	Actual 2003 \$'000	Original Budget 2004 \$'000	Actual 2004 \$'000	Actual 2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
PUBLIC WORKS and SERVICES													
Access Facilities and Services	12,294	12,295	12,395	2,786	3,113	2,840	(9,508)	(9,182)	(9,555)	572	603	223,156	217,064
Enviroserve	1,476	1,610	1,554	109	174	102	(1,367)	(1,436)	(1,452)	17	18	7,729	7,511
Enviroserve (External Works)	200	42	46	260	81	73	60	39	27	0	0	30	26
Plant and Fleet Management	12	199	(60)	0	165	4	(12)	(34)	64	0	0	9	11
Ryde Aquatic Leisure Centre	4,437	4,949	4,369	3,192	3,656	3,101	(1,246)	(1,293)	(1,268)	0	0	28,293	28,276
Stormwater Facilities and Services	5,023	4,823	9,952	778	811	2,125	(4,245)	(4,012)	(7,827)	0	83	100,225	103,349
Urban Landscape Facilities and Services	6,823	6,789	7,323	2,233	1,804	2,545	(4,590)	(4,986)	(4,777)	184	281	895,647	893,167
Waste Facilities & Sevices	7,995	7,866	7,659	8,720	8,758	8,323	726	892	661	196	199	5,645	4,382
	38,259	38,573	43,237	18,077	18,565	19,113	(20,182)	(20,012)	(24,128)	969	1,184	1,260,733	1,253,787
Total Functions & Activities	59,968	57,094	62,616	25,276	23,985	25,037	(34,693)	(33,109)	(37,579)	1,612	1,947	1,314,183	1,310,342
Shares of gains in associates & joint ventures using the equity method													
Fundamental error													
Extraordinary items													
General Purpose Revenues*	1,451	1,397	1,477	35,580	36,422	34,881	34,129	35,025	33,405	2,803	2,780	1,024	870
Surplus/(Deficit) from all activities	61,419	58,492	64,092	60,856	60,408	59,918	(563)	1,916	(4,174)	4,415	4,727	1,315,207	1,311,212

* Includes: Rates and Annual Charges (incl. Ex-gratia); Non-Capital General Purpose Grants; Interest on Investments

NOTES TO THE FINANCIAL STATEMENTS

Note 2(b)

COMPONENTS OF FUNCTIONS

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

CORPORATE SERVICES

- Internal support services. eg. Human Resources Management, Information Technology & Telecommunications, Records Management Services, Financial Services, Procurement Services

LEASED PROPERTIES

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

PROPERTY SERVICES

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

ENVIRONMENTAL STRATEGY

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

LAND AND PROPERTY USE

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

POLICY AND REVIEW

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

RYDE CERTIFICATION SERVICE

- Principal Certifying authority activities
- Construction and compliance certificates issued

STANDARDS ENFORCEMENT

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

STATUTORY INFORMATION

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

STRATEGIC PLANNING

- Heritage planning and conservation
- Preparation of statutory planning instruments
- Preparation of integrated planning strategies including master plans

CITY PROMOTIONS AND EVENTS

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

COMMUNITY SERVICES

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

EXECUTIVE AND CUSTOMER SERVICES

- Executive support
- Civic coordination, functions and ceremonies
- Public enquiry services

LIBRARY SERVICES

- Information and lending services
- Community information
- Local studies

VENUE SUPPORT

- Hall hire
- Civic Centre operations
- Functions and events support

ACCESS FACILITIES AND SERVICES

- 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

ENVIROSERVE

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

PLANT AND FLEET MANAGEMENT

- Provide and preserve the organisation's vehicles and equipment

RYDE AQUATIC LEISURE CENTRE

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

STORMWATER FACILITIES AND SERVICES

- 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

URBAN LANDSCAPE FACILITIES AND SERVICES

- 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

WASTE FACILITIES AND SERVICES

- 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

GENERAL PURPOSE REVENUES

- Rates and charges collection
- Investments and borrowings

NOTES TO THE FINANCIAL STATEMENTS

Note 3

EXPENSES FROM ORDINARY ACTIVITIES

	2004	2003
	(\$'000)	(\$'000)
(a) EMPLOYEE COSTS		
Salaries and Wages	16,836	15,893
Employee Leave Entitlements	3,195	3,457
Superannuation	1,250	1,147
Workers' Compensation Insurance	1,049	1,023
Employee Leave On Costs	-	526
F.B.T.	154	137
Training Costs (excluding salaries)	233	202
Other	251	234
Less: Capitalised Costs	(2,213)	(2,014)
Total Employee Costs Expended	20,755	20,605
(b) BORROWING COSTS EXPENSE		
Interest on Overdraft	-	-
Interest on Loans	391	452
Charges on Finance Leases	22	12
Total Borrowing Costs Expended	413	464
(c) DEPRECIATION		
Plant and Equipment	1,528	1,411
Office Equipment	956	872
Furniture & Fittings	83	88
Leased Plant & Equipment	207	109
Land Improvements	693	588
Buildings	944	939
Other Structures	512	503
Infrastructure		
- Roads, Bridges and Footpaths	6,084	6,024
- Stormwater Drainage	3,662	3,668
Other Assets		
- Library Books	537	498
Total Depreciation Costs	15,206	14,700
Less: Capitalised Costs	(183)	(152)
Total Depreciation Costs Expended	15,023	14,548

(d) OTHER EXPENSES	2004 (\$'000)	2003 (\$'000)
Other expenses for the year include the following:-		
Auditor's Remuneration		
- Audit Services	38	38
- Other Services	-	2
Bad & Doubtful Debts	62	15
Legal Expenses - Planning & Development	242	327
Legal Expenses - Other	191	268
Legal Expenses - West Ryde Drainage	-	4,874
Temporary & Casual Staff - Agencies	729	716
Mayoral Fee	42	40
Councillor's Fees	186	185
Councillors' (incl. Mayor) Expenses	30	21
Election Costs (excl, Employee Costs)	56	0
Interest on Refundable Deposits	52	40
Insurance	993	821
Insurance - Statewide Mutual Provision	(393)	(532)
Street Lighting	1,051	1,011
Communications Costs	424	420
Contribution to Fire Control	1,228	1,206
Contribution to Dept of Planning	189	184
Contributions & Donations - Community Grants	157	149
Consultancies	550	512
Waste Development Tax	635	660
Membership Fees	54	44
Valuation Fees	114	99
Electricity & Heating	608	581
Water Rates	237	233
Bank Fees & Charges	218	211
Property Lease Costs	59	100
Postage & Courier Costs	163	184
Advertising	309	414
Parking Infringement Collection	114	69
Eastwood Plaza	3	35
Other Expenses	530	508
Total Other Expenses From Ordinary Activities	8,871	13,435

NOTES TO THE FINANCIAL STATEMENTS

Note 4

REVENUES FROM ORDINARY ACTIVITIES

	2004 (\$'000)	2003 (\$'000)
(a) RATES & ANNUAL CHARGES		
<u>Ordinary Rates</u>		
Residential	18,828	17,897
Business	7,671	7,304
Environmental Management Levy	5,301	5,270
Total Ordinary Rates	<u>31,800</u>	<u>30,471</u>
<u>Annual Charges</u> (s.496 & s.501)		
Domestic Waste Management	8,116	7,679
Total Annual Charges	<u>8,116</u>	<u>7,679</u>
Total Rates & Annual Charges	<u>39,916</u>	<u>38,150</u>
(b) USER CHARGES & FEES		
<u>User Charges</u> (s.502)		
Aquatic Centre	3,648	3,097
Sports Facility Rental	286	275
Hall Hire	278	231
Road Restorations	900	491
Gutter Crossings	207	137
Commercial Waste Service	402	409
Other	14	42
Total User Charges	<u>5,735</u>	<u>4,682</u>
<u>Fees</u>		
Regulatory/Statutory Fees	1,451	1,610
Discretionary		
- Section 611(1)	119	115
- Environmental Planning	845	852
- Private Works	81	73
- Vacation Care	108	91
- Home Maintenance & Modification	50	60
- Other	52	54
Total Fees	<u>2,706</u>	<u>2,855</u>
Total User Charges & Fees	<u>8,441</u>	<u>7,537</u>
(c) INTEREST		
Interest on Investments with Funds Managers	816	919
Interest on Floating Rate Notes	596	343
Interest on Investments - Other	166	184
Interest on Development Contributions - Sect. 94	486	493
Capital Gains/Losses from Securities	2	13
Interest on Overdue Rates & Charges	63	63
Total Interest Revenue	<u>2,129</u>	<u>2,015</u>

