



City of Ryde



# General and Special Purpose Financial Reports

Year Ended 30 June 2007

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**General Purpose Financial Report – Year Ended 30 June 2007**

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## City of Ryde

### General Purpose Financial Report for the Year Ended 30 June 2007

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

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

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

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

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

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

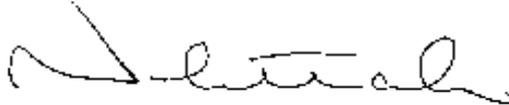
Signed in accordance with a resolution of Council made on 25 September 2007.



Ivan Petch  
Mayor



Sarkis Yegelian  
Deputy Mayor



Michael Whittaker  
General Manager



Richard Nankivell  
Chief Financial Officer  
(Responsible Accounting Officer)

Council of the City of Ryde

**INCOME STATEMENT**  
for the year ended 30 June 2007

Original Budget* 2007 (\$'000)		Notes	Actual 2007 (\$'000)	Actual 2006 (\$'000)
<b>INCOME FROM CONTINUING OPERATIONS</b>				
<b>Revenue:</b>				
48,200	Rates and Annual Charges	3(a)	48,270	43,794
10,141	User Charges and Fees	3(b)	10,081	9,370
3,076	Interest and Investment Income	3(c)	3,965	3,290
4,663	Other Revenues	3(d)	3,806	3,646
5,775	Grants & Contributions provided for operating purposes	3(e&f)	5,803	5,113
4,072	Grants & Contributions provided for capital purposes	3(e&f)	10,367	8,417
<b>Other Income:</b>				
-	Net gain from the disposal of assets	5	2,162	1,925
<b>75,927</b>	<b>TOTAL INCOME FROM CONTINUING OPERATIONS</b>		<b>84,454</b>	<b>75,555</b>
<b>EXPENSES FROM CONTINUING OPERATIONS</b>				
27,108	Employee Benefits and On-costs	4(a)	25,611	24,498
568	Borrowing Costs	4(b)	497	517
21,278	Materials and Contracts	4(c)	18,022	17,761
14,000	Depreciation and Amortisation	4(d)	14,636	14,339
-	Impairment	4(d)	-	-
9,331	Other Expenses	4(e)	8,557	8,383
53	Net Loss from the disposal of assets	5	-	-
<b>72,338</b>	<b>TOTAL EXPENSES FROM CONTINUING OPERATIONS</b>		<b>67,323</b>	<b>65,498</b>
<b>3,589</b>	<b>NET OPERATING RESULT FOR THE YEAR</b>	2(a)	<b>17,131</b>	<b>10,057</b>
<b>(483)</b>	<b>NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS &amp; CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES</b>		<b>6,764</b>	<b>1,640</b>

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

The above Income Statement should be read in conjunction with the accompanying notes.

## Council of the City of Ryde

### BALANCE SHEET As at 30 June 2007

	Notes	2007 (\$'000)	2006 (\$'000)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalent Assets	6(a)	10	10
Investments	6(b)	36,938	34,665
Receivables	7	3,429	2,911
Inventories	8	512	417
Other	8	343	378
Non-Current assets held for Sale	23	174	278
<b>Total Current Assets</b>			41,406
<b>Non-Current Assets</b>			
Investments	6(b)	24,001	17,972
Receivables	7	443	325
Infrastructure, Property, Plant and Equipment	9	1,646,850	1,278,320
Investment Property	14	2,530	2,525
<b>Total Non-Current Assets</b>			1,673,824
<b>TOTAL ASSETS</b>		<b>1,715,230</b>	<b>1,337,801</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10(a)	11,117	10,851
Interest Bearing Liabilities	10(a)	1,443	1,509
Provisions - Payable in less than 12 months	10(a)	3,926	3,859
- Payable after 12 months	10(a)	3,532	3,757
<b>Total Current Liabilities</b>			20,018
<b>Non-Current Liabilities</b>			
Interest Bearing Liabilities	10(a)	5,933	7,303
Provisions	10(a)	146	150
<b>Total Non-Current Liabilities</b>			6,079
<b>TOTAL LIABILITIES</b>		<b>26,097</b>	<b>27,429</b>
<b>NET ASSETS</b>		<b>1,689,133</b>	<b>1,310,372</b>
<b>EQUITY</b>			
Retained Earnings	20	1,607,434	1,310,372
Revaluation reserves	20	81,699	-
Council equity interest		1,689,133	1,310,372
Minority equity interest		-	-
<b>TOTAL EQUITY</b>		<b>1,689,133</b>	<b>1,310,372</b>

The above Balance Sheet should be read in conjunction with the accompanying notes.

## Council of the City of Ryde

### STATEMENT OF CHANGES IN EQUITY for the year ending 30 June 2007

	Notes	2007 (\$'000)					2006 (\$'000)						
		Retained Earnings	Asset Revaluation Reserve	Other Reserves	Council Equity Interest	Minority Interest	Total Equity	Accum Surplus	Asset Revaluation Reserve	Other Reserves	Council Equity Interest	Minority Interest	Total Equity
		Balance at the beginning of the reporting period	20	1,310,372	-		1,310,372	-	1,310,372	1,300,315	-		1,300,315
Adjustments on Adoption of AASB 132 and AASB 139		-	-	-	-	-	-	-	-	-	-	-	-
Transfer to/(from) asset revaluation reserve		-	81,699		81,699	-	81,699	-	-	-	-	-	-
Transfers to/(from) Other reserves		-		-	-	-	-	-	-	-	-	-	-
Income and expenses recognised directly in equity													
Adjustments due to asset revaluation *		279,931			279,931		279,931						
Distributions to minority interests		-	-		-	-	-	-	-	-	-	-	-
<b>Net movements recognised directly in equity</b>													
<b>Net operating result for the Year</b>		17,131	-		17,131	-	17,131	10,057	-		10,057	-	10,057
<b>Balance at the end of the reporting period</b>	20	<b>1,607,434</b>	<b>81,699</b>	<b>-</b>	<b>1,689,133</b>	<b>-</b>	<b>1,689,133</b>	<b>1,310,372</b>	<b>-</b>	<b>-</b>	<b>1,310,372</b>	<b>-</b>	<b>1,310,372</b>
Effect of correction of error in previous years being an increase in retained earnings*													

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

\* Refer to Note 20 explaining revaluation to Fair Value for specific asset classes

## Council of the City of Ryde

### CASH FLOW STATEMENT for the year ending 30 June 2007

Original Budget* 2007 (\$'000)	Notes	2007		2006	
		(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
48,222	Rates & Annual Charges	48,200		43,779	
10,772	User Charges & Fees	10,450		9,860	
3,076	Investment revenue and Interest	1,603		1,410	
10,162	Grants and Contributions	15,104		11,249	
6,868	Other	5,145		4,766	
<b>Payments</b>					
(27,218)	Employee Benefits and on-costs	(25,935)		(24,258)	
(19,744)	Materials and Contracts	(20,103)		(19,292)	
(582)	Borrowing Costs	(519)		(536)	
(13,642)	Other	(8,869)		(7,196)	
<b>17,914</b>	<b>Net cash provided (or used) in Operating Activities</b>		<b>25,076</b>		<b>19,782</b>
		11(b)			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Receipts</b>					
61,130	Sale of Investments	49,240		58,270	
4,188	Sale of Infrastructure, Property, Plant and Equipment	4,213		4,191	
-	Other	-		-	
<b>Payments</b>					
(58,270)	Purchase of Investments	(55,011)		(61,400)	
-	Purchase of Real Estate Assets	-		-	
(24,833)	Purchase of Property, Plant and Equipment	(22,081)		(19,442)	
-	Other	-		-	
<b>(17,785)</b>	<b>Net cash provided by (or used in) Investing Activities</b>		<b>(23,640)</b>		<b>(18,381)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
-	Borrowings and Advances	-		-	
-	Other	-		-	
<b>Payments</b>					
(1,001)	Borrowings and Advances	(985)		(1,092)	
(266)	Lease Liabilities	(48)		(318)	
(318)	Other	(318)		(122)	
<b>(1,585)</b>	<b>Net cash provided by (or used in) Financing Activities</b>		<b>(1,351)</b>		<b>(1,532)</b>
(1,456)	Net Increase (Decrease) in Cash & Cash Equivalents		85		(131)
(141)	Cash & Cash Equivalents at beginning Reporting Pd	11(a)	(141)		(10)
<b>(1,597)</b>	<b>Cash &amp; Cash Equivalents at end of Reporting Pd</b>	11(a)	<b>(56)</b>		<b>(141)</b>

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

**Note 1 Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of preparation**

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the Local Government Act (1993) and Regulations and the Local Government Code of Accounting Practice and Financial Reporting.

**AAS27**

City of Ryde is required to comply with AAS 27 *Financial Reporting* by Local Government, and where AAS 27 conflicts with AIFRS, the requirements of AAS 27 have been applied. Where AAS 27 makes reference to another Australian accounting standard, the new Australian IFRS equivalent standards will apply. The specific 'not for profit' reporting requirements also apply.

***Historical cost convention***

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of infrastructure, property, plant and equipment and investment property.

***Critical accounting estimates***

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Council's accounting policies.

**(b) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:

***Rates, annual charges, grants and contributions***

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts. Developer contributions may only be expended for the purposes for which the contributions were required but the Council may apply contributions according to the priorities established in work schedules.

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

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

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

Income is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g). The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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

### ***User charges and fees***

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

A provision for doubtful debt is recognised when collection in full is no longer probable.

### ***Sale of plant, property, infrastructure and equipment***

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

### ***Interest and rents***

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

## **(c) Principles of consolidation**

### ***(i) The Consolidated Fund***

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

### ***(ii) The Trust Fund***

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

Trust monies and property held by Council but not subject to the control of Council, have been excluded from these reports. A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

### ***(iii) Joint venture entities***

The interest in a joint venture partnership is accounted for using the equity method and is carried at cost. Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet. Details relating to the partnership are set out in Note 19.

## **(d) Leases**

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the

minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

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

## **(e) Acquisition of assets**

The purchase method of accounting is used to account for all acquisitions of assets. Cost is measured as the fair value of the assets given, plus costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

## **(f) Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For non-cash generating assets of the Council such as roads, drains, public buildings and the like-value in use is represented by the deprival value of the asset approximated by its written down replacement cost.

## **(g) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

## **(h) Receivables**

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Receivables are due for settlement no more than 30 days from the date of recognition.

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

## **(i) Inventories**

### **(i) *Raw materials and stores, work in progress and finished goods***

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### **(ii) *Land held for resale/capitalisation of borrowing costs***

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

### **(j) Non-current assets held for sale**

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The exception to this is plant and motor vehicles which are turned over on a regular basis - these are retained in property, plant and equipment.

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

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

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

## **(k) Investments and other financial assets**

### **Classification**

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

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

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair

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

## **(ii) Loans and receivables**

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Council provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

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

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

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

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

## **Recognition and derecognition**

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

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

## **Subsequent measurement**

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

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognized in the income statement as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

## **Fair Value**

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), Council establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of the market inputs and relying as little as possible on entity-specific inputs.

## **Impairment**

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss -measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

## **Policy**

Council has an approved investment policy complying with Section 625 of the Local Government Act. Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing council funds.

### **(l) Fair value estimation**

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

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

### **(m) Infrastructure, property, plant and equipment**

All infrastructure, property, plant and equipment [except for investment properties - refer Note 1(n), and asset classes detailed below which were revalued at fair value] is stated at cost (or deemed cost) less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Council has revalued at fair value the following asset classes as at 30 June 2007:

Buildings

Stormwater

Roads, Bridges and Footpaths

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

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Council does not have sufficient and reliable information that will allow comparative information in the financial report to be restated relating to the mentioned adjustments. As a result, Council has adjusted the accumulated depreciation for each asset to ensure the asset revaluation reserve is not materially misstated. The adjustment to accumulated depreciation of \$279.9M has been made against retained earnings as at 1 July 2006. Comparative information has not been retrospectively adjusted.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives.

All assets were depreciated using the straight line method in 2006/2007 as follows:

Buildings	100 years
Earthmoving Equipment	6 years
Office Equipment	10 years
Computers	5 years
Office Furniture	10 years
Roads Structure and 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

For 2007/2008, those assets that were revalued at fair value will have the depreciation expense determined by utilising the decay model outlined in the NSROC Asset Management Guidelines.

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

## **(n) Investment property**

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Investment property is carried at fair value, representing open-market value determined annually by external valuers. Changes in fair values are recorded in the income statement as part of other income.

