



City of Ryde

# **General and Special Purpose Financial Statements**

**Year Ended 30 June 2010**



# GENERAL PURPOSE FINANCIAL STATEMENTS

## for the year ended 30 June 2010

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## GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2010

### 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 Statements have been prepared in accordance with:

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

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

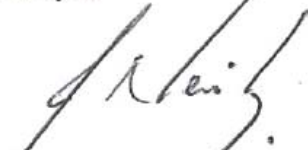
- presents fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records

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 19 October 2010.



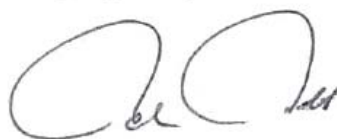
Councillor Artin Etnekdjian  
Mayor



Mr John Neish  
General Manager



Councillor Ivan Petch  
Deputy Mayor



Mr John Todd  
Acting Chief Financial Officer  
(Responsible Accounting Officer)

# **INCOME STATEMENT** for the year ended 30 June 2010

Original Budget*		Notes	Actual 2010 (\$'000)	Actual 2009 (\$'000)
2010 (\$'000)				
<b>INCOME FROM CONTINUING OPERATIONS</b>				
<b>Revenue:</b>				
54,261	Rates and Annual Charges	3(a)	54,400	52,159
11,258	User Charges and Fees	3(b)	11,497	10,662
2,113	Interest and Investment Revenue	3(c)	-	3,032
4,991	Other Revenues	3(d)	4,659	5,880
6,317	Grants & Contributions provided for operating purposes	3(e&f)	6,260	6,949
9,901	Grants & Contributions provided for capital purposes	3(e&f)	20,446	64,340
<b>Other Income:</b>				
-	Net gain from the disposal of assets	5	-	-
-	Share of interests in joint ventures and associates using the equity method	19	-	-
<b>88,841</b>	<b>TOTAL INCOME FROM CONTINUING OPERATIONS</b>		<b>97,262</b>	<b>143,022</b>
<b>EXPENSES FROM CONTINUING OPERATIONS</b>				
32,765	Employee Benefits and On-costs	4(a)	32,614	30,611
259	Borrowing Costs	4(b)	202	331
22,136	Materials and Contracts	4(c)	19,525	22,177
16,265	Depreciation, Amortisation and Impairment	4(d)	18,715	18,301
9,578	Other Expenses	4(e)	9,329	8,663
-	Interest and Investment Losses	3(c)	627	-
50	Net Loss from the disposal of assets	5	19	4,096
-	Share of interests in joint ventures and associates	19	-	-
<b>81,053</b>	<b>TOTAL EXPENSES FROM CONTINUING OPERATIONS</b>		<b>81,031</b>	<b>84,179</b>
<b>7,788</b>	<b>OPERATING RESULT FROM CONTINUING OPERATIONS</b>		<b>16,231</b>	<b>58,843</b>
-	Operating result from discontinued operations	24	-	-
<b>7,788</b>	<b>NET OPERATING RESULT FOR THE YEAR</b>	2(a)	<b>16,231</b>	<b>58,843</b>
<b>(2,113)</b>	<b>NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS &amp; CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES</b>		<b>(4,215)</b>	<b>(5,497)</b>

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

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

**STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 30 June 2010**

	<b>Notes</b>	<b>Actual 2010 (\$'000)</b>	<b>Actual 2009 (\$'000)</b>
<b>Net operating result for the year - from Income Statement</b>		16,231	58,843
<b>Other comprehensive income</b>			
Gain (loss) on revaluation of infrastructure, property, plant and eq	20(a)	-	(8,631)
Gain (loss) on revaluation of available-for-sale investments	20(a)	-	-
Realised available-for-sale investment gains recognised in revenue	20(a)		
De-recognition of land under roads	20(f)		
Adjustment to correct prior period depreciation errors	20(d)	-	-
<b>Total other comprehensive income for the year</b>		16,231	50,212
<b>Total comprehensive income for the year</b>			
Attributable to:			
- Council		16,231	50,212
- Minority Interests			

The above Statement of comprehensive income should be read in conjunction with the accompanying notes.

# **BALANCE SHEET** **As at 30 June 2010**

	Notes	2010 (\$'000)	2009 (\$'000)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalent Assets	6(a)	27,806	44,987
Investments	6(b)	28,250	5,885
Receivables	7	6,158	6,288
Inventories	8	467	570
Other	8	405	330
Non-Current assets held for Sale	22	971	-
<b>Total Current Assets</b>		64,057	58,060
<b>Non-Current Assets</b>			
Investments	6(b)	6,995	15,494
Receivables	7	933	488
Inventories	8	-	-
Infrastructure, Property, Plant and Equipment	9	2,183,888	2,166,375
Investments accounted for using equity method	19	-	-
Investment Property	14	2,200	2,315
Intangible assets	25	-	-
Other	8	-	-
<b>Total Non-Current Assets</b>		2,194,016	2,184,672
<b>TOTAL ASSETS</b>		<b>2,258,073</b>	<b>2,242,732</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10(a)	15,437	16,068
Borrowings	10(a)	434	453
Provisions	10(a)	7,205	6,820
<b>Total Current Liabilities</b>		23,076	23,341
<b>Non-Current Liabilities</b>			
Payables	10(a)	-	-
Borrowings	10(a)	4,339	4,747
Provisions	10(a)	164	250
<b>Total Non-Current Liabilities</b>		4,503	4,997
<b>TOTAL LIABILITIES</b>		<b>27,579</b>	<b>28,338</b>
<b>NET ASSETS</b>		<b>2,230,494</b>	<b>2,214,394</b>
<b>EQUITY</b>			
Retained Earnings	20	1,712,118	1,696,018
Revaluation reserves	20	518,376	518,376
Council equity interest		2,230,494	2,214,394
Minority equity interest		-	-
<b>TOTAL EQUITY</b>		<b>2,230,494</b>	<b>2,214,394</b>