	2004 (\$'000)	2003 (\$'000)
(d) OTHER OPERATING REVENUES		
Fines	564	273
Recycling Income	44	22
Lease Rental	633	530
Lease - Telecommunications	59	185
Legal Fees Recoveries	131	104
Insurance Claims	12	9
Staff Vehicle Leases & Other Payments	254	242
Eastwood Plaza	52	26
Legal Compensation	113	-
Sundry Sales	29	19
Other	141	135
Total Other Revenue from Ordinary Activities	<u>2,032</u>	<u>1,545</u>

	OPERATING		CAPITAL	
	2004	2003	2004	2003
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
(e) GRANTS				
<u>General Purpose (Untied) Grants</u>				
Financial Assistance	2,189	2,153	-	-
Pensioner Rebate Subsidy - Rates	614	627	-	-
Total General Purpose (Untied) Grants	<u>2,803</u>	<u>2,780</u>	<u>-</u>	<u>-</u>
<u>Specific Purpose Grants</u>				
Pensioner Rebate Subsidy - Domestic Waste	196	199	-	-
Vacation Care	48	47	-	-
Macquarie Park Master Plans	36	-	-	-
Library Subsidy	264	233	-	-
Home Maintenance & Modification	152	149	-	-
Child Care Assistance	63	86	-	-
EPA	-	-	108	67
DEET - Apprentice Rebate Scheme	17	18	-	-
Community Staff Funding	58	60	-	-
Families First Project	-	165	-	-
Roads To Recovery	-	-	383	256
RTA Transport	-	-	189	430
Parks Grants	-	-	41	141
Other	25	23	32	73
Total Specific Purpose Grants	<u>859</u>	<u>980</u>	<u>753</u>	<u>967</u>

	OPERATING		CAPITAL	
	2004	2003	2004	2003
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
(f) CONTRIBUTIONS				
Developer Contributions (s94)				
- Open Space	-	-	983	1,687
- Parking	-	-	-	72
- Drainage	-	-	530	2,012
- Traffic Facilities	-	-	-	210
- Other	-	-	41	68
Other Councils	456	440	1	5
Living Centres Program	-	50	-	-
Riverside Corporate Park	51	-	-	-
Community Events	74	90	-	-
Other	15	16	35	19
RTA Contributions				
- Street & Traffic Lighting	292	285	-	-
- Roads & Bridges	219	218	-	-
- Other	71	72	-	-
Ex Gratia Payments in Lieu of Rates	4	12	-	-
West Ryde Library	-	-	-	200
Customer/Resident Contributions	-	-	224	60
Building Refurbishment Contribution	-	-	-	430
Macquarie Park Master Plans	20	-	-	-
Santa Rosa Park	159	-	-	-
Total Contributions	<u>1,361</u>	<u>1,183</u>	<u>1,814</u>	<u>4,763</u>
Total Grants & Contributions	<u>5,023</u>	<u>4,943</u>	<u>2,567</u>	<u>5,730</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 5

GAIN OR LOSS ON DISPOSAL OF ASSETS

	2004	2003
	(\$'000)	(\$'000)
GAIN (OR LOSS) ON DISPOSAL OF PROPERTY		
Proceeds from disposal	142	17
Less: Carrying amount of assets sold/disposed	-	1,075
Gain (or loss) on disposal	<u>142</u>	<u>(1,058)</u>
GAIN (OR LOSS) ON DISPOSAL OF PLANT & EQUIPMENT		
Proceeds from disposal	2,593	2,563
Less: Carrying amount of assets sold	2,435	2,427
Gain (or loss) on disposal	<u>158</u>	<u>136</u>
GAIN (OR LOSS) ON DISPOSAL OF REAL ESTATE ASSETS HELD FOR SALE		
Proceeds from Sales	-	-
Less: Cost of Sales	-	-
Gain (or loss) on disposal	<u>-</u>	<u>-</u>
NET GAIN (OR LOSS) ON DISPOSAL OF ASSETS	<u>300</u>	<u>(922)</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 6a

CASH ASSETS & INVESTMENT SECURITIES

	Notes	2004		2003	
		<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)
<u>CASH ASSETS</u>					
Cash on Hand	11	9	-	8	-
Total Cash Assets		<u>9</u>	<u>-</u>	<u>8</u>	<u>-</u>
<u>CASH EQUIVALENTS</u>					
Term Deposits	11	-	-	-	-
Deposits with Fund Managers	11	22,643	-	19,819	-
Floating Rate Notes	11	6,883	9,137	6,219	3,791
Other - Loan Offset Facility	11	-	-	3,390	-
Cash at Bank		1	-	2	-
Total Cash Equivalents		<u>29,527</u>	<u>9,137</u>	<u>29,430</u>	<u>3,791</u>
CASH & CASH EQUIVALENTS		<u>29,536</u>	<u>9,137</u>	<u>29,438</u>	<u>3,791</u>

RESTRICTED CASH ASSETS AND INVESTMENT SECURITIES

<u>Purpose</u>	Notes	2004		2003	
		<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)
<u>EXTERNAL RESTRICTIONS</u>					
- Included in Liabilities					
Domestic Waste Management (E)	10(c)	93	-	190	-
- Other					
Developer Contributions (A)	6(b), 17	1,479	6,620	5,565	3,761
Specific Purpose Unexpended Grants (B)	6(b), 14	146	600	600	-
Public Roads (C)	6(b)	142	30	-	30
External Works Drainage Contributions	6(b)	-	55	20	-
RTA Contributions (D)	6(b)	10	33	63	-
Domestic Waste Management (E)	6(b)	-	1,799	1,445	-
TOTAL EXTERNAL RESTRICTIONS		1,870	9,137	7,883	3,791
TOTAL INTERNAL RESTRICTIONS	6(b)	20,595	-	15,205	-
TOTAL UNRESTRICTED		7,071	-	6,350	-
TOTAL CASH ASSETS AND INVESTMENT SECURITIES		<u>29,536</u>	<u>9,137</u>	<u>29,438</u>	<u>3,791</u>