## **(o) Payables**

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

## **(p) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

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

## **(q) Borrowing costs**

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

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

## **(r) Provisions**

Provisions for legal claims and service warranties are recognised when: the Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

## **(s) Employee benefits**

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

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

### **(ii) Long service leave**

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

### **(iii) Retirement benefit obligations**

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. However, when this information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans (see below). The Local Government Superannuation Scheme has advised that it is unable to provide individual councils with an accurate split of their share of the Scheme's assets and liabilities and so no asset or liability is recognised.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

## **(t) Rounding of amounts**

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

## **(u) Land under roads**

Council has elected not to recognise land under roads in accordance with the deferral arrangements available under AASB 1045. These provisions allow deferral of recognition until 30 June 2008.

## **(v) Provisions for close down and restoration and for environmental clean up costs - Tips and quarries**

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period. The amortisation of the discount is shown as a borrowing cost.

Other movements in the provisions for close down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

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

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date. These costs are charged to the income statement. Movements in the environmental clean up provisions are presented as an operating cost, except for the unwind of the discount which is shown as a borrowing cost. Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

**(w) Allocation between current and non-current**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as

current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

**(x) New accounting standards and UIG interpretations**

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2007 reporting periods. Council's assessment of the impact of these new standards and interpretations is set out below.

- (i) *AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]*

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007.

Council has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Council's financial instruments.

**(y) Land**

Land is classified as either operational or community in accordance with Part 2 of Chapter 6 of the Local Government Act (1993). This is disclosed in Note 9(a).

## NOTES TO THE FINANCIAL STATEMENTS

### Note 2(a) FUNCTIONS

INCOME, 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	INCOME FROM CONTINUING OPERATIONS			EXPENSES FROM CONTINUING OPERATIONS			OPERATING RESULTS FROM CONTINUING OPERATIONS			GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
	Original Budget 2007 \$'000	Actual 2007 \$'000	Actual 2006 \$'000	Original Budget 2007 \$'000	Actual 2007 \$'000	Actual 2006 \$'000	Original Budget 2007 \$'000	Actual 2007 \$'000	Actual 2006 \$'000	Actual 2007 \$'000	Actual 2006 \$'000	Actual 2007 \$'000	Actual 2006 \$'000
<b>COMMUNITY LIFE</b>													
Community Services	720	867	795	2,454	2,302	2,122	(1,734)	(1,435)	(1,327)	520	472	7,595	6,239
Event Management	157	126	153	1,111	1,286	1,061	(954)	(1,159)	(908)	0	0	11	36
Library Services	606	910	874	4,674	4,721	5,215	(4,068)	(3,811)	(4,341)	280	253	9,130	11,167
Parks	491	1,178	545	9,029	8,775	8,438	(8,538)	(7,597)	(7,893)	51	10	902,288	890,791
Ryde Aquatic Leisure Centre	5,101	4,776	4,613	6,162	5,263	5,668	(1,062)	(487)	(1,055)	317	0	19,756	23,127
	<b>7,076</b>	<b>7,856</b>	<b>6,979</b>	<b>23,431</b>	<b>22,346</b>	<b>22,504</b>	<b>(16,355)</b>	<b>(14,490)</b>	<b>(15,525)</b>	<b>1,169</b>	<b>736</b>	<b>938,780</b>	<b>931,360</b>
<b>CORPORATE SERVICES</b>													
Corporate Services	557	488	330	955	440	361	(398)	48	(31)	0	2	2,712	2,628
	<b>557</b>	<b>488</b>	<b>330</b>	<b>955</b>	<b>440</b>	<b>361</b>	<b>(398)</b>	<b>48</b>	<b>(31)</b>	<b>0</b>	<b>2</b>	<b>2,712</b>	<b>2,628</b>
<b>ENVIRONMENT and PLANNING</b>													
Assessment	1,134	1,525	1,050	2,569	2,708	2,213	(1,435)	(1,183)	(1,163)	0	0	0	114
Environment	210	172	6	1,104	743	613	(895)	(571)	(607)	165	2	34	24
Health and Building	1,048	1,006	949	1,461	1,418	1,513	(413)	(412)	(564)	0	0	57	90
Regulation	3,037	2,278	1,444	1,658	1,804	1,322	1,380	475	122	0	0	876	66
Support Services	200	123	0	495	511	352	(295)	(389)	(352)	123	0	0	23
Urban Planning	4,934	8,020	4,843	2,635	1,814	1,740	2,299	6,206	3,103	30	80	112	84
	<b>10,563</b>	<b>13,123</b>	<b>8,291</b>	<b>9,921</b>	<b>8,998</b>	<b>7,753</b>	<b>641</b>	<b>4,125</b>	<b>538</b>	<b>318</b>	<b>82</b>	<b>1,080</b>	<b>400</b>

## Note 2(a) (continued)

INCOME, 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	INCOME FROM CONTINUING OPERATIONS			EXPENSES FROM CONTINUING OPERATIONS			OPERATING RESULTS FROM CONTINUING OPERATIONS			GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
	Original Budget 2007 \$'000	Actual 2007 \$'000	Actual 2006 \$'000	Original Budget 2007 \$'000	Actual 2007 \$'000	Actual 2006 \$'000	Original Budget 2007 \$'000	Actual 2007 \$'000	Actual 2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>PUBLIC WORKS and SERVICES</b>													
Access Facilities and Services	2,535	4,231	2,740	15,033	14,614	14,175	(12,498)	(10,384)	(11,435)	1,551	1,029	403,796	214,392
Buildings & Property	926	3,997	5,880	1,911	2,953	1,480	(985)	1,044	4,400	294	250	33,431	30,429
Stormwater Management	1,615	1,169	97	5,521	4,537	4,522	(3,906)	(3,368)	(4,425)	163	0	263,188	94,413
Waste & Fleet Management	10,985	11,191	10,361	11,712	10,161	10,139	(726)	1,030	222	206	210	596	545
Works	438	290	1,029	2,241	2,049	2,996	(1,803)	(1,758)	(1,967)	0	11	8,158	7,388
	<b>16,499</b>	<b>20,878</b>	<b>20,108</b>	<b>36,418</b>	<b>34,314</b>	<b>33,312</b>	<b>(19,919)</b>	<b>(13,436)</b>	<b>(13,204)</b>	<b>2,214</b>	<b>1,500</b>	<b>709,169</b>	<b>347,167</b>
<b>Total Functions &amp; Activities</b>	<b>34,694</b>	<b>42,346</b>	<b>35,708</b>	<b>70,724</b>	<b>66,099</b>	<b>63,930</b>	<b>(36,030)</b>	<b>(23,753)</b>	<b>(28,222)</b>	<b>3,700</b>	<b>2,320</b>	<b>1,651,741</b>	<b>1,281,555</b>
<b>General Purpose Revenues*</b>	41,233	42,108	39,847	1,613	1,224	1,568	39,619	40,884	38,279	2,933	2,893	63,489	56,245
<b>Totals</b>	<b>75,927</b>	<b>84,453</b>	<b>75,555</b>	<b>72,338</b>	<b>67,323</b>	<b>65,498</b>	<b>3,589</b>	<b>17,131</b>	<b>10,057</b>	<b>6,633</b>	<b>5,213</b>	<b>1,715,230</b>	<b>1,337,800</b>

\* Includes: Rates and Annual Charges (incl. Ex-gratia); Non-Capital General Purpose Grants; Interest on Investments; s611 Charges

## 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:

#### **COMMUNITY SERVICES**

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

#### **EVENT MANAGEMENT**

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

#### **LIBRARY SERVICES**

- Information and lending services
- Community information
- Local studies

#### **PARKS**

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

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

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

#### **CORPORATE SERVICES**

- Internal support services. eg. Councillor & Venue Support, Customer Services, Financial Services, Human Resources, Information Management, Strategic Unit & Office of the General Manager

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

### **ASSESSMENT**

- Assessment of development applications

### **ENVIRONMENT**

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

### **HEALTH AND BUILDING**

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

### **REGULATION**

- Animal control
- Street and Parking control

### **SUPPORT SERVICES**

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

### **URBAN PLANNING**

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

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

### **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

### **BUILDINGS and PROPERTY**

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

### **CATCHMENTS and ASSETS**

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

### **WASTE & FLEET MANAGEMENT**

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

### **WORKS**

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

### **GENERAL PURPOSE REVENUES**

- Rates and charges collection
- Investments and borrowings

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 3 REVENUE FROM CONTINUING OPERATIONS

	2007 (\$'000)	2006 (\$'000)
<b>(a) Rates and Annual Charges</b>		
<b>Ordinary Rates</b>		
Residential	20,984	20,247
Business	9,861	8,724
Environmental Management Levy	5,072	5,292
Total Ordinary Rates	<u>35,917</u>	<u>34,263</u>
<b>Special Rates</b>		
Macquarie Park	1,012	-
Total Special Rates	<u>1,012</u>	<u>-</u>
<b>Annual Charges (pursuant to s.496 &amp; s.501)</b>		
Domestic Waste Management Services	10,385	9,531
Stormwater Management Service Charge	956	-
Total Annual Charges	<u>11,341</u>	<u>9,531</u>
<b>Total Rates and Annual Charges</b>	<u><b>48,270</b></u>	<u><b>43,794</b></u>
Council has used 2004 valuations provided by the NSW Valuer General in calculating its rates.		
<b>(b) User Charges and Fees</b>		
<b>User Charges (pursuant to s.502)</b>		
Aquatic Centre	4,421	4,603
Sports Facility Rental	409	359
Hall Hire	335	283
Road Restorations	868	602
Gutter Crossings	193	252
Commercial Waste Service	457	495
Other	14	8
<b>Total User Charges</b>	<u>6,697</u>	<u>6,602</u>
<b>Fees</b>		
Regulatory/Statutory Fees	1,961	1,384
Discretionary		
- Section 611(1)	125	123
- Environmental Planning	938	881
- Private Works	44	114
- Vacation Care	141	143
- Home Maintenance & Modification	80	62
- Other	95	61
<b>Total Fees</b>	<u>3,384</u>	<u>2,768</u>
<b>Total User Charges and Fees</b>	<u><b>10,081</b></u>	<u><b>9,370</b></u>
<b>(c) Interest and Investment Revenue</b>		
Overdue Rates & Charges	88	81
Cash, cash equivalents and investments:		
- Externally restricted	1,136	862
- Internally restricted	-	10
- Unrestricted	2,731	2,326
Amortisation of discounts and premiums:		
- Investments held to maturity	10	11
<b>Total Interest and Investment Revenue</b>	<u><b>3,965</b></u>	<u><b>3,290</b></u>

**Note 3 (Continued)**

	2007 (\$'000)	2006 (\$'000)		
<b>(d) Other Revenues</b>				
Fair value adjustments - investment properties	5	5		
Fines	67	59		
Parking Regulations	2,158	1,382		
Materials Recycling	54	697		
Rental income:				
- Investment Property	175	155		
- Other Property	594	539		
Lease - Telecommunications	74	86		
Legal Fees Recoveries				
- Rates	21	115		
- Other	8			
Insurance Claims	25	17		
Staff Vehicle Leases and Other Payments	325	276		
Eastwood Plaza	40	55		
Legal Compensation	29	72		
Sundry Sales	15	17		
Other	216	171		
<b>Total Other Revenue</b>	<b>3,806</b>	<b>3,646</b>		
	<b>OPERATING</b>		<b>CAPITAL</b>	
	2007	2006	2007	2006
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance	2,370	2,308	-	-
Pensioner Rebate Subsidy - Rates	563	586	-	-
<b>Total General Purpose (Untied)</b>	<b>2,933</b>	<b>2,894</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioner Rebate Subsidy - Domestic Waste	206	210		
Vacation Care	47	46	-	-
Master Plans	30	80	-	-
Library	280	253	-	-
Home Maintenance & Modification	232	160	-	-
Child Care Assistance	71	78	-	-
DEET - Apprentice Rebate Scheme	-	13	-	-
Community Staff Funding	129	139	-	-
Roads To Recovery	-	-	1,171	753
RTA Transport	-	-	217	225
Parks Grants	51	-	164	10
Building Construction	-	-	250	300
Water Recovery	-	-	317	-
E-Planning	123	-	-	-
Environment	209	-	-	-
Catchment Management	118	-	45	-
Other	40	52	-	-
<b>Total Specific Purpose</b>	<b>1,536</b>	<b>1,031</b>	<b>2,164</b>	<b>1,288</b>
<b>Total Grants</b>	<b>4,469</b>	<b>3,925</b>	<b>2,164</b>	<b>1,288</b>
<b>Comprising:</b>				
- Commonwealth funding	3,333	3,195	1,421	1,058
- State funding	1,136	730	743	230
- Other funding	-	-	-	-
	<b>4,469</b>	<b>3,925</b>	<b>2,164</b>	<b>1,288</b>