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

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 30 June 2010

	Notes	2010 (\$'000)							2009 (\$'000)							
		Asset		Other		Council		Minority Interest	Asset		Other		Council		Minority Interest	Total Equity
		Retained Earnings	Revaluation Reserve	Reserves	Equity Interest	Equity Interest	Revaluation Reserve		Reserves	Equity Interest	Equity Interest	Reserves	Equity Interest			
Opening Balance	20	1,696,018	518,376		2,214,394	-			1,644,113	527,007				-	2,171,120	
Correction of errors		(131)			(131)			(6,938)					(6,938)		(6,938)	
Changes in Accounting Policies																
Restated Opening Balance	20	1,695,887	518,376	-	2,214,263	-			1,637,175	527,007	-			-	2,164,182	
Total Comprehensive Income	20	16,231	-		16,231				58,843	(8,631)			50,212		50,212	
Closing Balance	20	1,712,118	518,376	-	2,230,494	-			1,696,018	518,376	-		2,214,394	-	2,214,394	

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



**STATEMENT OF CASH FLOWS**  
**for the year ended 30 June 2010**

Original Budget* 2010 (\$'000)	Notes	2010 (\$'000)	2009 (\$'000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
54,228 Rates & Annual Charges		54,249	51,611
12,384 User Charges & Fees		12,487	10,405
2,113 Interest and Investment Revenue		3,006	5,141
17,840 Grants and Contributions		12,944	13,145
5,490 Other		7,198	11,068
<b>Payments</b>			
(36,042) Employee Benefits and on-costs		(32,342)	(30,428)
(24,350) Materials and Contracts		(20,516)	(21,129)
(259) Borrowing Costs		(201)	(332)
(10,591) Other		(9,939)	(15,052)
<b>Net cash provided (or used) in Operating Activities</b>	11(b)	26,886	24,429
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
18,573 Sale of Investments		15,000	26,667
- Sale of Investment Property		-	-
- Sale of Real Estate Assets		-	-
853 Sale of Infrastructure, Property, Plant and Equipment		974	1,904
- Sale of Interests in Joint Ventures/Associates		-	-
- Proceeds from Boundary Adjustment		-	-
- Other		-	-
<b>Payments</b>			
(5,885) Purchase of Investments		(33,000)	(5,993)
- Purchase of Investment property		-	-
(39,738) Purchase of Property, Plant and Equipment		(26,614)	(35,796)
- Purchase of Real Estate		-	-
- Purchase of Interests in Joint Ventures/Associates		-	-
- Other		-	-
<b>Net cash provided by (or used in) Investing Activities</b>		(43,640)	(13,218)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
- Borrowings and Advances		-	-
- Other		-	-
<b>Payments</b>			
(460) Borrowings and Advances		(427)	(728)
- Lease Liabilities		-	(12)
- Other		-	-
<b>Net cash provided by (or used in) Financing Activities</b>		(427)	(740)
(5,843) Net Increase (Decrease) in Cash & Cash Equivalents		(17,181)	10,471
44,987 Cash & Cash Equivalents at beginning Reporting Pd	11(a)	44,987	34,516
<b>39,144 Cash &amp; Cash Equivalents at end of Reporting Pd</b>	11(a)	<b>27,806</b>	<b>44,987</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 statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **(a) Basis of preparation**

These general purpose financial statements have 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**

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

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

#### ***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.

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

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

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

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

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

User charges and fees (including parking fees) 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***

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

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

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

#### ***(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 ventures***

##### ***Jointly controlled assets***

Council has no jointly controlled assets, however should Council have any in the future the proportionate interests in the assets, liabilities and expenses of a joint venture activity will be incorporated into the financial statements under the appropriate headings and the details will be set out in Note 19.

##### ***Jointly controlled entities***

Council has no jointly controlled entities, however should Council have any in the future the interest in a joint venture partnership will be accounted for using the equity method and 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 and the details relating to the partnership will be set out in Note 19.

##### ***Jointly controlled operations***

Council has no jointly controlled operations at present. However, when such operations are entered into, the assets which are controlled and the liabilities incurred by Council will be recognised in the balance sheet. Expenses incurred and council's share of income will be recognised in the Income Statement and the details will be 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 but are incorporated into Cash & cash equivalents for presentation of the Cash Flow Statement.

## **(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.

Collectability 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 de-recognition.

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.

**Reclassification**

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

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

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

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

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

**Actual Reclassifications**

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

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

Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

**(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. Held to maturity financial assets

are included in non current asset, except those with maturities less than 12 months from the reporting date, which are classified as current assets.

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

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated as available for sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

## **Recognition and de-recognition**

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 carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. 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 recognised 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 one of a number of indicators 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 and s212 of the LG (General) Regulations 2005. 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.