RESTRICTED CASH ASSETS AND INVESTMENT SECURITIES

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

NOTES TO THE FINANCIAL STATEMENTS

Note 6b

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

Restrictions	Notes	Movements			Closing Balance 30 June 2004 \$'000	Proposed Utilisation of Restrictions		
		Opening Balance 30 June 2003 \$'000	Transfers To Restriction \$'000	Transfers From Restriction \$'000		Less than 1 Year	Between 1 and 5 Years	Greater than 5 years
External								
Developer Contributions	6(a), 17	9,326	2,040	3,267	8,099	1,479	6,620	-
Specific Purpose Unexpended Grants	6(a), 14	600	1,805	1,659	746	146	600	-
Public Roads	6(a)	30	142	-	172	142	30	-
External Works Drainage Contrib	6(a)	20	128	93	55	-	55	-
RTA Contributions	6(a)	63	-	20	43	10	33	-
Domestic Waste Management	6(a)	1,635	8,115	7,858	1,892	93	1,799	-
Total External Restrictions		11,674	12,230	12,897	11,007	1,870	9,137	0
Internal								
Employee Leave Entitlements	6(a)	1,795	-	169	1,626	-	1,626	-
Refundable Deposits	6(a)	4,748	666	-	5,414	626	4,788	-
West Ryde Child Care Centre	6(a)	137	8	-	145	-	145	-
Construction of a Building	6(a)	944	-	109	835	768	67	-
Parklands Acquisition & Embellishment	6(a)	285	-	-	285	-	285	-
North Ryde Traffic Facilities	6(a)	813	-	-	813	366	447	-
Special Projects Reserve	6(a)	2,367	157	246	2,278	-	2,278	-
Waste Recycling	6(a)	47	80	31	96	21	75	-
Environmental Management Reserve	6(a)	24	1,526	1,514	36	-	36	-
Asset Replacement Reserve	6(a)	758	1,550	778	1,530	119	1,411	-
Ryde Aquatic Leisure Centre	6(a)	7	4,624	4,069	562	-	562	-
Civic Centre Remediation/Redevelopment	6(a)	2,529	4,500	889	6,140	1,230	4,910	-
Other	6(a)	751	260	176	835	288	547	-
Total Internal Restrictions		15,205	13,371	7,981	20,595	3,418	17,177	0
Total Restrictions		26,879	25,601	20,878	31,602	5,288	26,314	0

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

Purpose	2004		2003	
	Current (\$'000)	Non-Current (\$'000)	Current (\$'000)	Non-Current (\$'000)
Rates and Annual Charges	588	138	550	158
Rates Interest & Extra Charges	109	29	113	36
User Charges & Fees				
Environmental & Health Restorations	31	-	15	-
Recreational Facilities	115	-	59	-
Property & Infrastructure Works	18	-	19	-
Home Modification Service	27	-	23	-
Ryde Aquatic Leisure Centre	6	-	11	-
	12	-	34	-
Interest on Investments	134	-	91	-
Government Grants & Subsidies	348	-	547	-
Commercial Waste	-	-	52	-
GST	599	-	446	-
Asset Sales	196	-	120	-
Workers Compensation	9	-	118	-
Other	62	34	137	-
Total	2,254	201	2,335	194
Less: <u>Provision for Doubtful Debts</u>				
- Rates and Annual Charges	-	-	-	-
- User Charges and Fees	56	-	39	-
	2,198	201	2,296	194

EXTERNALLY RESTRICTED RECEIVABLES (Included Above)

Domestic Waste Management	168	45	168	53
TOTAL RESTRICTED RECEIVABLES	168	45	168	53
UNRESTRICTED RECEIVABLES	2,030	156	2,128	141
TOTAL RECEIVABLES	2,198	201	2,296	194

Rates and Annual Charges

Rates are secured by underlying properties.

Interest is charged on overdue rates at 9% (2003 9%). Rates are due for payment on 31 August, 30 November, 28 February and 31 May in each financial year. Overdue rates are those not paid within 1 day of the due date. The amount of the overdue debts upon which interest is charged is \$726,000 (2003 \$708,000)

User Charges and Fees

User charges and fees are unsecured. The credit risk for this class of debtor is 100% of the carrying value. A provision for doubtful debts in respect of the class of debtor has already been provided in an amount of \$56,000.

Government Grants

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

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

	2004		2003	
	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)
<u>Inventories</u>				
- Stores and Materials	210	-	301	-
- Real Estate	-	-	-	-
- Other	-	-	-	-
TOTAL	210	-	301	-
<u>Other</u>				
Prepayments	284	-	308	-
TOTAL	284	-	308	-

EXTERNALLY RESTRICTED ASSETS

NIL

NOTES TO THE FINANCIAL STATEMENTS

Note 9 (a)

PROPERTY, PLANT AND EQUIPMENT

ASSET TYPE	At 30 June 2003			MOVEMENTS DURING THE YEAR					At 30 June 2004		
	At Cost	Accumulated Depreciation	Book Value	Asset Purchases	Transfers From WIP	Asset Disposals	Depreciation	Asset Reclassification	At Cost	Accumulated Depreciation	Book Value
Plant and Equipment	21,127	6,242	14,885	3,762	-	2,435	1,528	(2,128)	19,188	6,632	12,556
Office Equipment	8,924	6,701	2,223	455	-	-	956	52	10,304	8,530	1,774
Furniture and Fittings	1,723	1,136	587	209	2	-	83	46	2,283	1,522	761
Leased Plant & Equipment	390	109	281	208	-	-	207	-	598	316	282
Land											
- Operational Land	45,244	-	45,244	-	-	-	-	-	45,244	-	45,244
- Community Land	859,312	-	859,312	1,042	50	-	-	83	860,487	-	860,487
- Land Improvements (non-depr'n)	685	-	685	123	167	-	-	-	975	-	975
- Land Improvements (depr'n)	5,536	2,261	3,275	616	384	-	693	-	6,536	2,954	3,582
- Land Under Infrastructure	-	-	-	-	-	-	-	-	-	-	-
Buildings	67,249	20,084	47,165	60	324	-	944	(4,395)	63,463	21,253	42,210
Other Structures	13,046	9,749	3,297	994	693	-	512	6,464	22,230	11,295	10,935
Infrastructure											
- Roads, Bridges and Footpaths	468,618	271,139	197,479	3,630	1,221	-	6,084	278	473,460	276,936	196,524
- Stormwater Drainage	244,273	150,451	93,822	1,791	924	-	3,662	-	246,988	154,113	92,875
Other Assets											
- Heritage Collections	432	11	421	-	-	-	-	(284)	137	-	137
- Library Books	4,298	2,783	1,515	489	-	-	537	(71)	4,841	3,445	1,396
Capital Works in Progress	4,693	-	4,693	3,020	(3,765)	-	-	(45)	3,903	-	3,903
TOTALS	1,745,550	470,666	1,274,884	16,399	-	2,435	15,206	-	1,760,637	486,996	1,273,641

Land under roads has not been valued.

NOTES TO THE FINANCIAL STATEMENTS
Note 10 (a)

PAYABLES, INTEREST BEARING LIABILITIES AND PROVISIONS

	2004		2003	
	Current (\$'000)	Non-Current (\$'000)	Current (\$'000)	Non-Current (\$'000)
<u>Payables</u>				
Goods and Services	1,230	-	1,683	-
Payments received in advance	725	-	170	-
Payments received in advance - Rates	71	-	49	-
Accrued Expenses	709	-	653	-
Interest Expenses	8	-	19	-
Deposits and Retentions	1,467	3,965	1,539	3,229
Staff Taxation Payments	14	-	122	-
Staff Salaries & Wages	47	-	288	-
Trust Account Deposits	26	-	170	-
Property Acquisition	-	-	149	-
GST	16	-	-	-
Other	130	-	152	-
Total Payables	4,443	3,965	4,994	3,229
<u>Interest Bearing Liabilities</u>				
Bank Overdraft	120	-	417	-
Loans	887	8,889	1,122	5,776
Finance Leases	262	149	117	236
Olympic Construction Authority	318	954	318	1,273
Total Interest Bearing Liabilities	1,587	9,992	1,974	7,285
<u>Provisions</u>				
Annual & Other Accrued Leave	1,247	505	1,348	440
Sick Leave	50	310	32	355
Long Service Leave	284	2,944	228	2,949
Gratuities	-	101	-	106
Employee Leave Entitlements On Costs	166	344	225	301
Self Insurance Liabilities	-	-	-	393
Other Employee Provisions	-	-	-	-
Total Provisions	1,747	4,204	1,833	4,544