## Note 3 (Continued)

	OPERATING		CAPITAL	
	2007	2006	2007	2006
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>(f) Contributions</b>				
Developer Contributions (s94)				
- Open Space	-	-	2,043	1,931
- Parking	-	-	68	331
- Drainage	-	-	2,490	1,376
- Other	-	-	190	128
- Meadowbank			23	19
Voluntary Planning Agreements	-	-	838	-
Other Councils	506	489	-	14
Brush Farm House	-	-	200	225
Community Events	79	80	-	-
Other	80	8	323	59
RTA Contributions				
- Street & Traffic Lighting	315	307	-	-
- Roads & Bridges	232	226	237	-
- Other	108	74	-	-
Ex Gratia Payments in Lieu of Rates	2	4	-	-
West Ryde Library (In Kind)	-	-	-	2,918
Buildings & Property (In Kind)	-	-	1,564	-
Customer/Resident Contributions	7	-	227	128
Macquarie Park Master Plans	5	-	-	-
<b>Total Contributions</b>	<b>1,334</b>	<b>1,188</b>	<b>8,203</b>	<b>7,129</b>
<b>Total Grants &amp; Contributions</b>	<b>5,803</b>	<b>5,113</b>	<b>10,367</b>	<b>8,417</b>

	2007 (\$'000)	2006 (\$'000)
<b>(g) Restrictions relating to Grants and Contributions</b>		
Certain grants and contributions are obtained by Council on the condition that they be spent in a specified manner:		
Grants and contributions recognised in the current reporting period which have not been spent	7,534	5,849
Less:		
Grants and contributions recognised in previous reporting periods which have been spent in the current reporting period	4,608	3,771
<b>Net increase/(decrease) in Restricted Grants and Contributions</b>	<b>2,926</b>	<b>2,078</b>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 4 EXPENSES FROM CONTINUING OPERATIONS

	2007 (\$'000)	2006 (\$'000)
<b>(a) Employee Benefits &amp; On Costs</b>		
Salaries and Wages	20,372	19,177
Employee Leave Entitlements	3,865	3,975
Superannuation	1,861	1,798
Workers' Compensation Insurance	605	825
FBT	215	192
Training Costs (excluding salaries)	337	204
Other	578	508
Less: Capitalised Costs	(2,222)	(2,181)
<b>Total Employee Costs Expended</b>	<u>25,611</u>	<u>24,498</u>
<b>Number of FTE Employees</b>	<b>475</b>	<b>475</b>
<b>(b) Borrowing Costs</b>		
Interest on overdrafts	-	-
Interest on loans	494	512
Charges on finance leases	3	5
<b>Total Borrowing Costs Expended</b>	<u>497</u>	<u>517</u>

## Note 4 (Continued)

	<b>2007</b> <b>(\$'000)</b>	<b>2006</b> <b>(\$'000)</b>
<b>(c) Materials and Contracts</b>		
Raw materials and consumables	4,258	4,666
Contractor and Consultancy Costs	13,395	12,257
Audit Fees:		
- Audit Services	38	75
Legal Fees:		
- Planning & Development	83	400
- Other	202	322
Operating leases		
- Computers	46	41
	<b>18,022</b>	<b>17,761</b>

## (d) Depreciation, Amortisation and Impairment

	<b>Depreciation/Amortisation</b>	
	<b>2007</b> <b>(\$'000)</b>	<b>2006</b> <b>(\$'000)</b>
Plant and Equipment	1,742	1,677
Office Equipment	710	505
Furniture & Fittings	154	102
Property Plant and Equipment Leased	44	91
Land Improvements (Depreciable)	753	813
Buildings	995	942
Other Structures	689	648
Infrastructure:		
- Roads, Bridges and Footpaths	6,278	6,205
- Stormwater Drainage	2,996	3,022
Other Assets:		
- Library Books	464	541
Total Depreciation Costs	<b>14,825</b>	<b>14,546</b>
Less: Capitalised Costs/Impairment reversals	<b>(189)</b>	<b>(207)</b>
<b>Total Depreciation and Total Impairment</b>	<b>14,636</b>	<b>14,339</b>

## Note 4 (Continued)

<b>(e) Other Expenses</b>	<b>2007 (\$'000)</b>	<b>2006 (\$'000)</b>
Other expenses for the year		
include the following:-		
Bad & Doubtful Debts	5	215
Mayoral Fee	47	44
Councillors' Fees	214	216
Councillors' (incl. Mayor) Expenses	47	48
Interest on Refundable Deposits	66	56
Insurance	976	938
Street Lighting	1,285	1,183
Communications Costs	396	399
Contribution to Fire Control	1,367	1,415
Contribution to Dept of Planning	204	198
Contributions & Donations - Community Grants	191	172
Waste Development Tax	745	811
Membership Fees	67	62
Valuation Fees	125	113
Electricity & Heating	703	650
Water Rates	194	194
Bank Fees & Charges	198	211
Property Lease Costs	31	43
Postage & Courier Costs	221	183
Advertising	217	307
Parking Infringement Collection	345	260
Remediation	97	-
Other Expenses	816	665
<b>Total Other Expenses From Continuing Operations</b>	<u>8,557</u>	<u>8,383</u>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 5 GAIN (OR LOSS) ON DISPOSAL OF ASSETS

	2007 (\$'000)	2006 (\$'000)
<b>GAIN (OR LOSS) ON DISPOSAL OF PROPERTY</b>		
Proceeds from disposal	1,950	2,000
Less: Carrying amount of assets sold	104	156
<b>Gain (or loss) on disposal</b>	<u>1,846</u>	<u>1,844</u>
<b>GAIN (OR LOSS) ON DISPOSAL OF INFRASTRUCTURE, PLANT &amp; EQUIPMENT</b>		
Proceeds from disposal	2,210	2,188
Less: Carrying amount of assets sold	2,154	2,107
<b>Gain (or loss) on disposal</b>	<u>56</u>	<u>81</u>
<b>GAIN (OR LOSS) ON DISPOSAL OF FINANCIAL ASSETS</b>		
Proceeds from disposal	7,237	4,500
Less: Carrying value of Financial assets	6,977	4,500
<b>Gain (or loss) on disposal</b>	<u>260</u>	<u>-</u>
<b>NET GAIN (OR LOSS) ON DISPOSAL OF ASSETS</b>	<u>2,162</u>	<u>1,925</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 6(a) CASH AND CASH EQUIVALENTS**

	<b>Notes</b>	<b>2007 (\$'000)</b>	<b>2006 (\$'000)</b>
Cash on hand		10	10
<b>Total Cash and Cash Equivalents</b>		<u>10</u>	<u>10</u>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 6(b) INVESTMENTS

The following financial assets are held as investments:

	2007		2006	
	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)
Financial Assets at Fair Value				
Through Profit and Loss	35,438	-	31,670	-
Held to Maturity Investments	1,500	24,001	2,995	17,972
Available for Sale Financial Assets	-	-	-	-
<b>Total</b>	<b>36,938</b>	<b>24,001</b>	<b>34,665</b>	<b>17,972</b>
<b>Financial Assets at Fair Value</b>				
<b>Through Profit and Loss</b>				
At beginning of year	31,670	-	26,227	
Revaluation to income statement	2,259	-	1,813	
Additions	43,511	-	57,400	
Disposals (Sale/Redemption)	(42,002)	-	(53,770)	
At end of year	35,438	-	31,670	-
<b>Held for Trading:</b>				
<b>- Managed funds</b>	35,438	-	31,670	
<b>TOTAL</b>	<b>35,438</b>	<b>-</b>	<b>31,670</b>	<b>-</b>
<b>Held to Maturity Investments</b>				
At beginning of year	2,995	17,972	1,000	20,457
Amortisation of discounts & premiums	5	5	4	6
Additions		11,500		4,000
Disposals	(2,977)	(4,000)	(1,000)	(3,500)
Transfers from Non Current	1,477	(1,477)	2,991	(2,991)
<b>At end of year</b>	<b>1,500</b>	<b>24,000</b>	<b>2,995</b>	<b>17,972</b>
<b>Comprising of:</b>				
<b>- CDOs</b>	1,500	8,000	2,995	9,470
<b>- FRNs</b>		7,001		7,001
<b>- Other</b>		9,000		1,500
<b>TOTAL</b>	<b>1,500</b>	<b>24,001</b>	<b>2,995</b>	<b>17,972</b>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 6(c) RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

	Notes	2007		2006	
		<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)
<b>Total cash, cash equivalents and investments</b>		<b>36,948</b>	<b>24,001</b>	<b>34,675</b>	<b>17,972</b>
External restrictions		23,244	1,080	18,671	1,966
Internal restrictions		11,864	22,921	12,417	16,006
Unrestricted		1,840	-	3,587	-
<b>Total</b>		<b>36,948</b>	<b>24,001</b>	<b>34,675</b>	<b>17,972</b>

	Notes	Opening	Transfers	Transfers	Closing
		Balance	To	From	Balance
		30 June 2006	Restriction	Restriction	30 June 2007
		\$'000	\$'000	\$'000	\$'000
<b><u>External Restrictions</u></b>					
<i>Other</i>					
Domestic Waste Management	C	4,070	10,708	9,859	4,919
Developer Contributions	A	14,774	5,950	3,187	17,537
Specific Purpose Unexpended Grants	B	1,636	4,010	3,847	1,799
External Works Drainage Contributions		157	33	121	69
<b>Total External Restrictions</b>		<b>20,637</b>	<b>20,701</b>	<b>17,014</b>	<b>24,324</b>

## Note 6(c) (Continued)

Notes	Opening Balance 30 June 2006 \$'000	Transfers To Restriction \$'000	Transfers From Restriction \$'000	Closing Balance 30 June 2007 \$'000
<b><u>Internal Restrictions</u></b>				
Employee Leave Entitlements	1,790	-	9	1,781
Refundable Deposits	5,536	392	-	5,928
West Ryde Child Care Centre	162	12	-	174
Construction/Remediation of Depots	175	-	44	131
Voluntary Planning Agreements	-	838	21	817
North Ryde Traffic Facilities	91	-	-	91
Special Projects Reserve	566	378	944	-
Waste Recycling	243	130	373	-
Environmental Management Reserve	307	1,334	1,262	379
Asset Replacement Reserve	3,174	2,650	433	5,391
Plant Replacement Reserve	-	1,000	-	1,000
Ryde Aquatic Leisure Centre	1,549	5,344	4,921	1,972
Investment Property Reserve	2,928	325	2	3,251
Civic Centre Remediation/Redevelopment	7,702	2,125	865	8,962
Incompleted/Carry Over Works and Projects	2,605	4,383	2,605	4,383
Other	1,595	275	1,345	525
<b>Total Internal Restrictions</b>	<b>28,423</b>	<b>19,186</b>	<b>12,824</b>	<b>34,785</b>
<b>Total Restrictions</b>	<b>49,060</b>	<b>39,887</b>	<b>29,838</b>	<b>59,109</b>

- 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.  
amenities in accordance with those contributions.
- C. Domestic Waste Management funds are externally restricted assets

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7 RECEIVABLES

<u>Purpose</u>	2007		2006	
	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)
Rates and Annual Charges	703	349	721	248
Rates Interest & Extra Charges	91	91	127	68
User Charges & Fees				
Environmental & Health	26	-	15	-
Restorations	94	-	76	-
Recreational Facilities	4	-	17	-
Property & Infrastructure Works	327	-	91	-
Home Modification Service	15	-	14	-
Ryde Aquatic Leisure Centre	21	-	71	-
Interest on Investments	298	-	205	-
Contributions to Works	208	-	179	-
Government Grants & Subsidies	459	-	565	-
Commercial Waste	10	-	79	-
GST	636	-	623	-
Asset Sales	-	-	53	-
Workers Compensation	46	-	22	-
Voluntary Planning Agreement	110	-	-	-
Computer Equipment Charges	61	-	-	-
Other	340	3	313	9
<b>Total</b>	<b>3,449</b>	<b>443</b>	<b>3,171</b>	<b>325</b>
Less: <u>Provision for Doubtful Debts</u>				
- Rates and Annual Charges	-	-	-	-
- User Charges and Fees	20	-	28	-
- Government Grants & Subsidies	-	-	232	-
	<b>3,429</b>	<b>443</b>	<b>2,911</b>	<b>325</b>

#### **EXTERNALLY RESTRICTED RECEIVABLES (Included Above)**

Domestic Waste Management	265	30	249	64
<b>TOTAL RESTRICTED RECEIVABLES</b>	<b>265</b>	<b>30</b>	<b>249</b>	<b>64</b>
<b>UNRESTRICTED RECEIVABLES</b>	<b>3,164</b>	<b>413</b>	<b>2,662</b>	<b>261</b>
<b>TOTAL RECEIVABLES</b>	<b>3,429</b>	<b>443</b>	<b>2,911</b>	<b>325</b>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 8 INVENTORIES & OTHER ASSETS