## **(i) 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:

30 June 2007	Buildings
	Stormwater
	Roads, Bridges and Footpaths
30 June 2008	Operational Land
	Community Land
	Other Structures (parks, playground equipment, lighting, seawalls and wharves)
30 June 2009	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.

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

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

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/expenditure. Full revaluations are carried out every three years with an appropriate index used every year between the full revaluations.

## **(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.

Council is party to an Industry Defined Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B". This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119.

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

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

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

As a result, they have asked for significant increase in contributions for 2009/10 onwards to recover that deficiency. Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member Councils. For this reason, no liability for the deficiency has been recognised in Council's accounts.

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

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

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

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

Council has elected not to recognise land under roads ACQUIRED BEFORE 1 July 2008 in accordance with AASB 1051, and will recognise this land once the Department of Local Government has agreed on an industry wide acceptable method for valuation of Land Under Roads.

Council has undertaken a survey of Land Under Roads and determine that the value would be in the vicinity of \$4,526M, including land already recognised that was acquired since the 1st July 2008.

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

Land under roads acquired during the 2009/2010 financial year has been brought on at its assessed market value.

#### **(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 Urgent Issues Group (UIG) interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. Council's assessment of the impact of these new standards and interpretations is set out below.

### **(i) AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions [AASB 2] (effective from 1 January 2010)**

The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the group settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as an equity- or a cash-settled transaction. **No impact on Council.**

### **(ii) AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (effective from 1 February 2010)**

In October 2009 the AASB issued an amendment to AASB 132 *Financial Instruments: Presentation* which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. **No impact on Council.**

### **(iii) AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)**

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and is likely to affect Council's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. Council is yet to assess its full impact. **However, initial indications are that it may affect Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.**

**(iv) Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)**

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. **No impact on Council.**

**(v) AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective from 1 July 2010)**

AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. **No impact on Council.**

**(vi) AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (effective from 1 January 2011)**

In December 2009, the AASB made an amendment to Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. Council does not make any such prepayments. **The amendment is therefore not expected to have any impact on Council.**

**(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).

**(z) Taxes**

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

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

**Goods and Services Tax (GST)**

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

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

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

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet. Operating cash flows within the Cash Flow Statement are on a gross basis, i.e. they are inclusive of GST where applicable.

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

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

**(aa) Disclaimer**

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

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 & NON-CURRENT)	
	Original Budget 2010 \$'000	Actual 2010 \$'000	Actual 2009 \$'000	Original Budget 2010 \$'000	Actual 2010 \$'000	Actual 2009 \$'000	Original Budget 2010 \$'000	Actual 2010 \$'000	Actual 2009 \$'000	Actual 2010 \$'000	Actual 2009 \$'000	Actual 2010 \$'000	Actual 2009 \$'000
People		0	800	34	27	338	0	(27)	462	0	0	0	0
	Community Life	871	860	2,587	2,422	1,993	(1,716)	(1,562)	(1,993)	535	518	28,697	28,697
	Community & Culture	554	547	1,956	2,001	1,941	(1,402)	(1,454)	(1,444)	0	0	12,849	12,854
	Community Relations	857	954	4,936	5,114	4,739	(4,079)	(4,160)	(3,873)	347	255	10,038	14,411
	Library Services	502	1,184	3,140	3,847	3,895	(2,639)	(2,663)	(2,731)	1,776	2,007	1,159,608	1,155,603
	Parks	4,945	4,622	4,765	5,700	5,866	(756)	(1,244)	(817)	22	93	47,661	48,047
RALC	7,728	8,167	8,092	18,354	19,278	18,488	(10,592)	(11,110)	(10,396)	2,680	2,873	1,258,852	1,259,612
Governance													
	Corporate Services	2,416	3,417	1,748	3,290	4,295	(1,091)	(878)	(1,597)	35	39	5,191	6,027
	2,416	3,417	1,748	3,290	4,295	3,344	(1,091)	(878)	(1,597)	35	39	5,191	6,027
Environment													
	Assessment	1,302	958	2,592	2,727	3,024	(1,290)	(1,769)	(1,973)	0	0	0	0
	Environment	272	110	1,559	1,106	1,283	(1,287)	(996)	(813)	80	0	0	0
	Health & Building	1,076	1,100	1,975	1,984	1,899	(900)	(883)	(1,173)	0	0	194	203
	Regulation	3,700	3,252	2,132	2,097	2,125	1,568	1,156	2,050	0	0	79	91
	Environment & Planning	0	0	0	0	0	0	0	0	0	0	0	0
	Urban Planning	5,298	2,548	2,671	2,159	2,050	3,139	497	68	124	49	0	0
		11,648	7,969	9,092	10,417	9,964	10,934	(1,995)	(1,841)	204	49	274	294
Assets													
	Access	4,086	15,088	52,536	13,565	14,941	14,788	(9,480)	147	37,747	1,674	582,474	568,255
	Buildings & Property	4,691	3,245	2,965	6,806	6,726	6,929	(2,114)	(3,481)	(3,964)	0	50,429	49,356
	Stormwater and Park Assets Unit	300	519	1,599	6,169	6,347	(5,869)	(5,965)	(4,748)	646	734	272,560	272,437
	Waste & Fleet	13,212	15,256	12,939	12,931	12,757	12,774	0	165	260	463	16,535	12,563
	Operations	93	1,891	8,942	8,735	9,070	9,826	(8,642)	(884)	22	0	1,908	146
	22,381	35,999	78,981	48,205	49,979	50,664	(26,105)	(13,979)	28,316	2,602	2,706	923,907	902,757
Total Functions & Activities	44,173	55,551	97,913	80,266	83,516	83,430	(36,558)	(27,962)	14,483	5,521	5,667	2,188,224	2,168,690
General Purpose Revenue	44,668	45,083	45,109	787	888	751	43,881	44,195	44,358	3,264	3,885	69,855	74,042
Totals	88,841	100,635	143,022	81,053	84,404	84,179	7,788	16,231	58,843	8,785	9,552	2,258,079	2,242,732