NOTES TO THE FINANCIAL STATEMENTS
Note 10 (b)

DESCRIPTIONS OF MOVEMENTS IN PROVISIONS

Class of Provision	2004		2004		2004	
	Opening Balance 30 June 2003 (\$'000)	Increases To (\$'000)	Reduction of Provision		Closing Balance (\$'000)	
			Payments (\$'000)	Re-Measurement (\$'000)		
Self Insurance	393	0	0	393	0	
Annual & Other Accrued Leave	1,788	1,395	1,431	0	1,752	
Other Employee Entitlements	3,670	1,800	1,781	0	3,689	
TOTAL	5,851	3,195	3,212	393	5,441	

NOTES TO THE FINANCIAL STATEMENTS
Note 10 (c)

DETAILS OF CURRENT PAYABLES, INTEREST BEARING LIABILITIES AND PROVISIONS

	Specific Purpose DWM Current (\$'000)		General Purpose Current (\$'000)		Total Current (\$'000)	
	2004	2003	2004	2003	2004	2003
Payables	93	190	4,350	4,804	4,443	4,994
Interest Bearing Liabilities	-	-	1,205	1,440	1,205	1,440
Provisions	-	-	1,747	1,833	1,747	1,833
Finance Leases	-	-	262	117	262	117
Bank Overdraft	-	-	120	417	120	417
Total	93	190	7,684	8,611	7,777	8,801

NOTES TO THE FINANCIAL STATEMENTS

Note 11

STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash Assets

	Notes	2004 (\$'000)	2003 (\$'000)
Total Cash Assets & Investment Securities	6(a)	38,673	33,229
<u>Less: Bank Overdraft</u>		<u>(120)</u>	<u>(417)</u>
Balances as per Statement of Cash Flows		<u>38,553</u>	<u>32,812</u>

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

	2004 (\$'000)	2003 (\$'000)
Surplus/(Deficit) from Ordinary Activities	1,916	(4,173)
Add:		
Depreciation (Note 3)	15,023	14,548
Increase in provision for doubtful debts (Note 7)	17	-
Increase in employee leave entitlements (Note 10)	-	908
Increase in Other Provisions (Insurance) (Note 10)	-	-
Decrease in receivables (Note 7)	150	463
Decrease in inventories (Note 8)	91	-
Decrease in other current assets (Note 8)	24	192
Increase in payables (Note 10)	-	254
Increase in accrued interest payable (Note 10)	-	-
Increase in other current liabilities (Note 10)	520	400
Loss on sale of assets (Note 5)	-	922
Less:		
Decrease in provision for doubtful debts (Note 7)	-	-
Decrease in employee leave entitlements (Note 10)	(33)	-
Decrease in Other Provisions - Insurance (Note 10)	(393)	(531)
Increase in receivables (Note 7)	-	-
Increase in inventories (Note 8)	-	(55)
Increase in other current assets (Note 8)	-	-
Decrease in payables (Note 10)	(175)	-
Decrease in accrued interest payable (Note 10)	(11)	(8)
Decrease in other current liabilities (Note 10)	-	-
Gain on sale of Assets (Note 5)	(300)	-
Non Cash Capital Grants & Contributions	-	(430)
Net cash provided by (used in) operating activities	<u>16,829</u>	<u>12,490</u>

Note 11 (Continued)

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	2004 (\$'000)	2003 (\$'000)
<u>(c) Non-Cash Financing and Investing Activities</u>		
Acquisition of Plant & Equipment by means of finance leases	212	428
Property Refurbishment	-	430
	<u>212</u>	<u>858</u>
<u>(d) Financing Arrangements</u>		
Unrestricted access was available at balance date to the following lines of credit:		
Bank Overdrafts Facility used at balance date	-	-
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 12

COMMITMENTS FOR EXPENDITURE

	2004	2003
	(\$'000)	(\$'000)
<u>(a) Capital Commitments</u>		
Capital expenditure contracted for at the reporting date but not recognised in the financial statements as liabilities:		
Vehicle Purchases (subject to trade-ins)	3,600	5,220
Total	<u>3,600</u>	<u>5,220</u>
These expenditures are payable:		
- Not later than one year	1,800	1,740
- Later than one year and not later than 5 years	1,800	3,480
- Later than 5 years	-	-
Total	<u>3,600</u>	<u>5,220</u>
<u>(b) Service Commitments</u>		
Other non-capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities include:		
- Waste Management Services	8,926	8,700
- Cleaning Services	-	155
- Audit Services	114	152
Total	<u>9,040</u>	<u>9,007</u>
These expenditures are payable:		
- Not later than one year	7,303	7,162
- Later than one year and not later than 5 years	1,737	1,845
- Later than 5 years	-	-
Total	<u>9,040</u>	<u>9,007</u>

(c) Finance Lease Commitments

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

- Not later than one year	276	135
- Later than one year and not later than 5 years	155	243
- Later than 5 years	-	-
Total	<u>432</u>	<u>377</u>
Minimum lease payments	432	377
Less: future finance charge	<u>20</u>	<u>24</u>
Lease liability	412	353
Representing lease liabilities:		
- Current	262	117
- Non-current	150	236
Total	<u>412</u>	<u>353</u>

(d) Operating Lease Commitments

Council has no Operating Lease commitments

NB: Adjustments were made to previous year's commitments for Motor Vehicle purchases and Finance Leases

NOTES TO THE FINANCIAL STATEMENTS

Note 13

STATEMENT OF PERFORMANCE MEASUREMENT

for the year ending 30 June 2004

	Current Year		2003 Year	2002 Year	2001 Year
	<u>Amounts</u> (\$'000)	<u>Indicators</u>			
<u>1. CURRENT RATIO</u>					
<u>Current Assets</u>	\$32,228	Ratio 4.1:1	3.7:1	3.5:1	4.0:1
<u>Current Liabilities</u>	\$7,777				
<u>2. UNRESTRICTED CURRENT RATIO</u>					
<u>Current Assets Less All External Restrictions *</u>	\$30,283	Ratio 3.9:1	2.8:1	3.1:1	3.6:1
<u>Current Liabilities Less Specific Purpose Liabilities **</u>	\$7,684				
<u>3. DEBT SERVICE RATIO</u>					
<u>Debt Service Cost (Principal & Interest Payments)</u>	\$2,008	3.6%	3.6%	3.7%	2.5%
<u>Revenue from Ordinary Activities</u>	\$55,621				
<u>4. RATE COVERAGE RATIO</u>					
<u>Rates & Annual Charges</u>	\$39,916	66.1%	63.7%	43.4%	45.1%
<u>Total Revenue</u>	\$60,408				
<u>5. RATES & ANNUAL CHARGES</u>					
<u>OUTSTANDING PERCENTAGE</u>					
<u>Rates, Annual Charges, Interest & Extra Charges Outstanding</u>	\$864	2.1%	2.2%	2.6%	2.6%
<u>Rates, Annual Charges, Interest & Extra Charges Collectable</u>	\$40,967				