	2007		2006	
	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)
<b>Inventories</b>				
Stores and Materials	512	-	417	-
<b>Total</b>	<b>512</b>	<b>-</b>	<b>417</b>	<b>-</b>
<u>Other Assets</u>				
Prepayments	343	-	378	-
<b>Total Other Assets</b>	<b>343</b>	<b>-</b>	<b>378</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 9(a) INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

\$000's	At 30 June 2006			MOVEMENTS DURING THE YEAR					At 30 June 2007					
	ASSET TYPE	Cost/ Deemed Cost	Depreciation & Impairment	Written Down Value (WDV)	Asset Purchases	Transfers From WIP	WDV of Disposals	Depreciation & Impairment	Asset Revaluation		Cost/ Deemed Cost	Fair Value	Accumulated Depreciation	Written Down Value (WDV)
									Gross Book Value	Accumulated Depreciation				
Plant and Equipment	20,616	8,577	12,039	4,208	-	2,154	1,742			21,875	-	9,524	12,351	
Office Equipment	12,353	9,579	2,774	900	-	-	710			13,253	-	10,289	2,964	
Furniture and Fittings	3,028	1,711	1,317	470	214	-	154			3,712	-	1,865	1,847	
Leased Plant & Equipment	209	135	74	-	-	-	44			209	-	179	30	
Land														
- Operational Land	47,491	-	47,491	647	-	-	-			48,138	-	-	48,138	
- Community Land	860,454	-	860,454	564	-	-	-			861,018	-	-	861,018	
- Land Improvements (non-depr'n)	1,340	-	1,340	491	135	-	-			1,966	-	-	1,966	
- Land Improvements (depr'n)	8,408	4,591	3,817	968	202	-	753			9,578	-	5,344	4,234	
- Land Under Infrastructure	-	-	-	-	-	-	-			-	-	-	-	
Buildings	68,398	22,784	45,614	4,113	450	-	995	3,794	(884)	-	76,755	22,895	53,860	
Other Structures	23,380	12,756	10,624	1,713	156	-	689			25,249	-	13,446	11,803	
Infrastructure														
- Roads, Bridges and Footpaths	485,006	289,142	195,864	5,537	501	-	6,278	9,509	(177,975)	-	500,553	117,444	383,109	
- Stormwater Drainage	251,285	160,667	90,618	1,205	2,432	-	2,996	97,194	(72,272)	-	352,116	91,391	260,725	
Other Assets														
- Heritage Collections	137	-	137	-	-	-	-			137	-	-	137	
- Library Books	6,052	4,523	1,529	444	-	-	464			6,496	-	4,987	1,509	
Capital Works in Progress	4,628	-	4,628	2,620	(4,090)	-	-			3,159	-	-	3,159	
<b>TOTALS</b>	<b>1,792,785</b>	<b>514,465</b>	<b>1,278,320</b>	<b>23,880</b>	<b>-</b>	<b>2,154</b>	<b>14,825</b>	<b>110,497</b>	<b>(251,131)</b>	<b>994,790</b>	<b>929,424</b>	<b>277,364</b>	<b>1,646,850</b>	
Includes DWM Restricted Assets	238	6	232	483	-	-	23	-	-	721	-	29	692	

Notes:

Buildings and Infrastructure assets have been revalued at Fair Value. Please refer to Note 1 (m) for further information  
A major revaluation of Parks, Land, and Plant and Equipment will be conducted in 2007/2008.

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 10 (a) PAYABLES, INTEREST BEARING LIABILITIES & PROVISIONS**

	2007		2006	
	Current (\$'000)	Non-Current (\$'000)	Current (\$'000)	Non-Current (\$'000)
<b>Payables</b>				
Goods and Services	1,878	-	1,977	-
Payments Received in Advance	318	-	278	-
Payments received in advance - Rates	120	-	133	-
Accrued Expenses	838	-	948	-
Interest Expenses	6	-	28	-
Deposits and Retentions	6,158	-	5,622	-
Staff Salaries & Wages	249	-	341	-
Domestic Waste	1,345	-	1,304	-
Other Contributions	174	-	152	-
Other	31	-	68	-
<b>Total Payables</b>	<b>11,117</b>	<b>-</b>	<b>10,851</b>	<b>-</b>
<b>Interest Bearing Liabilities</b>				
Bank Overdraft	66	-	151	-
Loans (1)	1,043	5,921	992	6,957
Finance Leases	16	12	48	28
Olympic Construction Authority	318	-	318	318
<b>Total Interest Bearing Liabilities</b>	<b>1,443</b>	<b>5,933</b>	<b>1,509</b>	<b>7,303</b>
<b>Provisions</b>				
Annual & Other Accrued Leave	2,127	-	2,185	-
Sick Leave	279	-	310	-
Long Service Leave	3,777	146	3,861	150
Gratuities	141	-	135	-
Site Remediation (see Note 21)	1,134	-	1,125	-
<b>Total Provisions</b>	<b>7,458</b>	<b>146</b>	<b>7,616</b>	<b>150</b>
<b>Liabilities relating to restricted assets</b>				
Domestic Waste Management	1,345	0	1,304	0
<b>Total Liabilities relating to restricted assets</b>	<b>1,345</b>	<b>0</b>	<b>1,304</b>	<b>0</b>

(1) Loans are secured by the rating income of Council.

Note: The Following payables although classified as current liabilities, are not expected to be paid in the following 12 months

	2007	2006
Deposits & Retentions	4,652	4,078
Provisions	3,532	3,757

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 10 (b) DESCRIPTION OF AND MOVEMENT OF PROVISIONS

<b>Class of Provision</b>	<b>Opening Balance (\$'000)</b>	<b>Increase in Provision (\$'000)</b>	<b>Payments Payments (\$'000)</b>	<b>Re-Measurement (\$'000)</b>	<b>Closing Balance (\$'000)</b>
Annual & Other Accrued Leave	2,185	1,604	1,662	0	2,127
Sick Leave	310	652	683	0	279
Long Service Leave	4,011	542	630	0	3,923
Gratuities	135	6	0	0	141
Site Remediation	1,125	9	0	0	1,134
<b>Total</b>	<b>7,766</b>	<b>2,813</b>	<b>2,975</b>	<b>0</b>	<b>7,604</b>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 11 RECONCILIATION OF CASH FLOW MOVEMENTS

#### (a) Reconciliation of Cash Assets

	Notes	2007 (\$'000)	2006 (\$'000)
Total Cash and Cash Equivalents	6(a)	10	10
<u>Less: Bank Overdraft</u>	10	<u>(66)</u>	<u>(151)</u>
Balances as per Cash Flow Statement		<u>(56)</u>	<u>(141)</u>

#### (b) Reconciliation of net Operating Result to Cash Provided from Operating Activities

		2007 (\$'000)	2006 (\$'000)
Net Operating Result from Income Statement		17,131	10,057
Add:			
Depreciation and Impairment	4	14,636	14,339
Increase in provision for doubtful debts	7	-	205
Increase in provision for leave entitlements	10	-	221
Decrease in inventories	8	-	80
Decrease in other current assets	8	35	291
Increase in other current liabilities	10	549	2,108
Less:			
Decrease in provision for doubtful debts	7	(240)	-
Decrease in employee leave entitlements	10	(171)	-
Increase in receivables	7	(449)	(93)
Increase in inventories	8	(95)	-
Decrease in payables	10	(298)	(736)
Decrease in accrued interest payable	10	(22)	(19)
Gain on sale of Assets	5	(2,162)	(1,925)
Fair Value Adjustments to Investments	6	(2,259)	(1,813)
Fair value adjustments to investment property	4	(5)	(5)
Amortisation of discounts & premiums recognised recognised	3	(10)	(10)
Non Cash Capital Grants & Contributions	3	(1,564)	(2,918)
<b>Net cash provided by (used in) operating activities</b>		<u>25,076</u>	<u>19,782</u>

## Note 11 (Continued)

	2007 (\$'000)	2006 (\$'000)
<b>(c) Non-Cash Financing and Investing Activities</b>		
Acquisition of Plant & Equipment by means of finance leases	-	47
In Kind Contribution	1,564	2,918
	<u>1,564</u>	<u>2,965</u>
<b>(d) Financing Arrangements</b>		
Unrestricted access was available at balance date to the following lines of credit:		
Bank Overdrafts Facility	-	-
Corporate credit cards	35	30
	<u>35</u>	<u>30</u>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 12 COMMITMENTS FOR EXPENDITURE

	2007 (\$'000)	2006 (\$'000)
<b>(a) Capital Commitments</b>		
Capital expenditure contracted for at the reporting date but not recognised in the financial statements as liabilities:		
Plant & Equipment	87	478
Conservation Brush Farm House	-	2,236
Landscaping Works	119	689
Undergrounding of overhead mains	197	-
Microtunnel design	49	-
<b>Total</b>	<b>452</b>	<b>3,403</b>
These expenditures are payable:		
- Not later than one year	409	3,403
- Later than one year and not later than 5 years	43	-
- Later than 5 years	-	-
<b>Total</b>	<b>452</b>	<b>3,403</b>
<b>(b) Service Commitments</b>		
Other non-capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities include:		
- Waste Management Services	52,022	60,200
- Cleaning Services	400	454
- Audit Services	314	42
- Management Study	153	-
<b>Total</b>	<b>52,888</b>	<b>60,696</b>
These expenditures are payable:		
- Not later than one year	8,716	8,469
- Later than one year and not later than 5 years	35,616	34,644
- Later than 5 years	8,557	17,583
<b>Total</b>	<b>52,888</b>	<b>60,696</b>

## Note 12 Commitments for Expenditure (continued)

	2007 (\$'000)	2006 (\$'000)
<b>(c) Finance Lease Commitments</b>		
Commitments under finance leases at the reporting date are payable as follows:		
- Not later than one year	17	51
- Later than one year and not later than 5 years	13	30
- Later than 5 years	-	-
<b>Total</b>	<b>30</b>	<b>81</b>
Minimum lease payments	30	80
Less: future finance charge	2	5
<b>Lease liability</b>	<b>28</b>	<b>75</b>
Representing lease liabilities:		
- Current	16	48
- Non-Current	12	28
<b>Total</b>	<b>28</b>	<b>76</b>
<b>(d) Operating Lease Commitments</b>		
Commitments under non-cancellable operating leases at 30 June 2007 but not recognised in the financial statements are payable as follows:		
- Not later than one year	-	-
- Later than one year and not later than 5 years	-	-
- Later than 5 years	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>(e) Repairs and Maintenance: Investment Property</b>		
Contractual obligations for future repairs and maintenance	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>(f) Remuneration commitments</b>		
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at 30 June 2007 but not recognised as liabilities. These are payable:		
- Within one year	4,028	2,326
- Later than one year and not later than 5 years	10,734	7,172
- Later than 5 years	-	-
<b>Total</b>	<b>14,762</b>	<b>9,498</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 13 STATEMENT OF PERFORMANCE MEASURES**

	Amounts (\$'000)	Current Year Indicators	2006	2005
<b>1. UNRESTRICTED CURRENT RATIO</b>				
<u>Current Assets Less All External Restrictions <sup>(1)</sup></u>	<u>\$17,897</u>	1.7:1	1.8:1	1.7:1
<u>Current Liabilities Less Specific Purpose Liabilities <sup>(2) (3)</sup></u>	<u>\$10,489</u>			
<b>2. DEBT SERVICE RATIO</b>				
<u>Debt Service Cost (Principal &amp; Interest Payments)</u>	<u>\$1,848</u>	2.6%	3.2%	3.2%
Revenue from continuing operations, excluding capital items and specific purpose grants/contributions	\$71,217			
<b>3. RATE COVERAGE RATIO</b>				
<u>Rates and Annual Charges</u>	<u>\$48,270</u>	57.2%	58.0%	57.9%
Revenue from continuing operations	\$84,454			
<b>4. RATES &amp; ANNUAL CHARGES OUTSTANDING PERCENTAGE</b>				
<u>Rates and Annual Charges Outstanding</u>	<u>\$1,234</u>	2.5%	2.6%	2.7%
Rates and Annual Charges Collectable	\$49,543			

(1) Refer to Notes 6 - 8 Inclusive

(2) Refer to Note 10(c)

(3) Excludes ELE Provisions and Deposits of \$3532K and \$4652K, respectively

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 14 INVESTMENT PROPERTIES

	2007 (\$'000)	2006 (\$'000)
<b>At Fair Value</b>		
Opening balance at July 1 2006	2,525	2,520
Net gain (loss) from fair value adjustment	5	5
<b>Closing Balance at 30 June 2007</b>	<u>2,530</u>	<u>2,525</u>

#### (a) Amounts Recognised in Profit and Loss for Investment Property

Rental income	175	155
Net gain (loss) from fair value adjustment	5	5
Direct operating expenses from property that generated rental income	(20)	(19)
<b>Total</b>	<u>160</u>	<u>141</u>

#### (b) Valuation Basis

The basis of the valuation of investment properties is at fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition subject to similar leases. The 2007 revaluations were based on independent assessments made by a member of the Australian Property institute.