## **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

### **COMMUNITY RELATIONS & EVENTS**

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

### **LIBRARY SERVICES**

- Information and lending services
- Community information
- Local studies

### **PARKS**

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

### **RYDE AQUATIC LEISURE CENTRE**

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

### **CORPORATE SERVICES**

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

### **ASSESSMENT**

- Assessment of development applications

### **ENVIRONMENT**

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

## Note 2(b) (Continued)

### 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

### ACCESS

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

### BUILDINGS and PROPERTY

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

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

**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

	2010 (\$'000)	2009 (\$'000)
<b>(a) Rates and Annual Charges</b>		
<b>Ordinary Rates</b>		
Residential	22,836	21,846
Business	11,887	11,411
Environmental Management Levy	5,353	5,314
<b>Total Ordinary Rates</b>	<b>40,076</b>	<b>38,571</b>
<b>Special Rates</b>		
Macquarie Park	1,146	1,099
<b>Total Special Rates</b>	<b>1,146</b>	<b>1,099</b>
<b>Annual Charges (pursuant to s.496 &amp; s.501)</b>		
Domestic Waste Management Services	12,206	11,521
Stormwater Management Service Charge	972	968
<b>Total Annual Charges</b>	<b>13,178</b>	<b>12,489</b>
<b>Total Rates and Annual Charges</b>	<b>54,400</b>	<b>52,159</b>

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

#### (b) User Charges and Fees

##### User Charges (pursuant to s.502)

Aquatic Centre	4,486	4,549
Sports Facility Rental	513	438
Hall Hire	427	397
Road Restorations	1,173	743
Gutter Crossings	220	270
Commercial Waste Service	623	534
Other	32	22
<b>Total User Charges</b>	<b>7,474</b>	<b>6,953</b>

##### Fees

Regulatory/Statutory Fees	1,807	1,633
Discretionary		
- Section 611(1)	96	155
- Parking fees	883	876
- Environmental Planning	860	723
- Private Works	32	33
- Vacation Care	176	177
- Home Maintenance & Modification	98	56
- Other	71	56
<b>Total Fees</b>	<b>4,023</b>	<b>3,709</b>
<b>Total User Charges and Fees</b>	<b>11,497</b>	<b>10,662</b>

#### (c) Interest and Investment Revenue

Overdue Rates & Charges	181	148
Cash, cash equivalents and investments:		
- Externally restricted	197	536
- Internally restricted	10	-
- Unrestricted	2,984	2,347
Impairment Losses		
- Investments	(4,000)	-
Premiums recognised on financial instrument transactions		
Amortisation of discounts and premiums:		
- Investments held to maturity	1	1
<b>Total Interest and Investment Revenue</b>	<b>(627)</b>	<b>3,032</b>



**Note 3 (Continued)**

	2010 (\$'000)	2009 (\$'000)
<b>(d) Other Revenues</b>		
Fair value adjustments - investment properties	-	677
Rental income:		
- Investment Property	163	199
- Other Property	956	732
Parking Fines	2,192	3,155
Other Fines	72	77
Ex Gratia rates	-	2
Materials Recycling	156	29
Lease - Telecommunications	191	173
Legal Fees Recoveries		
- Rates	-	-
- Other	70	2
Insurance Claims	5	5
Staff Vehicle Leases and Other Payments	386	390
Eastwood Plaza	-	-
Royalties	73	133
Sundry Sales	24	22
Other	371	284
<b>Total Other Revenue</b>	<b>4,659</b>	<b>5,880</b>

	<b>OPERATING</b>		<b>CAPITAL</b>	
	2010 (\$'000)	2009 (\$'000)	2010 (\$'000)	2009 (\$'000)
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance	2,708	3,323	-	-
Pensioner Rebate Subsidy - Rates	556	562	-	-
<b>Total General Purpose (Untied)</b>	<b>3,264</b>	<b>3,885</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioner Rebate Subsidy - Domestic Waste	216	208	-	-
Vacation Care	52	52	-	-
Master Plans	124	47	-	-
Library	347	255	-	-
Home Maintenance & Modification	313	300	-	-
Child Care Assistance	-	-	-	-
DEET - Apprentice Rebate Scheme	35	38	-	-
Community Staff Funding	170	166	-	-
Street & Traffic Lighting	338	330	-	-
Roads To Recovery	-	-	424	598
RTA Transport	-	-	407	376
Parks Grants	-	60	1,776	1,947
Domestic Waste Management	-	-	-	-
Environment	80	-	-	-
Catchment Management	-	153	646	581
Other	110	152	483	149
<b>Total Specific Purpose</b>	<b>1,785</b>	<b>1,761</b>	<b>3,736</b>	<b>3,651</b>