* Refer to Notes 6 - 8 Inclusive

** Refer to Note 10(c)

NOTES TO THE FINANCIAL STATEMENTS

Note 14

CONDITIONS OVER GRANTS AND CONTRIBUTIONS

	Notes	2004 Grants (\$'000)	2004 Contributions (\$'000)	2003 Grants (\$'000)	2003 Contributions (\$'000)
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:					
Grants for:					
Community Services		286	-	115	-
Library Services		212	-	28	-
Environmental Planning		-	52	-	27
Access Facilities & Services		11	658	10	553
Stormwater Facilities & Services		37	5,585	39	4,096
Urban Landscapes Facilities & Services		38	3,032	124	4,253
Waste Facilities & Services		16	-	20	-
Unexpended at the close of the previous reporting period	6(a&b)	<u>600</u>	<u>9,327</u>	<u>336</u>	<u>8,929</u>
Grants for:					
Community Services		168	-	114	-
Library Services		21	-	28	-
Environmental Planning		-	52	-	27
Access Facilities & Services		1	136	-	208
Stormwater Facilities & Services		-	1,102	24	787
Urban Landscapes Facilities & Services		34	1,977	120	3,104
Waste Facilities & Services		-	-	4	-
LESS: Expended during the current reporting period from revenues recognised in previous reporting periods		<u>224</u>	<u>3,267</u>	<u>290</u>	<u>4,126</u>
Grants for					
Community Services		146	-	285	-
Library Services		18	-	213	-
Environmental Planning		36	44	-	52
Access Facilities & Services		-	30	1	313
Stormwater Facilities & Services		-	837	-	2,276
Urban Landscapes Facilities & Services		169	1,129	34	1,883
Waste Facilities & Services		-	-	-	-
PLUS: Amounts recognised as revenues in current reporting period but not yet expended in accordance with the conditions.		<u>369</u>	<u>2,040</u>	<u>533</u>	<u>4,524</u>
Grants for:					
Community Services		264	-	286	-
Library Services		209	-	212	-
Environmental Planning		36	44	-	52
Access Facilities & Services		10	552	11	658
Stormwater Facilities & Services		37	5,320	37	5,585
Urban Landscapes Facilities & Services		173	2,184	38	3,032
Waste Facilities & Services		16	-	16	-
Unexpended at the close of the current reporting period and held as restricted assets		<u>745</u>	<u>8,100</u>	<u>600</u>	<u>9,327</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 15

FINANCIAL INSTRUMENTS

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

2004	Notes	Fixed interest maturing in:				Non-interest bearing (\$'000)	Total (\$'000)
		Floating Interest Rate (\$'000)	<1 year (\$'000)	>1 year <5 years (\$'000)	>5 years (\$'000)		
Financial Assets							
Cash and deposits	6a	1				9	10
Receivables	7	-				2,399	2,399
Other Fin. Assets - Investments	6a	38,663				-	38,663
Total		38,664	-	-	-	2,408	41,072
Weighted Ave. interest rate		5.81%				0.00%	5.47%
Financial Liabilities							
Bank overdraft	10a	-				120	120
Finance Leases	10a	-	126	286		-	412
Trade and Other payables	10a	5,432				2,976	8,408
Loans	10a	6,825	590	2,361	-	1,272	11,048
Total		12,257	716	2,647	-	4,368	19,988
Weighted Ave. interest rate		3.62%	6.50%	6.43%	6.50%	0.00%	3.30%
Net Financial assets/(liabilities)		26,407	(716)	(2,647)	-	(1,960)	21,084

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

2003	Notes	Floating interest rate (\$'000)	Fixed interest maturing in:			Non- interest bearing (\$'000)	Total (\$'000)
			<1 year (\$'000)	>1 year <5 years (\$'000)	>5 years (\$'000)		
Financial Assets							
Cash and deposits	6a	2				8	10
Receivables	7	-				2,490	2,490
Investments	6a	33,219				-	33,219
Total		33,221	-	-	-	2,498	35,719
Weighted Ave. interest rate		5.38%				0.00%	5.00%
Financial Liabilities							
Bank overdraft	10a	-				417	417
Finance Leases	10a	-		353		-	353
Trade and Other payables	10a	4,768				3,455	8,223
Loans	10a	3,389	558	2,607	344	1,591	8,489
Total		8,157	558	2,960	344	5,463	17,482
Weighted Ave. interest rate		2.70%	6.50%	6.92%	6.50%	0.00%	2.77%
Net Financial assets/(liabilities)		25,064	(558)	(2,960)	(344)	(2,965)	18,237

NOTES TO THE FINANCIAL STATEMENTS

Note 15 (continued)

FINANCIAL INSTRUMENTS

Reconciliation of Net Financial Assets	Notes	2004 (\$'000)	2003 (\$'000)
Net financial assets as above		21,084	18,237
Non-financial assets and liabilities			
- Inventories	8	210	301
- Property, Plant and Equip.	9	1,273,641	1,274,884
- Other assets	8	284	308
- Provisions	10	(5,951)	(6,377)
Net Assets per Statement of Financial Position		1,289,268	1,287,353

Net Fair Value of Financial Assets

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

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

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

	2004		2003	
	Carrying Amount (\$'000)	Net Fair Value (\$'000)	Carrying Amount (\$'000)	Net Fair Value (\$'000)
Financial Assets				
Trade debtors	588	588	687	687
Other debtors	1,811	1,811	1,803	1,803
Investments	38,673	38,702	33,229	33,229
Other assets	-	-	-	-
Total	41,072	41,101	35,719	35,719
Financial Liabilities				
Bank loans	11,168	11,168	8,906	8,906
Finance Leases	412	412	353	353
Other liabilities	8,408	8,408	8,223	8,223
Total	19,988	19,988	17,482	17,482

NOTES TO THE FINANCIAL STATEMENTS

Note 16

MATERIAL BUDGET VARIATIONS

Council's original budget was incorporated as part of the Management Plan adopted by the Council in June 2003. The original projections on which the budget was based have been affected by a number of factors.

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

Expenses

Loss from the disposal of assets -\$1,658K -100% (F)

The 2003/2004 budget for the Disposal of Assets included a \$2 million write off of part of a roadway associated with a development in West Ryde. This development did not proceed during 2003/2004 therefore the write-off did not occur.

Revenues

Interest \$773K 57% (F)

Interest income exceeded budget due to higher than anticipated returns from investments, expenditure not being incurred in line with budgeted cash flows and additional funds being carried forward from the 2002/2003 financial year.

Gain from the disposal of assets \$300K 100% (F)

See the explanation above for the "Loss from the disposal of assets".

Grants & Contributions Provided for Capital Puposes -\$2,756M -52% (F)

As part of the development in West Ryde mentioned above in the "Loss from the disposal of assets" explanation, an in-kind contribution was also to be received by Council to recognise the value of the new West Ryde library. The value of the contribution was \$2 million and as the development did not proceed in line with the budgeted timetable the contribution was not recognised. Also, Section 94 Contributions (Open Space) were approximately \$700,000 under budget. The income from this source is dependant on the value and number of development applications received by Council.

In addition to the above mentioned items, minor favourable and unfavourable variations occurred throughout the year in a number of revenue and expense items. All variations have been monitored and reported to Council on a regular basis.