#### (c) Contractual obligations

Refer to Note 12 for disclosure of any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

#### (d) Leasing Arrangements

The investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows.

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

- Not later than one year	79	175
- Later than one year and not later than 5 years	157	236
- Later than 5 years	-	-
<b>Total</b>	<u>236</u>	<u>411</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 15 FINANCIAL INSTRUMENTS**

**(a) Interest Rate Risk Exposures**

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 to maturity.

2007	Notes	Floating Interest Rate (\$'000)	Fixed interest maturing in:						Non-interest bearing (\$'000)	Total (\$'000)
			<1 year (\$'000)	1-2 Years (\$'000)	2-3 Years (\$'000)	3-4 Years (\$'000)	4-5 Years (\$'000)	>5 years (\$'000)		
<b>Financial Assets</b>										
Cash and deposits	6a	-							10	10
Receivables	7	-	703	349					2,820	3,872
Investments	6b	60,939							-	60,939
<b>Total</b>		60,939	703	349			-	-	2,830	64,821
Weighted Ave. interest rate		6.72%	9.00%	9.00%					0.00%	6.42%
<b>Financial Liabilities</b>										
Bank overdraft	10a	-							66	66
Finance Leases	10a	-	16	12					-	28
Trade and Other payables	10a	6,158							4,959	11,117
Loans	10a	5,904	716	344	-	-	-	-	318	7,282
<b>Total</b>		12,062	732	356	-	-	-	-	5,343	18,493
Weighted Ave. Interest rate		4.77%	6.61%	6.81%						3.50%
<b>Net Financial assets/(liabilities)</b>		<b>48,877</b>	<b>(29)</b>	<b>(7)</b>	-	-	-	-	<b>(2,513)</b>	<b>46,328</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 15 (continued)

#### FINANCIAL INSTRUMENTS

2006	Notes	Floating interest rate (\$'000)	Fixed interest maturing in:						Non- interest bearing (\$'000)	Total (\$'000)
			<1 year (\$'000)	1-2 Years (\$'000)	2-3 Years (\$'000)	3-4 Years (\$'000)	4-5 Years (\$'000)	>5 years (\$'000)		
<b>Financial Assets</b>										
Cash and deposits	6a	-							10	10
Receivables	7	-	721	248					2,267	3,236
Investments	6b	52,637							-	52,637
<b>Total</b>		<b>52,637</b>	<b>721</b>	<b>248</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,277</b>	<b>55,883</b>
Weighted Ave. interest rate		6.27%	9.00%	9.00%					0.00%	6.02%
<b>Financial Liabilities</b>										
Bank overdraft	10a	-							151	151
Finance Leases	10a	-	48	28					-	76
Trade and Other payables	10a	5,622	-						5,229	10,851
Loans	10a	6,218	671	716	344				636	8,585
<b>Total</b>		<b>11,840</b>	<b>719</b>	<b>744</b>	<b>344</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,016</b>	<b>19,663</b>
Weighted Ave. interest rate		4.88%	6.58%	6.58%	6.81%				0.00%	3.55%
<b>Net Financial assets/(liabilities)</b>		<b>40,797</b>	<b>2</b>	<b>(496)</b>	<b>(344)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,739)</b>	<b>36,220</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 15 (continued)

#### FINANCIAL INSTRUMENTS

##### (b) Net Fair Value of Financial Assets

The aggregate net fair values of Council's financial assets and financial liabilities are detailed as follows:

	2007		2006	
	Carrying Amount (\$'000)	Aggregate Net Fair Value (\$'000)	Carrying Amount (\$'000)	Aggregate Net Fair Value (\$'000)
<b>Financial Assets</b>				
Receivables	3,872	3,872	3,236	3,236
Cash and Investments	60,949	61,016	52,647	52,843
Other assets	-	-	-	-
<b>Total</b>	<b>64,821</b>	<b>64,888</b>	<b>55,883</b>	<b>56,079</b>
<b>Financial Liabilities</b>				
Bank loans	7,348	7,348	8,736	8,736
Finance Leases	28	28	76	76
Other liabilities	11,117	11,117	10,851	10,851
<b>Total</b>	<b>18,493</b>	<b>18,493</b>	<b>19,663</b>	<b>19,663</b>

##### (c) Credit risk

The credit risk of financial assets, excluding investments, is the carrying amount net of any provision for doubtful debts.

Council has an investment policy which seeks to minimise the risk of capital loss. Investments are placed in accordance with the Local Government Investment Order which restricts investments to securities carrying a credit rating of "A" or better.

Debtors for rates and annual charges are secured by a charge over the land to which they relate.

There are no significant concentrations of credit risk to any single debtor or group of debtors.

##### (d) Policies

Accounting policies in respect to financial assets and financial liabilities are described in Note 1.

##### (e) Terms and Conditions

Terms and conditions associated with financial assets and financial liabilities which may significantly affect the amount, timing and certainty of future cash flows are set out below:

Investments - certain investments are 'capital guaranteed' if Council holds the investment until its maturity. Should Council redeem the investment before that time, then there is a risk that capital may not be fully recouped.

## 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 2006. The original projections on which the budget was based have been affected by a number of factors.

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

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

#### **Interest and Investment Income \$889K 29% (F)**

- Interest income exceeded budget and is reflective of the active management of Council's investment portfolio

#### **Other Revenues -\$857K -18% (U)**

Major variations for Other Revenue from Continuing Operations are as follows:

- Regulated parking income was budgeted to include the operation of parking meters within Macquarie Park for the financial year. Parking Meters were commissioned in February 2007.

#### **Grants & Contributions provided for Capital Purposes \$6,295K 155% (F)**

- Council has received \$838K in contributions for Voluntary Planning Agreements for Developments within Meadowbank and Top Ryde
- In kind contributions for Helene Park - Land Asset (\$564K) and the Shepherds Bay Community Centre - Land & Building Assets (\$1M) have been received by Council. These transactions were not budgeted for.
- Section 94 Contributions were \$2.31M over budget. This increase is primarily a result of increased development activities within Macquarie Park.

#### **Net gain from the disposal of assets \$2,162K 100% (F)**

- Council received net sale proceeds of \$1.5M following the sale of a portion of Well Street - road asset to Holdmark Investments Pty Ltd. This transaction was included in the 2005/2006 General Purpose Financial Reports Note 23 "Currents Assets Classified as Held for Sale."
- Council realised sale proceeds of \$325K following the sale of a café space at 100 Belmore Street.
- Council realised a \$260K gain on sale on the disposal of Investments. All investment revenue is budgeted for interest and therefore additional investment revenue.

#### **Expenses**

#### **Borrowing Costs -\$71K -13% (F)**

- Borrowing Costs were under budget due to lower interest rates being paid than those that were used to develop the budget.

## Note 16 (continued)

### **Materials and Contracts -\$3,256K -15% (F)**

- Waste expenditure was \$1.2M under budget. This result reflects savings in waste collection and waste disposal costs.
- Ryde Aquatic Leisure Centre Kiosk was leased to a third party at the commencement of the financial year. The kiosk purchased budget was not spent.
- Internal plant hire is budgeted for within Materials & Contracts. For General Purpose Financial Reporting purposes \$1.5M actual expenditure has been dispersed to Employees Costs , Other Expenses and Depreciation.

### **Net Loss from the disposal of assets -\$53K -100% (F)**

- Council budgeted for a loss on sale of plant and equipment of \$53K. Actual result was a gain on sale of \$2K. In accordance with the DLG Code of Account Practice, Council recognised a net gain from the disposal of assets, therefore actual results are classified as revenue.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 17 STATEMENT OF DEVELOPER CONTRIBUTIONS

#### (A) SUMMARY OF DEVELOPER CONTRIBUTIONS

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR *		INTEREST & INVESTMENT INCOME EARNED DURING YEAR	EXPENDED DURING YEAR	EXPENDED IN ADVANCE	HELD AS RESTRICTED ASSET **	WORKS PROVIDED TO DATE
		CASH	NON-CASH					
		\$'000	\$'000					
Drainage	8,818	2,490	-	725	213	-	11,820	6,505
Parking	534	68	-	39	-	-	641	2,403
North Ryde Traffic Fund	1	-	-	-	-	-	1	1,554
Traffic Facilities	950	-	-	61	284	-	727	284
Open Space	3,655	2,043	-	250	2,494	-	3,454	32,190
Streetscape	485	17	-	36	-	-	538	-
Community Facilities	86	6	-	4	79	-	17	355
Other	245	190	-	21	117	-	339	356
<b>TOTAL</b>	<b>14,774</b>	<b>4,814</b>	<b>-</b>	<b>1,136</b>	<b>3,187</b>	<b>-</b>	<b>17,537</b>	<b>43,647</b>

#### CONTRIBUTION PLAN NO. 1

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR *		INTEREST EARNED DURING YEAR	EXPENDED DURING YEAR	EXPENDED IN ADVANCE	HELD AS RESTRICTED ASSET **	WORKS PROVIDED TO DATE
		CASH	NON-CASH					
		\$'000	\$'000					
Drainage	6,481	2,490	-	560	85	-	9,446	1,992
Parking	510	68	-	37	-	-	615	-
North Ryde Traffic Fund	1	-	-	-	-	-	1	1,554
Traffic Facilities	472	-	-	37	-	-	509	-
Open Space	3,412	2,043	-	232	2,494	-	3,193	21,240
Other	219	190	-	19	117	-	311	356
<b>TOTAL</b>	<b>11,095</b>	<b>4,791</b>	<b>-</b>	<b>885</b>	<b>2,696</b>	<b>-</b>	<b>14,075</b>	<b>25,142</b>

#### MEADOWBANK CONTRIBUTION PLAN

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR *		INTEREST EARNED DURING YEAR	EXPENDED DURING YEAR	EXPENDED IN ADVANCE	HELD AS RESTRICTED ASSET **	WORKS PROVIDED TO DATE
		CASH	NON-CASH					
		\$'000	\$'000					
Drainage	1,673	-	-	117	128	-	1,662	3,178
Traffic Facilities	478	-	-	24	284	-	218	284
Streetscape	485	17	-	36	-	-	538	-
Open Space	243	-	-	18	-	-	261	-
Community Facilities	86	6	-	4	79	-	17	355
Other	26	-	-	2	-	-	28	-
<b>TOTAL</b>	<b>2,991</b>	<b>23</b>	<b>-</b>	<b>201</b>	<b>491</b>	<b>-</b>	<b>2,724</b>	<b>3,817</b>

#### CONTRIBUTIONS NOT UNDER PLANS

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR *		INTEREST EARNED DURING YEAR	EXPENDED DURING YEAR	EXPENDED IN ADVANCE	HELD AS RESTRICTED ASSET **	WORKS PROVIDED TO DATE
		CASH	NON-CASH					
		\$'000	\$'000					
Drainage	664	-	-	48	-	-	712	1,335
Parking	24	-	-	2	-	-	26	2,403
Open Space	-	-	-	-	-	-	-	10,950
<b>TOTAL</b>	<b>688</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>738</b>	<b>14,688</b>

\* Reconcilable with Note 3

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

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 18 CONTINGENCIES

The following assets and liabilities do not qualify for recognition in the Balance Sheet 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) During 2005 Council finalised negotiations and various documents were executed for the proposed sale of a stratum lot, part of 1 Devlin Street Ryde. The purchasers exercised their "call option" and the sale contract was settled in July 2007. The stratum lot was sold for \$20 million. Council will retain ownership of the areas above and below the stratum.

(b) 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 the net assets or 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 2007.

(c) Council holds a partly paid share in Statecover Mutual Limited, a company providing workers compensation insurance cover for Council. Council has a contingent liability to contribute further equity in the event of the erosion of the capital balance of the company as a result of the company's performance and/or experience.