**Note 4 (Continued)**

<b>Total Grants</b>	<b>5,049</b>	<b>5,646</b>	<b>3,736</b>	<b>3,651</b>
<b>Comprising:</b>				
- Commonwealth funding	3,827	4,348	0	2,729
- State funding	1,222	1,298	3,736	922
- Other funding	-	-	-	-
	<b>5,049</b>	<b>5,646</b>	<b>3,736</b>	<b>3,651</b>

	OPERATING		CAPITAL	
	2010	2009	2010	2009
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>(f) Contributions</b>				
Developer Contributions (s94)				
- Open Space	-	-	1,226	617
- Parking	-	-	-	-
- Drainage	-	-	173	345
- Traffic Facilities	-	-	216	69
- Other	-	-	20	103
- Meadowbank	-	-	-	-
- Community Facilities	-	-	328	92
Voluntary Planning Agreements	-	-	250	1,000
Other Councils	501	484	-	-
Environmental Monitoring	-	100	-	-
Community Events	9	61	-	-
Other	24	3	815	457
RTA Contributions				
- Roads & Bridges	215	244	-	-
- Other	70	88	-	-
Buildings & Property (In Kind)	-	-	13,617	56,341
Buildings & Property (In Kind) - s94	-	-	-	1,658
Customer/Resident Contributions	-	-	65	7
Building Refurbishment Contribution	-	-	-	-
Macquarie Park Master Plans	-	68	-	-
Bus Shelters	-	-	-	-
Waste Performance Improvement Program	392	255	-	-
<b>Total Contributions</b>	<b>1,211</b>	<b>1,303</b>	<b>16,710</b>	<b>60,689</b>
<b>Total Grants &amp; Contributions</b>	<b>6,260</b>	<b>6,949</b>	<b>20,446</b>	<b>64,340</b>

	2010 (\$'000)	2009 (\$'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	2,779	5,468
Less:		
Grants and contributions recognised in previous reporting periods which have been spent in the current reporting period	8,250	11,370
<b>Net increase/(decrease) in Restricted Grants and Contributions</b>	<b>(5,471)</b>	<b>(5,902)</b>

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 4 EXPENSES FROM CONTINUING OPERATIONS

	2010 (\$'000)	2009 (\$'000)
<b>(a) Employee Benefits &amp; On Costs</b>		
Salaries and Wages	24,181	23,444
Employee Leave Entitlements	5,698	5,307
Superannuation	3,010	2,735
Workers' Compensation Insurance	1,612	1,324
FBT	250	290
Training Costs (excluding salaries)	300	326
Other	285	431
Less: Capitalised Costs	(2,722)	(3,246)
<b>Total Employee Costs Expensed</b>	<b>32,614</b>	<b>30,611</b>

<b>Number of FTE Employees</b>	<b>486</b>	<b>486</b>
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**(b) Borrowing Costs**

Interest on overdrafts	-	-
Interest on loans	202	331
Charges on finance leases	-	-
Discounts recognised on financial instrument transactions		
Amortisation of discounts and premiums		
- Investments held to maturity	-	-
- Remediation		
Less: Capitalised Costs		
<b>Total Borrowing Costs Expensed</b>	<b>202</b>	<b>331</b>

**Note 4 (Continued)**

	2010 (\$'000)	2009 (\$'000)
<b>(c) Materials and Contracts</b>		
Raw materials and consumables	2,560	4,291
Contractor and Consultancy Costs	16,378	17,262
- Temporary & Casual Staff - Agencies		
- Roads & Footpath Maintenance		
- Parks Maintenance		
- Waste & Recycling Collection & Disposal		
- Cleaning		
- Consultancies		
Audit Fees:		
- Audit Services	53	66
- Other	-	-
Legal Fees:		
- Planning & Development	48	16
- Other	80	91
Operating leases		
- Computers	-	-
Infringement Notice Contract (SEINS)	406	451
Other	-	-
	<b>19,525</b>	<b>22,177</b>

## (d) Depreciation, Amortisation and Impairment

	Depreciation/Amortisation		Impairment	
	2010 (\$'000)	2009 (\$'000)	2010 (\$'000)	2009 (\$'000)
Intangibles - Software				
Plant and Equipment	1,740	1,759		
Office Equipment	1,486	1,113		
Furniture & Fittings	197	198		
Property Plant and Equipment Leased	-	14		
Land Improvements (Depreciable)	928	928		
Buildings - Specialised	1,188	1,188		
- Non-specialised	1,232	1,232		
Other Structures	2,318	2,314		
Infrastructure:				
- Roads, Bridges and Footpaths	5,435	5,435		
- Stormwater Drainage	3,801	3,801		
Other Assets:				
- Heritage Collections	-	-		
- Library Books	502	447		
Total Depreciation Costs	18,827	18,429	-	-
Less: Capitalised Costs/Impairment reversals	(112)	(128)		
<b>Total Depreciation and Total Impairment</b>	<b>18,715</b>	<b>18,301</b>	<b>-</b>	<b>-</b>