NOTES TO THE FINANCIAL STATEMENTS

Note 17

STATEMENT OF CONTRIBUTION PLANS

SUMMARY OF CONTRIBUTIONS

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR *		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	EXPENDED IN ADVANCE \$'000	HELD AS RESTRICTED ASSET ** \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Drainage	5,585	530	-	307	1,102	-	5,320	2,604
Parking	140	-	-	9	-	-	149	2,403
North Ryde Traffic Fund	302	-	-	9	136	-	175	1,449
Traffic Facilities	216	-	-	12	-	-	228	-
Open Space	3,031	983	-	146	1,977	-	2,183	25,486
Other	52	41	-	3	52	-	44	97
TOTAL CONTRIBUTIONS	9,326	1,554	-	486	3,267	-	8,099	32,039

CONTRIBUTION PLAN NO. 1

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR *		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	EXPENDED IN ADVANCE \$'000	HELD AS RESTRICTED ASSET ** \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Drainage	5,048	530	-	274	1,082	-	4,770	1,282
Parking	70	-	-	8	-	-	78	-
North Ryde Traffic Fund	302	-	-	9	136	-	175	1,449
Traffic Facilities	216	-	-	12	-	-	228	-
Open Space	3,031	983	-	146	1,977	-	2,183	14,536
Other	52	41	-	3	52	-	44	97
TOTAL	8,719	1,554	-	452	3,247	-	7,478	17,364

CONTRIBUTIONS NOT UNDER PLANS

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR *		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	EXPENDED IN ADVANCE \$'000	HELD AS RESTRICTED ASSET ** \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Drainage	537	-	-	33	20	-	550	1,322
Parking	70	-	-	1	-	-	71	2,403
Open Space	-	-	-	-	-	-	-	10,950
TOTAL	607	-	-	34	20	-	621	14,675

* Reconcilable with Note 4

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

NOTES TO THE FINANCIAL STATEMENTS**Note 18****CONTINGENCIES AND OTHER ASSETS AND LIABILITIES NOT RECOGNISED**

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

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

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

In 2002 Council was advised that the Scheme had significant accumulated losses,

losses was \$924,233. This liability was assessed at 30 June 2003 at \$392,681 and was recognised in Note 10. At 30 June 2004 the Liability Scheme had achieved an overall surplus which has resulted in the liability in Note 10 being eliminated. However at 30 June 2004 Council's individual position was a liability of \$119,000. Advice from Statewide Mutual indicates that this liability will be reduced to approximately \$20,000 by 30 June 2005 based on projected premiums and claims over the next twelve months.

- (b) During 2003 Council demolished its former Works Depot (Parsonage Street Ryde). As a consequence to this, land adjacent to the site previously owned by NSW Waterways Authority, was identified as requiring remediation works to alleviate contamination problems. The cost of the remediation works are estimated to be approximately \$400,000. Negotiations between Council and the NSW Waterways Authority have been unsuccessful in obtaining funding assistance toward the remediation.
- (c) Superannuation Defined Benefits Schemes - Council employs staff that belong to defined superannuation schemes. These schemes offer their members a defined superannuation benefit at retirement. Accordingly Council as an employer of staff under these schemes may have future obligations to pay or receive additional employer superannuation contributions depending upon the assets and liabilities of the defined benefits schemes.

The Scheme's liability for accrued benefits was determined by reference to expected future salary levels and by application of a market-based risk-adjusted discount rate and relevant actuarial assumptions. The estimated assets and liabilities for the City of Ryde as at 30 June are as follows:

Employer Liability	9,856,408
Employer Assets	<u>10,834,202</u>
Surplus	977,794

The net surplus is only disclosed for information purposes. No amount has been brought to account due to Council's inability to control this asset.

- (d) Staff Salaries and Wages - during 2003/04 an agreement was reached with the United Services Union on the payment of penalty rates to casual staff employed at the Ryde Aquatic Leisure Centre. This required the adjustment of pay rates for any staff employed at the Centre for any period since July 2002. Entitlements for all current staff and any former staff who have claimed entitlements prior to 1 August 2004 have been expensed in the 2003/04 financial year. It is estimated that further payments to former staff could amount to \$57,000 and the payment of this amount is contingent upon these staff making a valid claim.



SPENCER STEER
CHARTERED ACCOUNTANTS

CITY OF RYDE

GENERAL PURPOSE FINANCIAL REPORT

INDEPENDENT AUDITORS' REPORT

SCOPE

We have audited the *general purpose financial report* of the City of Ryde for the year ended 30 June 2004, comprising the Statement by Council, Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to the Accounts. The financial statements include the consolidated accounts of the economic entity comprising the Council and the entities it controlled at the year's end or from time to time during the year. The Council is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Council. In respect of the original budget figures disclosed in the Statement of Financial Performance, Statement of Cash Flows and Note 2(a), we have not examined the underlying basis of their preparation. Similarly, we have not examined the variations from the adopted budget disclosed in Note 16 and therefore express no opinion on them.

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

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

AUDIT OPINION

In our opinion,

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

SPENCER STEER
Chartered Accountants

N. MAH CHUT
Partner

Dated at Sydney this 11th day of August 2004



SPENCER STEER
CHARTERED ACCOUNTANTS

11 August 2004

The Mayor
City of Ryde
1 Devlin Street
RYDE NSW 2112

Mayor,

Audit Report - Year Ended 30 June 2004

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2004 and that all information required by us was readily available. We have signed and attached our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General 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 Accounting Standard AAS27 and the Local Government Code of Accounting Practice and Financial Reporting.

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

1. RESULTS FOR THE YEAR

1.1 *Operating Result*

The operating result for the year was a Surplus of \$1.916 million as compared with a Deficit of \$4.173 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.

	2004	% of	2003	% of	Increase
	\$000	Total	\$000	Total	(Decrease)
					\$000
Ordinary Expenses					
Employees Costs	20,755	35%	20,605	32%	150
Depreciation	15,023	26%	14,548	23%	475
Other	22,714	39%	28,940	45%	(6,226)
	58,492	100%	64,093	100%	(5,601)
Ordinary Revenues before Capital					
Rates & Annual Charges	39,916	69%	38,150	70%	1,766
Grants & Contributions	5,023	9%	4,943	9%	80
Other	12,902	22%	11,097	20%	1,805
	57,841	100%	54,190	100%	3,651
Surplus(Deficit) from Ordinary Activities before Capital items	\$ (651)		\$ (9,903)		\$ 9,252
Capital Revenues	2,567		5,730		(3,163)
Surplus(Deficit) for the year	\$ 1,916		\$ (4,173)		\$ 6,089

As can be seen above there was an overall improvement in the result from operations of \$6.089 million over the previous year but it should be noted that the previous year included legal fees relating to the West Ryde Drainage Project of \$4.874 million. Other fluctuations from the previous year of note consisted of;

- rates levied increased by \$1.329 million (4.36%) to \$31.800 million.
- domestic waste management charges increased by \$436,000 (5.69%) to \$8.116 million.
- increases in other revenues of \$1.805 million mainly came from increases in aquatic centre operations, road restorations, fines and interest on investments.
- capital contributions from developers under Section 94 decreased by \$2.495 million to \$1.554 million.

1.2 Funding Result

The operating result (above) does not take into account revenues and expenditures of a capital nature. In reviewing the overall financial performance of Council it is useful to consider the total source of revenues and where they were applied during the year.



	2004	2003
<i>Funds were provided by:-</i>	\$000	\$000
Operating Result (as above)	1,916	(4,173)
Add back non funding items:-		
- Depreciation	15,023	14,548
- Book Value of Assets Sold	2,435	3,502
	<u>19,374</u>	<u>13,877</u>
New Loan Borrowings	4,000	0
Deferred Payment Creditors	212	428
Net Transfers from (use of) Externally Restricted Assets	5,916	0
Net Changes in Current/Non Current Assets & Liabilities	0	3,066
	<u>29,502</u>	<u>17,371</u>
<i>Funds were applied to:-</i>		
Purchase and Construction of Assets	(16,215)	(16,606)
Principal repaid on Loans	(1,122)	(1,080)
Principal Repaid on Deferred Creditors	(473)	(393)
Net Transfers to Externally Restricted Assets	0	(3,311)
Net Transfers to Internal Reserves	(5,462)	(421)
Net Changes in Current/Non Current Assets & Liabilities	(5,043)	0
	<u>(28,315)</u>	<u>(21,811)</u>
Increase(Decrease) in Available Working Capital	\$ 1,187	\$ (4,440)