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 19 INTERESTS IN JOINT VENTURES**

The Council has no interests in joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 20 REVALUATION RESERVES AND RETAINED EARNINGS

	2007 (\$'000)	2006 (\$'000)
<b>(a) Revaluation reserves</b>		
Infrastructure, property, plant and equipment revaluation reserve	81,699	-
<b>Total assets</b>	<u>81,699</u>	<u>-</u>
<b>Movements:</b>		
<b><i>Property, plant and equipment revaluation reserve</i></b>		
At beginning of year	-	-
Revaluation- gross	110,497	-
Depreciation transfer - gross	(28,798)	-
At end of year	<u>81,699</u>	<u>-</u>
<b>(b) Retained earnings</b>		
Movements in retained earnings were as follows:		
At beginning of year	1,310,372	1,300,315
Accumulated Depreciation Adjustment due to asset revaluation	279,931	-
Net operating result for the year	17,131	10,057
At end of year	<u>1,607,434</u>	<u>1,310,372</u>

**(c) Nature and purpose of reserves**

***(i) Infrastructure, property, plant and equipment revaluation reserve***

The infrastructure, property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

**(d) Asset Revaluation at Fair Value**

The following asset classes were revalued at 30 June 2007:

Buildings, Public Roads, and Drainage Works.

Refer to Note 1(m)

Asset revaluation: Retrospective restatement was impracticable in relation to the evidence that has come to light indicating that the asset was consumed to a greater level (or consumed to a lesser degree) as at 30/06/2007 as had been accounted for in prior periods and instead adjustments have been made to Retained Earnings at 30/06/2007.

## NOTES TO THE FINANCIAL STATEMENTS

### Note 21 REINSTATEMENT, REHABILITATION AND RESTORATION LIABILITIES

#### Site Remediation

Council is required by law to restore sites at Wellington Road and Parsonage Street to their original condition, following their former usage as Council works depots.

	2007 (\$'000)	2006 (\$'000)
At beginning of the year	1,125	1,125
Revised Costs	97	-
Remediation Works	<u>(88)</u>	<u>-</u>
At end of the Year	<u>1,134</u>	<u>1,125</u>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 22 NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	2007 (\$'000)	2006 (\$'000)
Roads	174	278
Total	<u>174</u>	<u>278</u>

Council has one (1) road which it has made a decision to dispose of.  
Negotiations for sale are currently being undertaken.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 23 EVENTS OCCURRING AFTER BALANCE SHEET DATE

- (a) Subsequent to balance date, towards the end of July 2007, and to the date of this report, global financial markets have experienced significant volatility as a result of the US sub-prime Mortgage crisis.

Whilst the City of Ryde was not directly invested in this market, a proportion of Council's investment portfolio is invested in structured products (CDOs, CPDOs and Capital Protected Notes) at 30 June 2007 has been indirectly effected as a result of contagion market volatility.

These structured products were acquired on the basis of holding the investment to maturity and are thus valued at amortised cost in accordance to AASB139.

The latest valuations available on 10 October 2007 indicate an estimated decrease since year end of 2.26% (\$1.377 million) on Council's \$60.940 million cash investment portfolio as at 30 June 2007.

It should be noted that this is regarded as a "paper loss" as until such time as the investments are sold, any actual gain or loss is unknown.

These investments continue to pay their coupons (interest) and there have been no defaults in the underlying securities.

Whilst the high levels of volatility that commenced in July continued in August, credit markets were considerably more stable in September though still not as stable as seen in the first half of the year.

It is Council's intention to hold these investments to maturity and Council Officers continue to closely monitor Council's investment portfolio.

Council's investment portfolio has sufficient diversification to provide liquidity until other investments mature.

- (b) On 17 July 2007, the sale contract of Stratum Lot 1 Deposited Plan 1110978, known as part of 1 Devlin St, Ryde, was executed. The balance of \$18 million was paid to Council at this time. Negotiations were undertaken in 2005 by Council for the stratum sale totalling \$20 million.



**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 2007, comprising the Statement by Councillors and Management, Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying Notes to the Financial Statements. 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 Income Statement, Cash Flow Statement 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;
  - (iii) presents fairly the Council's financial position and the results of its operations; and
  - (iv) are in accordance with applicable accounting standards and other mandatory professional reporting requirements.
- (c) we have been able to obtain all the information relevant to the conduct of our audit; and
- (d) there are no material deficiencies in the accounting records or financial reports that we have become aware of during the course of the audit.

**SPENCER STEER**  
Chartered Accountants

**N. MAH CHUT**  
Partner

Dated at Sydney this 15th day of October 2007



SPENCER STEER  
CHARTERED ACCOUNTANTS

15 October 2007

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

Mayor,

**Audit Report - Year Ended 30 June 2007**

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2007 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 equivalents to International Financial Reporting Standards (AIFRS) and the Local Government Code of Accounting Practice and Financial Reporting.

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

**1. RESULTS FOR THE YEAR**

***1.1 Operating Result***

The operating result for the year was a Surplus of \$17.131 million as compared with \$10.057 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.



	2007	% of Total	2006	% of Total	Increase (Decrease)
	\$000		\$000		\$000
<b>Revenues before capital items</b>					
Rates & annual charges	48,270	65%	43,794	65%	4,476
User charges, fees & other revenues	16,049	22%	14,941	22%	1,108
Grants & contributions provided for operating purposes	5,803	8%	5,113	8%	690
Interest & investment revenue	3,965	5%	3,290	5%	675
	<b>74,087</b>	<b>100%</b>	<b>67,138</b>	<b>100%</b>	<b>6,949</b>
<b>Expenses</b>					
Employee benefits & costs	25,611	38%	24,498	37%	1,113
Materials, contracts & other expenses	26,579	39%	26,144	40%	435
Depreciation, amortisation & impairment	14,636	22%	14,339	22%	297
Borrowing costs	497	1%	517	1%	(20)
	<b>67,323</b>	<b>100%</b>	<b>65,498</b>	<b>100%</b>	<b>1,825</b>
<b>Surplus(Deficit) before capital items</b>	<b>\$ 6,764</b>		<b>\$ 1,640</b>		<b>\$ 5,124</b>
Grants & contributions provided for capital purposes	10,367		8,417		1,950
<b>Net Surplus(Deficit) for the year</b>	<b>\$ 17,131</b>		<b>\$ 10,057</b>		<b>\$ 7,074</b>

The table above shows an overall increase over the previous year of \$7.074 million. Rates and annual charges increased by \$4.476 million and included special levies for the Macquarie Park (\$1.012 million) and the Stormwater Management Service Charge (\$956,000).

## 1.2 Funding Result

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



	2007	2006
	\$000	\$000
<b>Funds were provided by:-</b>		
<b>Operating Result (as above)</b>	<b>17,131</b>	<b>10,057</b>
Add back non funding items:-		
- Depreciation, amortisation & impairment	14,636	14,339
- Book value of non current assets sold	2,258	2,263
- (Gain)Loss of fair value to investment properties	(5)	(5)
	<u>34,020</u>	<u>26,654</u>
Decrease/Redemption in Non Current Investments	0	2,485
Finance Leases	0	47
Transfers from internal reserves (net)	553	0
Net Changes in current/non current assets & liabilities	256	362
	<u>34,829</u>	<u>29,548</u>
<b>Funds were applied to:-</b>		
Purchase and construction of assets	(23,794)	(23,016)
Increase/Purchase in Non Current Investments	(6,029)	0
Principal repaid on loans	(1,303)	(1,410)
Finance lease instalments	(48)	(122)
Transfers to externally restricted assets (net)	(4,548)	(2,696)
Transfers to internal reserves (net)	0	(4,103)
	<u>(35,722)</u>	<u>(31,347)</u>
<b>Increase(Decrease) in Available Working Capital</b>	<b>(893)</b>	<b>(1,799)</b>

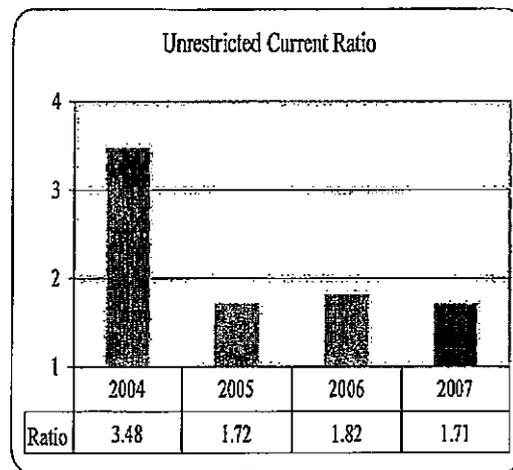
## 2. FINANCIAL POSITION

### 2.1 Unrestricted Current Ratio

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

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to \$7.408 million representing a factor of 1.71 to 1.

The significant decline since 2004 is due to the investment of internally restricted funds maturing beyond 12 months after year end viz; - 2007 - \$22.9m - 2006 - \$16m - 2005 - \$17.6m.



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

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



At the close of the year the Available Working Capital of Council stood at \$2.353 million as detailed below;

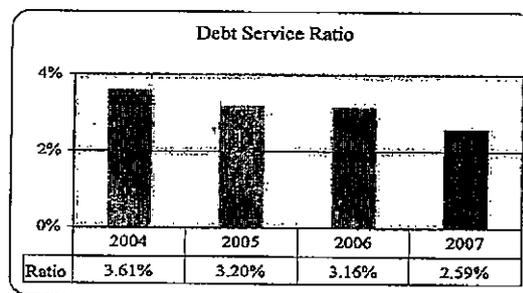
	2007	2006	Change
	\$000	\$000	\$000
<b>Net Current Assets (Working Capital) as per Accounts</b>	<b>21,388</b>	<b>18,683</b>	<b>2,705</b>
<i>Add:</i> Payables & provisions not expected to be realised in the next 12 months included above	8,184	7,835	349
<b>Adjusted Net Current Assets</b>	<b>29,572</b>	<b>26,518</b>	<b>3,054</b>
<i>Add:</i> Budgeted & expected to pay in the next 12 months			
- Borrowings	1,377	1,358	19
- Employees leave entitlements	2,792	2,734	58
- Site remediation	1,134	1,125	9
- Deposits & retention moneys	1,506	1,544	(38)
<i>Less:</i> Externally restricted assets	(22,164)	(17,616)	(4,548)
<i>Less:</i> Internally restricted assets	(11,864)	(12,417)	553
<b>Available Working Capital as at 30 June</b>	<b>\$ 2,353</b>	<b>\$ 3,246</b>	<b>\$ (893)</b>

The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures. Taking into consideration the nature and level of the internally restricted assets (Reserves) set aside we are of the opinion that Available Working Capital as at 30 June 2007 was sound.

### 2.3 Debt

Principal & interest on borrowings amounted to \$1.848 million.

Operating revenue (excluding special purpose grants and contributions) required to service these repayments was 2.59%.



### 2.4 Summary

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

## 3. CASH ASSETS

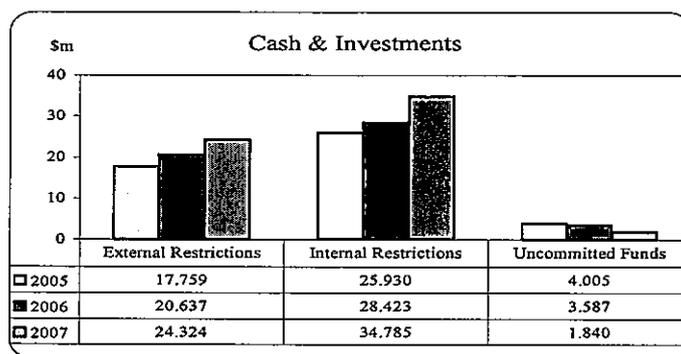
### 3.1 Cash & Investments

Highly liquid cash and investments including those held with maturity dates beyond 12 months totalled \$60.949 million at the close of the year as compared with \$52.647 million in 2006 and \$47.694 million in 2005.



Since the end of the financial year the value of Council’s investment portfolio has been significantly affected by the recent downturn in the US Sub-prime mortgage market. The latest valuations indicate an estimated decrease since year end of \$1.377 million or 2.26% of Council’s total investment portfolio – refer Note 23 of the financial statements (*events occurring after balance sheet date*).

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



**Externally restricted cash and investments** are restricted in their use by externally imposed requirements and consist of unexpended development contributions under Section 94 of \$17.537 million, domestic waste management charges of \$4.919 million and specific purpose grants and contributions of \$1.868 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 \$34.785 million and their purposes are more fully disclosed in Note 6 of the financial statements.

**Unrestricted cash and investments** amounted to \$1.840 million, which are available to provide liquidity for day to day operations.

### 3.2 Cash Flows

The Cash Flow Statement illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that Cash increased by \$85,000 to an overdrawn position of \$56,000 at the close of the year. In addition to operating activities which contributed net cash of \$25.076 million were the proceeds from the sale of investments (\$49.239 million) and assets (\$4.213 million). Cash outflows other than operating activities were used to purchase investments (\$55.011 million), repay loans and deferred payment creditors (\$1.351 million) and to purchase and construct assets (\$22.081 million).