## Note 4 (Continued)

### (e) Other Expenses

	2010 (\$'000)	2009 (\$'000)
Other expenses for the year		
include the following:-		
Fair Value decrements - Investment Properties	115	-
Bad & Doubtful Debts	19	10
Mayoral Fee	53	51
Councillors' Fees	240	222
Councillors' (incl. Mayor) Expenses	150	125
Election Costs (excl. Employee Costs)	0	405
Interest on Refundable Deposits	106	25
Insurance	904	717
Insurance - Statewide Mutual Provision	-	-
Street Lighting	1,592	1,549
Communications Costs	228	402
Contribution to Fire Control	1,457	1,370
Contribution to Dept of Planning	219	215
Contributions & Donations - Community Grants	371	367
Waste Development Tax	1,519	1,107
Membership Fees	104	112
Valuation Fees	180	115
Electricity & Heating	1,014	793
Water Rates	251	263
Bank Fees & Charges	191	182
Property Lease Costs	40	41
Postage & Courier Costs	215	234
Advertising	204	209
Operating Leases	-	-
Parking Infringement Collection	-	-
Remediation	-	-
Green Waste Collection Charges	-	-
Other Expenses	157	149
<b>Total Other Expenses From Continuing Operations</b>	<b>9,329</b>	<b>8,663</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

	2010 (\$'000)	2009 (\$'000)
<b>GAIN (OR LOSS) ON DISPOSAL OF PROPERTY</b>		
Proceeds from disposal	-	-
Less: Carrying amount of assets sold	-	-
<b>Gain (or loss) on disposal</b>	-	-
<b>GAIN (OR LOSS) ON DISPOSAL OF STRATUM LAND</b>		
Proceeds from disposal	-	-
Less: Carrying amount of assets sold	-	-
<b>Gain (or loss) on disposal</b>	-	-
<b>GAIN (OR LOSS) ON DISPOSAL OF INFRASTRUCTURE, PLANT &amp; EQUIPMENT</b>		
Proceeds from disposal	974	1,904
Less: Carrying amount of assets sold	993	2,090
<b>Gain (or loss) on disposal</b>	(19)	(186)
<b>GAIN (OR LOSS) ON DISPOSAL OF REAL ESTATE ASSETS HELD FOR SALE</b>		
Proceeds from sales	-	-
Less: Cost of sales	-	-
<b>Gain (or loss) on disposal</b>	-	-
<b>GAIN (OR LOSS) ON DISPOSAL OF INVESTMENT PROPERTY</b>		
Proceeds from disposal	-	-
Less: Carrying value of Investment Property	-	-
<b>Gain (or loss) on disposal</b>	-	-
<b>GAIN (OR LOSS) ON DISPOSAL OF FINANCIAL ASSETS</b>		
Proceeds from disposal	-	90
Less: Carrying value of Financial assets	-	4,000
<b>Gain (or loss) on disposal</b>	-	(3,910)
<b>NET GAIN (OR LOSS) ON DISPOSAL OF ASSETS</b>	(19)	(4,096)

## NOTES TO THE FINANCIAL STATEMENTS

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

	Notes	2010 (\$'000)	2009 (\$'000)
Cash at bank and on hand		737	492
Deposits at call		27,069	44,495
		<u>27,806</u>	<u>44,987</u>

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 6(b) INVESTMENTS

The following financial assets are held as investments:

	2010		2009	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
	<u>(\$'000)</u>	<u>(\$'000)</u>	<u>(\$'000)</u>	<u>(\$'000)</u>
Financial Assets at Fair Value				
through Profit and Loss	750	-	885	-
Held to Maturity Investments	27,500	6,995	5,000	15,494
Available for Sale Financial Assets	-	-	-	-
<b>Total</b>	<b>28,250</b>	<b>6,995</b>	<b>5,885</b>	<b>15,494</b>
<b>Financial Assets at Fair Value</b>				
<b>Through Profit and Loss</b>				
At beginning of year	885	-	24,552	-
Revaluation to income statement	(135)	-	(2,090)	-
Additions	-	-	-	-
Disposals (Sale/Redemption)	-	-	(21,577)	-
Reclassification				
At end of year	750	-	885	-
<b>Held for Trading:</b>				
- Managed funds	750	-	885	-
- CDOs				
- FRNs				
- Listed equity securities				
<b>TOTAL</b>	<b>750</b>	<b>-</b>	<b>885</b>	<b>-</b>
<b>Held to Maturity Investments</b>				
At beginning of year	5,000	15,494	1,000	22,500
Amortisation of discounts & premiums	-	1	-	1
Additions	32,000	1,000	3,000	2,993
Disposals	(15,000)	0	(1,000)	(8,000)
Impairment	-	(4,000)	-	-
Reclassification	5,500	(5,500)	2,000	(2,000)
<b>At end of year</b>	<b>27,500</b>	<b>6,995</b>	<b>5,000</b>	<b>15,494</b>
<b>Comprising of:</b>				
- CDOs	2,000	-	-	6,000
- FRNs	1,000	1,000	1,000	2,000
- Other	24,500	5,995	4,000	7,494
<b>TOTAL</b>	<b>27,500</b>	<b>6,995</b>	<b>5,000</b>	<b>15,494</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

	Notes	2010		2009	
		Current (\$'000)	Non-Current (\$'000)	Current (\$'000)	Non-Current (\$'000)
<b>Total cash, cash equivalents and investments</b>		<b>56,056</b>	<b>6,995</b>	<b>50,872</b>	<b>15,494</b>
External restrictions		2,852	5,224	11,621	247
Internal restrictions		47,913	1,771	33,331	15,247
Unrestricted		5,291	-	5,920	-
<b>Total</b>		<b>56,056</b>	<b>6,995</b>	<b>50,872</b>	<b>15,494</b>