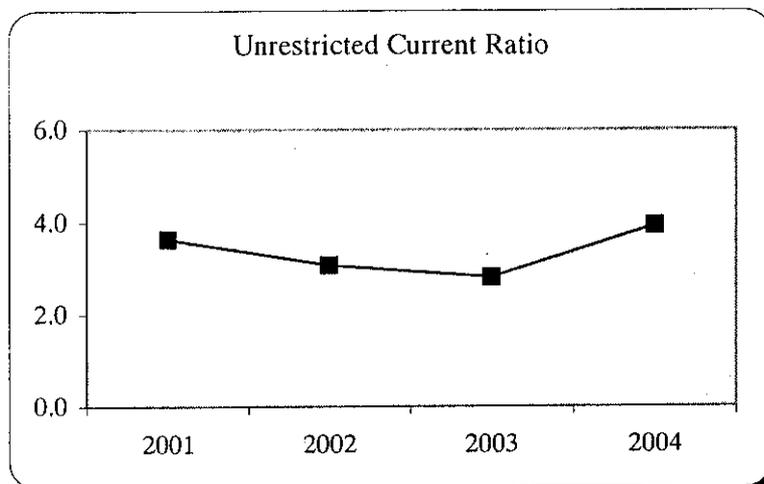
2. FINANCIAL POSITION

2.1 Current Ratios

The *Current Ratio* is a good indicator of the ability of a business to meet its debts and obligations as they fall due. Current assets exceeded current liabilities by \$24.451 million representing a factor of 4.14 to 1.

The *Unrestricted Current Ratio* is a more specific financial indicator for local government. It eliminates net externally restricted assets that must be set aside by law and it in fact represents the general funds of Council.

The *Unrestricted Current Ratio* at the close of the year was 3.93 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 reserves held for future purposes.

At the close of the year the Available Working Capital of Council stood at \$6.592 million as detailed below;

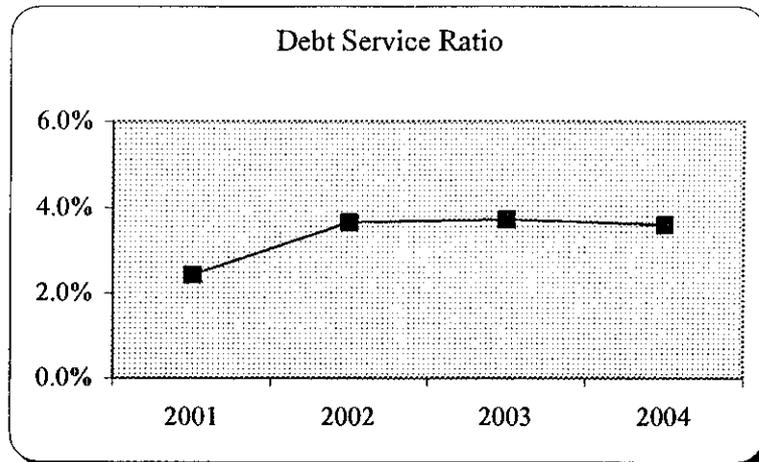
	2004 \$000	2003 \$000	Change \$000
Net Current Assets (Working Capital) as per Accounts	24,451	23,542	909
<i>Add(Less): Budgetted to Pay(Receive) in the next 12 months</i>			
- Borrowings	1,467	1,557	(90)
- Employees Leave Entitlements	1,747	1,833	(86)
Adjusted Working Capital	27,665	26,932	733
<i>Less: Externally Restricted Assets</i>	(1,945)	(7,861)	5,916
<i>Less: Internally Restricted Assets</i>	(19,128)	(13,666)	(5,462)
Available Working Capital as at 30 June	\$ 6,592	\$ 5,405	\$ 1,187

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 2004 was sound.



2.3 Debt

Operating revenue (excluding special purpose grants and contributions) required to service debt was 3.61%.



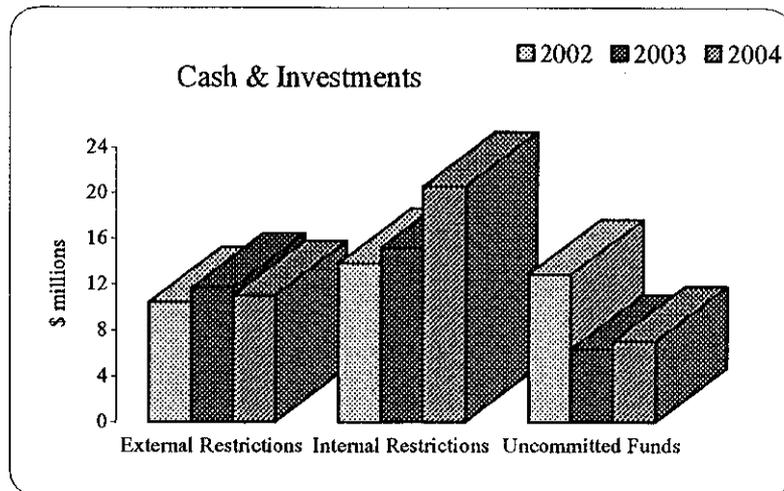
2.4 Summary

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 \$38.673 million as compared with \$33.229 million and \$37.094 million at the close of financial years 2003 and 2002 respectively. The following table summarizes the purposes for which cash and investments were held;





Externally restricted cash and investments are restricted in their use by externally imposed requirements and consist of unexpended development contributions under Section 94 of \$8.099 million, domestic waste management charges of \$1.892 million and specific purpose grants and contributions of \$1.016 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 \$20.595 million and their purposes are more fully disclosed in Notes 6 of the financial statements.

Unrestricted cash and investments amounted to \$7.071 million, which are available to provide liquidity for day to day operations and form the basis of Council's sound financial position.

3.2 Cash Flows

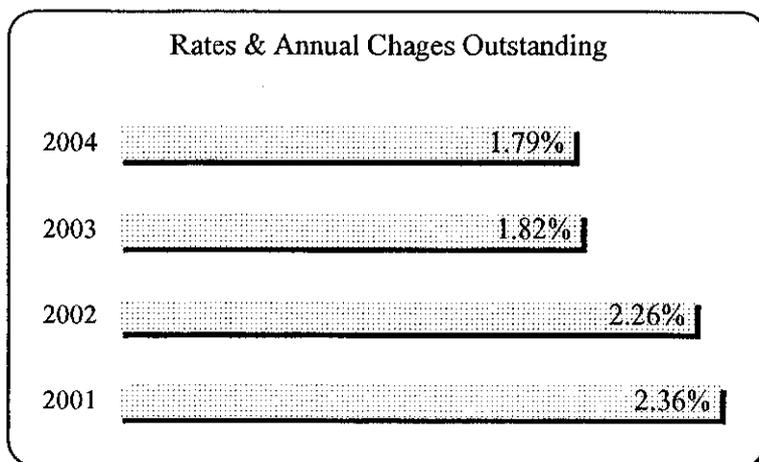
The Statement of Cash Flows illustrates the flow of cash moving in and out of Council during the year and reveals that Cash Assets increased by \$5.741 million to \$38.553 million at the close of the year. In addition to operating activities which contributed net cash of \$16.829 million were the proceeds from the sale of assets (\$2.659 million) and new loans (\$4 million). Cash outflows other than operating activities were used to repay loans and deferred payment creditors (\$1.595 million) and to purchase and construct assets (\$16.152 million).

4. RECEIVABLES

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

Net rates and annual charges levied during the year totalled \$39.916 million and represented 66.08% of Council's total revenues which is consistent with previous years.

Including arrears, the total rates and annual charges collectible was \$40.624 million of which \$39.898 million (98.21%) was collected. Arrears stood at \$726,000 at the end of the year and represented 1.79% of those receivables. Both these indicators are commendable.





4.2 *Other Receivables*

Receivables (other than Rates & Annual Charges) totalled \$1.729 million. Receivables considered to be uncertain of collection have been provided for as doubtful debts and this provision in respect to these receivables stood at \$56,000.