## 4. RECEIVABLES

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

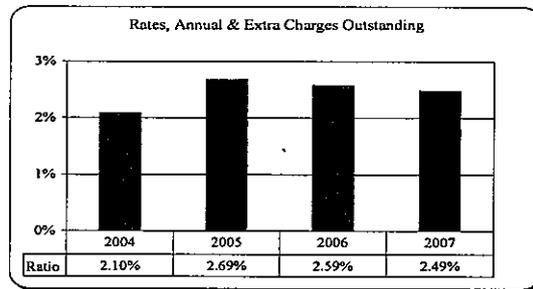
Net rates and annual charges levied during the year totalled \$48.270 million and represented 57.16% of Council’s total revenues.

Including arrears, the total rates and annual charges collectible was \$49.239 million of which \$48.187 million (97.86%) was collected.



**4.2 Rates, Annual & Extra Charges**

Arrears of rates, annual & extra charges stood at \$1.234 million at the end of the year & represented 2.49% of those receivables.



**4.3 Other Receivables**

Receivables (other than rates, annual & extra charges) totalled \$2.658 million of which amounts due from government departments amounted to \$1.095 million. Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$20,000.

**5. PAYABLES**

**5.1 Employees Leave Entitlements**

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$6.470 million. A cash reserve of \$1.781 million was held at year end representing 27.53% of this liability and was, in our opinion, sufficient to meet unbudgeted and unanticipated retirements.

**5.2 Deposits, Retentions & Bonds**

Deposits, retentions and bonds held at year end amounted to \$6.158 million of which 96.27% were funded by cash and investments.

**6. REVALUATION OF ASSETS**

The current year saw the revaluation of buildings and infrastructure assets to fair value. Previously, these assets were carried at cost and depreciated over their useful lives. The revaluation process resulted in a net increase of \$361.630 million and was credited directly to Retained Earnings and the Asset Revaluation Reserve.

**7. CONCLUSION**

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

Yours faithfully,  
**SPENCER STEER**  
*Chartered Accountants*

**N. MAH CHUT**  
Partner



City of Ryde

## Special Purpose Financial Reports for the Year Ended 30 June 2007

### 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 & Costing for Council Businesses: A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- The Department of Water and Energy Practice Management of Water Supply and Sewerage Guidelines.

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

- present fairly the operating result and financial position for each of Council's declared Business Activities for the year, and
- accord with Council's accounting and other records.

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

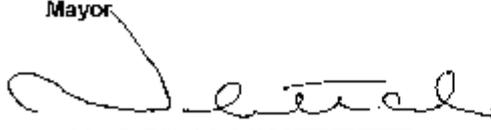
Signed in accordance with a resolution of Council made on 25 September 2007.



Ivan Petch  
Mayor



Sarkis Yedelian  
Deputy Mayor



Michael Whittaker  
General Manager



Richard Nankivell  
Chief Financial Officer  
(Responsible Accounting Officer)

## Council of the City of Ryde

### INCOME STATEMENT OF OTHER BUSINESS ACTIVITIES for the year ended 30 June 2007 (\$000's)

	Domestic Waste Management		Ryde Aquatic Leisure Centre		Property Leasing		Ryde Certification Service		Commercial Waste Management		Works - External Works	
	Category 1		Category 1		Category 2		Category 2		Category 2		Category 2	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
<b>Income from continuing operations</b>												
Annual Charges	10,385	9,531	-	-	-	-	-	-	-	-	-	-
User Charges	-	-	4,421	4,603	-	-	-	-	457	495	-	-
Fees	-	-	-	-	-	-	219	240	-	-	44	114
Interest	23	20	-	-	-	-	-	-	-	-	-	-
Other income	12	13	38	5	621	611	17	9	-	-	-	-
Grants & Contributions provided for Non-Capital Purposes	257	210	-	-	-	-	-	-	-	-	-	-
Profit from sale of assets	-	-	317	5	-	-	-	-	-	-	-	-
<b>Total Income From Continuing Operations</b>	<b>10,677</b>	<b>9,774</b>	<b>4,776</b>	<b>4,613</b>	<b>621</b>	<b>611</b>	<b>236</b>	<b>249</b>	<b>457</b>	<b>495</b>	<b>44</b>	<b>114</b>
<b>Expenses from continuing operations</b>												
Employee benefits and on costs	842	574	2,328	2,439	44	97	358	339	18	25	13	35
Materials and Contracts	7,779	8,249	1,449	1,792	65	173	418	368	146	206	10	57
Borrowing costs	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and impairment	23	2	861	851	106	101	-	-	-	-	-	-
Loss on sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
Taxation Equivalent Payments	51	-	140	161	54	193	-	-	-	-	-	-
Other expenses	797	957	625	587	86	78	1	1	34	33	-	-
<b>Total Expenses From Continuing Operations</b>	<b>9,492</b>	<b>9,782</b>	<b>5,403</b>	<b>5,830</b>	<b>355</b>	<b>642</b>	<b>777</b>	<b>708</b>	<b>198</b>	<b>264</b>	<b>23</b>	<b>92</b>
<b>Surplus (Deficit) from Continuing Operations before capital amounts</b>	<b>1,185</b>	<b>(8)</b>	<b>(627)</b>	<b>(1,217)</b>	<b>266</b>	<b>(31)</b>	<b>(541)</b>	<b>(459)</b>	<b>259</b>	<b>231</b>	<b>21</b>	<b>22</b>
Grants & Contributions provided for Capital Purposes	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus (Deficit) from Continuing Operations after capital amounts</b>	<b>1,185</b>	<b>(8)</b>	<b>(627)</b>	<b>(1,217)</b>	<b>266</b>	<b>(31)</b>	<b>(541)</b>	<b>(459)</b>	<b>259</b>	<b>231</b>	<b>21</b>	<b>22</b>
Surplus (Deficit) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus (Deficit) from All Operations before Tax</b>	<b>1,185</b>	<b>(8)</b>	<b>(627)</b>	<b>(1,217)</b>	<b>266</b>	<b>(31)</b>	<b>(541)</b>	<b>(459)</b>	<b>259</b>	<b>231</b>	<b>21</b>	<b>22</b>
Corporate Taxation Equivalent (30%) [based on Operating result before capital]	356	-	-	-	80	-	-	-	78	69	6	7
<b>Surplus (Deficit) After Tax</b>	<b>829</b>	<b>(8)</b>	<b>(627)</b>	<b>(1,217)</b>	<b>186</b>	<b>(31)</b>	<b>(541)</b>	<b>(459)</b>	<b>181</b>	<b>162</b>	<b>15</b>	<b>15</b>
<b>Opening Retained profits *</b>	<b>3,311</b>	<b>3,146</b>	<b>20,611</b>	<b>22,461</b>	<b>9,261</b>	<b>9,918</b>	<b>-</b>	<b>-</b>	<b>199</b>	<b>199</b>	<b>30</b>	<b>30</b>
Adjustments for Amounts Unpaid:-												
Taxation Equivalent Payments	51	-	140	161	54	193	-	-	-	-	-	-
Corporate Taxation Equivalent	356	-	-	-	80	-	-	-	78	69	6	7
Plus: Subsidy from Council	-	-	-	-	-	-	541	459	-	-	-	-
Plus: Equity Contributions	173	173	1,253	215	767	603	-	-	-	-	-	-
Less: Equity Withdrawals	-	-	-	-	-	-	-	-	-	-	-	-
Less: TER Dividend payment (non restricted activities)	-	-	(140)	(161)	(134)	(193)	-	-	(78)	(69)	(6)	(7)
Less: Surplus Dividend payment (non restricted activities)	-	-	-	-	(186)	-	-	-	(181)	(162)	(15)	(15)
<b>Closing Retained Profits</b>	<b>4,720</b>	<b>3,311</b>	<b>21,237</b>	<b>21,459</b>	<b>10,028</b>	<b>10,490</b>	<b>-</b>	<b>-</b>	<b>199</b>	<b>199</b>	<b>30</b>	<b>30</b>
<b>RETURN ON CAPITAL (%)</b>	<b>171%</b>	<b>-3%</b>	<b>-3%</b>	<b>-6%</b>	<b>2%</b>	<b>0%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>SUBSIDY FROM COUNCIL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>541</b>	<b>459</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* Opening Retained Earnings of some Business Activities have been effected by the revaluation of various classes of Non-Current asset to fair value.

<b>Calculation of Dividend Payable</b>												
Surplus (Deficit) after tax	829	(8)	(627)	(1,217)	186	(31)	(541)	(459)	181	162	15	15
Less: Capital grants & contributions	-	-	-	-	-	-	-	-	-	-	-	-
Surplus for dividend calculation purposes	829	(8)	(627)	(1,217)	186	(31)	(541)	(459)	181	162	15	15
<b>Dividend calculated from surplus</b>	<b>829</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>186</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>181</b>	<b>162</b>	<b>15</b>	<b>15</b>

## Council of the City of Ryde

### BALANCE SHEET OF OTHER BUSINESS ACTIVITIES for the year ending 30 June 2007 (\$000's)

	Domestic Waste Management		Ryde Aquatic Leisure Centre		Property Leasing		Ryde Certification Service		Commercial Waste Management		Works - External Works	
	(Category 1)		(Category 1)		(Category 2)		(Category 2)		(Category 2)		(Category 2)	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
<b>CURRENT ASSETS</b>												
Cash Asset and cash equivalents	5,078	4,070	-	-	-	285	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	265	249	21	71	17	32	-	-	10	79	-	4
Inventories	-	-	11	11	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	86	86	197	157	33	35
<b>TOTAL CURRENT ASSETS</b>	<b>5,343</b>	<b>4,319</b>	<b>32</b>	<b>82</b>	<b>17</b>	<b>317</b>	<b>86</b>	<b>86</b>	<b>207</b>	<b>236</b>	<b>33</b>	<b>39</b>
<b>NON-CURRENT ASSETS</b>												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	30	64	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	692	232	22,283	23,068	11,156	10,197	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>722</b>	<b>296</b>	<b>22,283</b>	<b>23,068</b>	<b>11,156</b>	<b>10,197</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>6,065</b>	<b>4,615</b>	<b>22,315</b>	<b>23,150</b>	<b>11,173</b>	<b>10,514</b>	<b>86</b>	<b>86</b>	<b>207</b>	<b>236</b>	<b>33</b>	<b>39</b>
<b>CURRENT LIABILITIES</b>												
Payables	1,345	1,304	332	351	-	-	3	2	2	29	-	-
Interest Bearing Liabilities	-	-	205	733	-	-	-	-	-	-	-	-
Provisions	-	-	529	593	10	24	81	82	6	8	3	9
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,345</b>	<b>1,304</b>	<b>1,066</b>	<b>1,677</b>	<b>10</b>	<b>24</b>	<b>84</b>	<b>84</b>	<b>8</b>	<b>37</b>	<b>3</b>	<b>9</b>
<b>NON-CURRENT LIABILITIES</b>												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Interest Bearing Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Provisions	-	-	12	14	0	1	2	2	0	-	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>14</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>	<b>4,720</b>	<b>3,311</b>	<b>21,237</b>	<b>21,459</b>	<b>11,163</b>	<b>10,490</b>	<b>-</b>	<b>-</b>	<b>199</b>	<b>199</b>	<b>30</b>	<b>30</b>
<b>EQUITY</b>												
Retained Earnings	4,720	3,311	21,237	21,459	10,028	10,490	-	-	199	199	30	30
Revaluation Reserves	-	-	-	-	331	-	-	-	-	-	-	-
<b>TOTAL EQUITY</b>	<b>4,720</b>	<b>3,311</b>	<b>21,237</b>	<b>21,459</b>	<b>10,358</b>	<b>10,490</b>	<b>-</b>	<b>-</b>	<b>199</b>	<b>199</b>	<b>30</b>	<b>30</b>

## NOTES TO THE SPECIAL PURPOSE FINANCIAL REPORTS

### NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

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

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

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; and return on investments (rate of return); and dividends paid.

#### Declared Business Activities

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

#### Category 1

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	Leasing 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.
Works – External Works	The provision of urban services to customers within Ryde and its surrounding districts

## Monetary Amounts

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

## 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 the value in excess of \$352,000
Payroll Tax	6.0% of total labour payments for the individual business activity in excess of \$600,000
Stamp Duty	Statutory rates 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 – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

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.

Accordingly, there is no need for disclosure of internal charges in the GPFR. The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

## Local Government Rates & Charges

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

## **Loan and Debt Guarantee Charges**

The debt guarantee fee is designed to ensure that Council business activities face “true” commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and the council’s borrowing rate for its business activities.

## **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 Income Statement 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 Income Statement 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 Income Statement.