	Notes	Opening Balance 30 June 2009 \$'000	Transfers To Restriction \$'000	Transfers From Restriction \$'000	Closing Balance 30 June 2010 \$'000
<b><u>External Restrictions</u></b>					
<i>Included in liabilities</i>		-	-	-	-
<b><i>Other</i></b>					
Developer Contributions (A)		7,284	2,160	(7,879)	1,565
Specific Purpose Unexpended Grants (B)		2,373	619	(371)	2,621
Domestic Waste Management (C)		2,171	1,786	(619)	3,338
Stormwater Management		0	975	(961)	14
Macquarie Park Special Rate		0	1,151	(738)	413
External Works Drainage Contributions		40	94	(9)	125
<b>Total External Restrictions</b>		<b>11,868</b>	<b>6,785</b>	<b>(10,577)</b>	<b>8,076</b>



# Note 6(c) (Continued)

	Opening Balance 30 June 2009	Transfers To Restriction	Transfers From Restriction	Closing Balance 30 June 2010
Notes	\$'000	\$'000	\$'000	\$'000
<b>Internal Restrictions</b>				
Plant Replacement Reserve	1,063	1,774	(2,222)	615
Employee Leave Entitlements	1,909	313	0	2,222
Incompleted/Carry Over Works and Projects	2,928	4,834	(143)	7,619
Refundable Deposits	7,159	343	0	7,502
West Ryde Child Care Centre	193	10	0	203
Voluntary Planning Agreements	194	250	(306)	138
Asset Replacement Reserve	1,711	1,400	(1,690)	1,421
Ryde Aquatic Leisure Centre	2,809	473	(216)	3,066
Investment Property Reserve	17,320	0	0	17,320
Civic Centre Precinct Redevelopment Reserve	8,019	500	(540)	7,979
Financial Security Reserve	4,090	50	(4,000)	140
Insurance Fluctuation Reserve	0	150	0	150
Other	1,183	796	(670)	1,309
<b>Total Internal Restrictions</b>	<b>48,578</b>	<b>10,893</b>	<b>(9,787 )</b>	<b>49,684</b>
<b>Total Restrictions</b>	<b>60,446</b>	<b>17,678</b>	<b>(20,364 )</b>	<b>57,760</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.
- C. Funds reserved under the Public Roads Act (Section 43(4)).
- D. RTA Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- C. Domestic Waste Management funds are externally restricted assets which must be applied for the purposes for which they were raised.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7 RECEIVABLES

<u>Purpose</u>	2010		2009	
	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)
Rates and Annual Charges	1,247	832	1,484	444
Rates Interest & Extra Charges	151	101	146	44
User Charges & Fees				
Environmental & Health	240	-	122	-
Restorations	215	-	252	-
Recreational Facilities	46	-	92	-
Property & Infrastructure Works	66	-	108	-
Home Modification Service	13	-	6	-
Ryde Aquatic Leisure Centre	87	-	90	-
Interest on Investments	787	-	286	-
Contributions to Works	1,142	-	250	-
Government Grants & Subsidies	1,130	-	1,180	-
Commercial Waste	216	-	217	-
GST	712	-	736	-
Asset Sales	120	-	1	-
Workers Compensation	3	-	36	-
Voluntary Planning Agreement	-	-	1,100	-
Computer Equipment Charges	-	-	-	-
Other	97	-	278	-
<b>Total</b>	<b>6,272</b>	<b>933</b>	<b>6,384</b>	<b>488</b>
Less: <u>Provision for Doubtful Debts</u>				
- Rates and Annual Charges	-	-	-	-
- Interest and extra charges				
- User Charges and Fees	114	-	96	-
- Government Grants & Subsidies	-	-	-	-
	<b>6,158</b>	<b>933</b>	<b>6,288</b>	<b>488</b>

#### EXTERNALLY RESTRICTED RECEIVABLES (Included Above)

Domestic Waste Management	291	194	356	102
<b>TOTAL RESTRICTED RECEIVABLES</b>	<b>291</b>	<b>194</b>	<b>356</b>	<b>102</b>
<b>UNRESTRICTED RECEIVABLES</b>	<b>5,867</b>	<b>739</b>	<b>5,932</b>	<b>386</b>
<b>TOTAL RECEIVABLES</b>	<b>6,158</b>	<b>933</b>	<b>6,288</b>	<b>488</b>

**Note 7 (Continued)****Rates and Annual Charges**

Rates are secured by underlying properties.

Interest is charged on overdue rates at 9% (2009 10%). Rates are due for payment on 31 August, 30 November, 28 February and 31 May in each financial year. Overdue rates are those not paid within 1 day of the due date. The amount of the overdue debts upon which interest is charged is \$2,079,000 (2009 \$1,928,000)

**User Charges and Fees**

User charges and fees are unsecured. The credit risk for this class of debtor is 100% of the carrying value. A provision for doubtful debts in respect of the class of debtor has already been provided in an amount of \$114,000.