5. PAYABLES

Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$5.951 million.

A cash reserve of \$1.626 million was held at year end representing 27.32% of Council's obligation to their employees and, was in our opinion, sufficient to enable Council to meet unbudgeted and unanticipated retirements.

6. CONCLUSION

We wish to record our appreciation to your Chief Executive and his staff for their ready co-operation and the courtesies extended to us during the conduct of the audit and once again commend your staff for the early completion and presentation of the financial statements.

Yours faithfully,

SPENCER STEER
Chartered Accountants

N. MAH CHUT
Partner

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

for the year ending 30 June 2004

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Council of the City of Ryde

SPECIAL PURPOSE FINANCIAL REPORTS

for the year ending 30 June 2004

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:

- NSW Government Policy Statement *"Application of National Competition Policy to Local Government"*
- Department of Local Government Guidelines *"Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality"*
- The Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these Reports

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

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

Signed in accordance with a resolution of Council made on 10 August 2004.



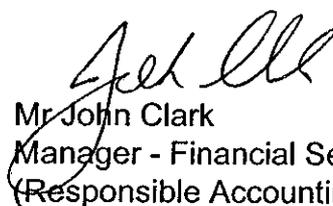
Councillor Terry Perram
Mayor



Councillor Gabrielle O'Donnell
Deputy Mayor



Mr Michael G McMahon
Chief Executive



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

Council of the City of Ryde

STATEMENT OF FINANCIAL PERFORMANCE OF OTHER BUSINESS ACTIVITIES as at 30 June 2004

(\$'000's)

	Domestic Waste Management		Ryde Aquatic Leisure Centre		Property Leasing		Ryde Certification Service		Commercial Waste Management		Enviroserve Commercial Works	
	(Category 1)		(Category 1)		(Category 2)		(Category 2)		(Category 2)		(Category 2)	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
EXPENSES FROM ORDINARY ACTIVITIES												
Employee Costs	297	367	2,001	1,731	53	65	295	409	29	22	24	23
Materials and Contracts	6,626	6,442	1,432	1,211	124	124	259	332	216	209	20	30
Interest Charges	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	3	4	847	823	128	152	-	-	-	-	-	-
Loss On Asset Disposal	-	-	-	-	-	-	-	-	-	-	-	-
Taxation Equivalent Payments	-	-	129	114	155	276	-	-	-	-	-	-
Other expenses from ordinary activities	652	679	677	605	84	64	55	12	43	35	2	2
Total Expenses From Ordinary Activities	7,578	7,492	5,086	4,484	544	681	609	753	288	266	46	55
REVENUE FROM ORDINARY ACTIVITIES												
Annual Charges	8,116	7,679	-	-	-	-	-	-	-	-	-	-
User Charges	-	-	3,648	3,097	-	-	-	-	402	409	-	-
Fees	-	-	-	-	-	-	259	264	-	-	81	73
Interest	16	16	-	4	-	-	-	-	-	-	-	-
Other revenues from ordinary activities	28	14	8	-	528	447	17	16	-	-	-	-
Grants & Contributions provided for Non-Capital Purposes	196	199	-	-	-	-	-	-	-	-	-	-
Gain On Asset Disposal	-	-	-	-	-	-	-	-	-	-	-	-
Revenue from Ordinary Activities before capital amounts	8,356	7,908	3,656	3,101	528	447	276	280	402	409	81	73
Surplus(Deficit) from Ordinary Activities before Revenue for Capital Purposes	778	416	(1,430)	(1,383)	(16)	(234)	(333)	(473)	114	143	35	18
Grants & Contributions provided for Capital Purposes	-	-	-	-	-	430	-	-	-	-	-	-
Surplus(Deficit) from Ordinary Activities after capital amounts	778	416	(1,430)	(1,383)	(16)	196	(333)	(473)	114	143	35	18
Correction of Fundamental Error	-	-	-	-	-	-	-	-	-	-	-	-
Surplus(Deficit) from All Activities before Tax	778	416	(1,430)	(1,383)	(16)	196	(333)	(473)	114	143	35	18
Corporate Taxation Equivalent (30%) [based on Operating result before capital]	233	125	-	-	-	59	-	-	34	43	11	5
Surplus(Deficit) After Tax	545	291	(1,430)	(1,383)	(16)	137	(333)	(473)	80	100	24	13
Dividend Payment (non restricted activities) [Percent of Surplus after tax]	- 0%	- 0%	- 0%	- 0%	75 -469%	40 29%	- 0%	- 0%	114 143%	237 237%	35 146%	36 286%
Surplus(Deficit) After Dividend Payment	545	291	(1,430)	(1,383)	(91)	97	(333)	(473)	(34)	(137)	(11)	(23)
Opening Retained profits	1,628	1,212	24,708	-	11,309	8,764	-	(102)	-	94	-	18
Subsidy from Council	-	-	-	603	-	-	333	575	-	-	-	-
Plus: Equity Contributions	-	-	20	25,374	538	2,113	-	-	-	-	-	-
Less: Equity Withdrawals	-	-	-	-	(3,706)	-	-	-	-	-	-	-
Adjustments for Amounts Unpaid:-												
Dividend Payment	-	-	-	-	-	-	-	-	-	-	-	-
Taxation Equivalent Payments	-	-	129	114	155	276	-	-	-	-	-	-
Corporate Taxation Equivalent	233	125	-	-	-	59	-	-	34	43	11	5
Closing Retained Profits	2,406	1,628	23,427	24,708	8,205	11,309	-	-	-	-	-	-
RETURN ON CAPITAL (%)	1260%	608%	-6%	-5%	-0%	-2%	N/A	N/A	N/A	N/A	N/A	N/A
SUBSIDY FROM COUNCIL	-	-	-	603	-	-	333	575	-	-	-	-

NOTES TO THE SPECIAL PURPOSE FINANCIAL REPORTS

Note 1

SIGNIFICANT ACCOUNTING POLICIES

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

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

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

National Competition Policy

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

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

Declared Business Activities

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

Category 1

Name	Brief Description of Activity
Domestic Waste Removal	Domestic waste collection, recycling and disposal and sale of recycling aids.
Ryde Aquatic Leisure Centre	Provision of aquatic and dry court sports and leisure facilities

Category 2

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

Taxation Equivalent Payments

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

Tax	Notional Rate Applied %
Corporate Tax Rate	30%
Land Tax	1.7% of property value in excess of \$317,000
Payroll Tax	6.0% where total labour payments for the individual business activity exceed \$600,000
Stamp Duty	Statutory rates for 2003/2004 as published by the Office of State Revenue.

Income Tax

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

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

Local Government Rates & Charges

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

Subsidies

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

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

If Business Activities, other than Domestic Waste Management, require extra capital, this is supplied by Council (following consideration in the annual Management Planning process) as an equity contribution. Business Activities may also dispose of assets or return assets to general Council control. This is shown as an equity withdrawal by Council.

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

Trading Surplus

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

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

Return on Investments (Rate of Return)

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

Dividends

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

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

Corporate Overheads

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



SPENCER STEER
CHARTERED ACCOUNTANTS

CITY OF RYDE

SPECIAL PURPOSE FINANCIAL REPORT

INDEPENDENT AUDITORS' REPORT

SCOPE

We have audited the *special purpose financial report* of the City of Ryde for the year ended 30 June 2004, comprising the Statement by Council, Statement of Financial Performance of Business Activities, Statement of Financial Position by Business Activities and accompanying Notes to the Accounts. The financial statements include the accounts of the declared business activities of the Council. The Council is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Council.

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

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

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

AUDIT OPINION

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

SPENCER STEER
Chartered Accountants

N. MAH CHUT
Partner

Dated at Sydney this 11th day of August 2004