**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 2007, comprising the Statement by Councillors and Management, Income Statement of Business Activities, Balance Sheet of Business Activities, and accompanying Notes to the Financial Statements. 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 Accounting Standards 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 15th day of October 2007





City of Ryde



# General Purpose Financial Statements -Special Schedules

Year Ended 30 June 2007

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## Council of the City of Ryde

### SPECIAL SCHEDULES - Schedule No. 1

#### NET COST OF SERVICES

for the year ended 30 June 2007

(\$'000)

Function or Activity	EXPENSES FROM CONTINUING OPERATIONS		REVENUES FROM CONTINUING OPERATIONS			NET COST OF SERVICES	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
<b>GOVERNANCE</b>	1,588		5	0		(1,582)	
		1,588			5		(1,582)
<b>ADMINISTRATION</b>							
Corporate Support	1,104		1	0		(1,104)	
Engineering & Works	1,750		152	1		(1,596)	
Other Support Services	9,603		204	3,351		(6,048)	
		12,458			3,710		(8,748)
<b>PUBLIC ORDER &amp; SAFETY</b>							
Statutory Contribution to Fire Service Levy	1,367		0	0		(1,367)	
Fire Protection - Other	0		0	0		0	
Animal Control	185		67	0		(118)	
Beach Control	0		0	0		0	
Enforcement of Local Govt Regs	329		0	0		(329)	
Emergency Services	152		0	0		(152)	
Other	1,202		2,212	0		1,010	
		3,235			2,278		(956)
<b>HEALTH</b>							
Administration & Inspection	363		112	0		(251)	
Immunisation	90		58	0		(33)	
Food Control	0		0	0		0	
Insect/Vermin Control	53		0	0		(53)	
Noxious Plants	0		0	0		0	
Health Centres	50		0	0		(50)	
Other	571		13	0		(558)	
		1,128			183		(944)
<b>COMMUNITY SERVICES &amp; EDUCATION</b>							
Administration	0		0	0		0	
Family Care	0		0	0		0	
Child Care	0		0	0		0	
Youth Services	86		4	0		(83)	
Other Families & Children	473		280	0		(192)	
Aged & Disabled	312		312	0		(0)	
Migrant Services	0		0	0		0	
Aboriginal Services	0		0	0		0	
Other Community Services	944		213	0		(730)	
Education	0		0	0		0	
		1,815			809		(1,006)

## NET COST OF SERVICES (CONT)

Function or Activity	OPERATING EXPENSES		OPERATING REVENUES			NET COST OF SERVICES	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
<b>HOUSING &amp; COMMUNITY AMENITIES</b>							
Housing	0		0	0		0	
Town Planning	5,185		4,895	1,050		761	
Domestic Waste Management	8,147		10,633	0		2,486	
Other Waste Management	1,111		714	0		(397)	
Street Cleaning	702		0	0		(702)	
Other Sanitation & Garbage	0		0	0		0	
Urban Stormwater Drainage	3,983		1,091	2,568		(324)	
Environmental Protection	1		172	0		172	
Public Cemeteries	0		0	0		0	
Public Conveniences	180		0	0		(180)	
Other Community Amenities	0		0	0		0	
		19,309			21,124		1,815
<b>WATER SUPPLIES</b>							
<b>SEWERAGE SERVICES</b>							
<b>RECREATION &amp; CULTURE</b>							
Public Libraries	4,123		910	0		(3,213)	
Museums	0		0	0		0	
Art Galleries	0		0	0		0	
Community Centres	116		0	0		(116)	
Public Halls	248		341	0		92	
Other Cultural Services	0		0	0		0	
Swimming Pools	4,540		4,459	317		236	
Sporting Grounds	3,201		567	0		(2,635)	
Parks & Gardens (Lakes)	4,059		27	2,607		(1,425)	
Other Sport & Recreation	0		0	0		0	
		16,288			9,227		(7,060)
<b>FUEL &amp; ENERGY SUPPLIES</b>							
Gas Supplies							
<b>MINING, MANUFACTURING &amp; CONSTRUCTION</b>							
Building Control	0		0	0		0	
Abattoirs	0		0	0		0	
Quarries & Pits	0		0	0		0	
Other	0		0	0		0	
		0			0		0

## NET COST OF SERVICES (CONT)

Function or Activity	OPERATING EXPENSES		OPERATING REVENUES			NET COST OF SERVICES	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
<b>TRANSPORT &amp; COMMUNICATION</b>							
Urban Roads : Local	8,582		1,926	2,305		(4,351)	
Urban Roads : Regional	82		0	0		(82)	
Sealed Rural Roads : Local	0		0	0		0	
Bridges on Urban Roads : Local	11		0	0		(11)	
Bridges on Urban Roads : Regional	0		0	0		0	
Bridges on Urban Roads : Other	0		0	0		0	
Footpaths	916		0	0		(916)	
Aerodromes	0		0	0		0	
Parking Areas	83		0	68		(15)	
Bus Shelters & Services	36		0	0		(36)	
Water Transport	0		0	0		0	
RTA Works (State)	0		0	0		0	
Street Lighting	1,285		0	0		(1,285)	
Other	130		0	0		(130)	
		11,124			4,299		(6,825)
<b>ECONOMIC AFFAIRS</b>							
Camping Areas	0		0	0		0	
Caravan Parks	0		0	0		0	
Tourism & Area Promotion	0		0	0		0	
Industrial Development & Promotion	0		0	0		0	
Saleyards & Markets	0		0	0		0	
Real Estate Development	0		0	0		(0)	
Commercial Nurseries	0		0	0		0	
Other Business Undertakings	379		709	0		331	
		379			709		331
<b>TOTALS - FUNCTIONS</b>		67,323			42,346		(24,977)
<b>GENERAL PURPOSE REVENUES <sup>(1)</sup></b>					42,107		42,107
<b>SHARE OF GAIN(DEFICIT) FROM ASSOCIATES AND JOINT VENTURES USING EQUITY METHOD <sup>(2)</sup></b>							
<b>CORRECTION OF FUNDAMENTAL ERROR <sup>(2)</sup></b>							
<b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES BEFORE EXTRAORDINARY ITEMS <sup>(2)</sup></b>		67,323			84,453		17,131
<b>EXTRAORDINARY ITEMS <sup>(2)</sup></b>							
<b>SURPLUS/(DEFICIT) FROM ALL ACTIVITIES <sup>(2)</sup></b>		67,323			84,453		17,131

NOTE : 1 Includes:  
 Rates and Annual Charges (incl. Ex-Gratia)  
 Non-Capital General Purpose Grants  
 Interest on Investments

2. As reported on the Income Statement

## Council of the City of Ryde

### SPECIAL SCHEDULES - Schedule No. 2(a)

#### STATEMENT OF LONG-TERM DEBT (ALL PURPOSES)

for the year ended 30 June 2007

(\$,000)

Classification of Debt	Principal Outstanding at beginning of Year			New Loans Raised during the year	Debt Redemption during the year		Interest Applicable For Year	Principal Outstanding at end of Year		
	Current	Non-Current	Total		From Revenue	Sinking Funds		Current	Non-Current	Total
LOANS (By Source)										
Commonwealth Bank										
Treasury Corporation										
Other State Government										
Public Subscriptions										
Financial Institutions *	992	6,957	7,949	0	985	0	494	1,043	5,921	6,964
Other										
<b>TOTAL LOANS</b>	<b>992</b>	<b>6,957</b>	<b>7,949</b>	<b>0</b>	<b>985</b>	<b>0</b>	<b>494</b>	<b>1,043</b>	<b>5,921</b>	<b>6,964</b>
OTHER LONG TERM DEBT										
Ratepayer's Advances										
Government Advances										
Finance Leases	48	28	76	0	48	0	3	16	12	28
Deferred Payments	318	318	636	0	318	0	0	318	0	318
<b>TOTAL LONG TERM DEBT</b>	<b>1,358</b>	<b>7,303</b>	<b>8,661</b>	<b>0</b>	<b>1,351</b>	<b>0</b>	<b>497</b>	<b>1,377</b>	<b>5,933</b>	<b>7,310</b>

## Council of the City of Ryde

### *SPECIAL SCHEDULES - Schedule No. 2(b)*

**STATEMENT OF INTERNAL LOANS (Section 410(3) LGA 1993)  
for the year ended 30 June 2007  
(\$'000)**

#### **SUMMARY OF INTERNAL LOANS**

Borrower (by Purpose)	Amount Originally Raised	Total Repaid During the Year Principal & Interest	Principal Outstanding at End of Year
General			
Water			
Sewerage			
Domestic Waste Management			
Gas			
Other			
<b>TOTALS</b>			<b>0</b>

#### **DETAILS OF INDIVIDUAL INTERNAL LOANS**

Borrower (by purpose)	Lender (by Purpose)	Date of Minister's Approval	Date Raised	Dates of Maturity	Rate of Interest	Amount Originally Raised	Total Repaid During the Year Principal & Interest	Principal Outstanding at End of Year
<b>TOTALS</b>								<b>0</b>

Council of the City of Ryde

SPECIAL SCHEDULES - Schedule No. 7

CONDITION OF PUBLIC WORKS

AS AT 30 June 2007

(\$'000)

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense	Cost	Valuation	Accumulated Depreciation	WDV	Asset Condition	Estimated Cost to bring to a satisfactory standard	Required Annual Maintenance Expense	Current Annual Maintenance
		Per Note 1	Per Note 4	Per Note 9			Per Section 428(2d)				
*Buildings		1.00%	995	0	76,755	22,895	53,860	21% of buildings are considered to be in a satisfactory condition (weighted by replacement cost).	8,878	976	3,477
**Public Roads		1.25%	6,278	0	500,553	117,444	383,109	89% of road segments are considered to be in a satisfactory condition (weighted by replacement cost).	20,450	6,839	7,916
Drainage Works		1.25%	2,996	0	352,116	91,391	260,725	67.5% of conduit assets and 51.9% of pits and devices assets are considered to be in a satisfactory condition (weighted by replacement cost).	27,453	4,054	2,377
<b>Totals</b>			<b>10,269</b>	<b>0</b>	<b>929,424</b>	<b>231,730</b>	<b>697,694</b>		<b>56,781</b>	<b>11,869</b>	<b>13,770</b>

**Notes:**

Satisfactory condition refers to an asset condition rating of 1 or 2, where a condition rating scale from 1 (Very Good Condition) to 5 (Asset Unserviceable) is utilised (Source: International Infrastructure Management Manual 2006). It does not include any planned 'enhancements' to the asset.

<b>Condition Rating</b>	<b>Condition Description</b>
1	Very Good Condition – Only normal maintenance required
2	Minor Defects Only – Minor maintenance required (5%)
3	Maintenance Required to Return to Accepted Level of Service – Significant maintenance required (10%-20%)
4	Requires Renewal – Significant renewal / upgrade required (20%-40%)
5	Asset Unserviceable – Over 50% of asset requires replacement

Required Annual Maintenance is what should be spent to maintain assets in a satisfactory standard (asset condition rating 1 or 2).

Current Annual Maintenance is what has been spent in the current year to maintain assets.

Council has undertaken a major review of its Asset Management practices for Buildings, Roads and Drainage Assets in 2006/2007. Further reviews will be undertaken in 2007/2008.

**\*Buildings** In assessing the condition of the building assets, an overall condition rating is applied to the building. When a building is noted as satisfactory, this should be interpreted that the majority of assets within the building (ie. building components) are in a satisfactory condition. However there may be individual assets within the building that may be in an unsatisfactory condition.

**\*\*Public Roads** Included within the "Public Roads" group of assets is Urban Roads, Footpaths, and Kerb and Gutter

## Council of the City of Ryde

### SPECIAL SCHEDULES - Schedule No. 8

#### Financial Projections

	2007 <sup>(1)</sup> (\$'000)	2008 (\$'000)	2009 (\$'000)	2010 (\$'000)
<b>Operating Budget</b>				
Income From Continuing Operations	75,927	89,905	90,258	91,660
Expenditure From Continuing Operations	72,338	74,513	77,042	79,717
<b>Operating Result From Continuing Operations</b>	<b>3,589</b>	<b>15,392</b>	<b>13,216</b>	<b>11,943</b>
<b>Capital Budget</b>	<b>24,833</b>	<b>41,140</b>	<b>32,536</b>	<b>29,460</b>
Funded By:				
New Borrowings	-	2,000	-	-
Reserves	7,255	22,019	15,313	14,053
Grants & Contributions	2,397	2,667	998	998
General Revenue	15,181	14,454	16,225	14,409
	<b>24,833</b>	<b>41,140</b>	<b>32,536</b>	<b>29,460</b>

(1) From income statement