**Government Grants**

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

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 8 INVENTORIES & OTHER ASSETS

	2010		2009	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
	<u>(\$'000)</u>	<u>(\$'000)</u>	<u>(\$'000)</u>	<u>(\$'000)</u>
<b>Inventories</b>				
Real Estate (refer below)	-	-	-	-
Stores and Materials	467	-	570	-
Other	-	-	-	-
<b>Total Inventories</b>	<b>467</b>	<b>-</b>	<b>570</b>	<b>-</b>
<b>Inventories not expected to be realised within the next 12 months</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Assets</b>				
Prepayments	405	-	330	-
<b>Total Other Assets</b>	<b>405</b>	<b>-</b>	<b>330</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

\$'000's	At 30 June 2009				MOVEMENTS DURING THE YEAR							At 30 June 2010			
	Cost/ Deemed Cost	Fair Value	Depreciation & Impairment	Written Down Value (WDV)	Asset Purchases	Transfers From WIP	WDV of Disposals	Transfers and Adjustments	Depreciation & Impairment	Asset Revaluation		Cost/ Deemed Cost	Fair Value	Accumulated Depreciation	Written Down Value (WDV)
										Gross Book Value	Accumulated Depreciation				
Plant and Equipment		23,290	10,884	12,406	3,889	-	990	41	1,740	-	-	-	23,965	10,441	13,524
Office Equipment		17,662	12,164	5,498	457	12	-	-	1,486	-	-	-	18,130	13,649	4,481
Furniture and Fittings		3,782	2,260	1,522	-	-	-	-	197	-	-	-	3,782	2,457	1,325
Leased Plant & Equipment		209	209	-	-	-	-	-	-	-	-	-	209	209	-
Land															
- Operational Land		205,030	-	205,030	-	-	-	941	-	-	-	-	204,089	-	204,089
- Community Land		1,017,725	-	1,017,725	-	-	-	-	-	-	-	-	1,017,725	-	1,017,725
- Land Improvements (non-depr'n)	2,939	-	-	2,939	1,016	70	-	-	-	-	-	4,025	-	-	4,025
- Land Improvements (depr'n)	11,607	-	7,200	4,407	-	90	-	-	928	-	-	11,697	-	8,128	3,569
- Land Under Infrastructure		11,442	-	11,442	110	-	-	-	-	-	-	-	11,552	-	11,552
Buildings															
- Specialised		43,307	10,895	32,412	74	-	-	-	1,188	-	-	-	43,381	12,083	31,298
- Non-specialised		99,079	46,279	52,800	1,630	1,649	-	30	1,232	-	-	-	102,328	47,511	54,817
Other Structures															
- Carparks		10,920	2,185	8,735	16	-	-	-	170	-	-	-	10,936	2,355	8,581
- Foreshore Assets		17,082	3,623	13,459	55	62	-	-	140	-	-	-	17,199	3,763	13,436
- Parks		58,881	18,437	40,444	788	940	-	-	1,666	-	-	-	60,609	20,104	40,505
- Road Ancillary		8,812	3,230	5,582	1,881	833	-	-	218	-	-	-	11,526	3,448	8,078
- Other		2,197	960	1,237	430	-	-	-	124	-	-	-	2,627	1,085	1,542
Infrastructure															
- Roads, Bridges and Footpaths															
- Road Pavement		386,071	69,578	316,493	5,921	27,804	-	-	3,502	-	-	-	419,796	73,079	346,717
- Road Ancillaries		17,025	5,015	12,010	660	134	-	-	275	-	-	-	17,820	5,291	12,529
- Bridges		20,803	4,112	16,691	2,444	-	-	-	170	-	-	-	23,247	4,282	18,965
- Footpaths and Cycleways		48,175	11,094	37,081	7,509	2,786	-	-	725	-	-	-	58,470	11,819	46,651
- Kerb & Guttering		92,066	20,939	71,127	1,209	2,457	-	-	763	-	-	-	95,733	21,703	74,030
- Stormwater Drainage		364,465	110,133	254,332	2,855	563	-	-	3,801	-	-	-	367,883	113,935	253,948
Other Assets															
- Heritage Collections	137	-	-	137	-	-	-	-	-	-	-	137	-	-	137
- Library Books	7,333	-	5,945	1,388	437	-	-	91	502	-	-	3,230	-	1,998	1,232
Capital Works in Progress	41,478	-	-	41,478	7,057	(37,400)	3	-	-	-	-	11,132	-	-	11,132
TOTALS	63,494	2,448,023	345,142	2,166,375	38,438	-	993	1,103	18,827	-	-	30,221	2,511,007	357,340	2,183,888
Includes DWM Restricted Assets	721	-	55	666	259	-	-	-	66	-	-	980	-	121	859

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 was conducted in 2007/2008.

## NOTES TO THE FINANCIAL STATEMENTS

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

	2010		2009	
	Current (\$'000)	Non-Current (\$'000)	Current (\$'000)	Non-Current (\$'000)
<b>Payables</b>				
Goods and Services	5,563	-	5,840	-
Payments Received in Advance	266	-	309	-
Payments received in advance - Rates	156	-	109	-
Accrued Expenses	724	-	1,438	-
Interest Expenses	1	-	-	-
Deposits and Retentions	7,502	-	7,159	-
Staff Salaries & Wages	551	-	417	-
Domestic Waste	454	-	479	-
Other Contributions	193	-	193	-
Other	27	-	124	-
<b>Total Payables</b>	<b>15,437</b>	<b>-</b>	<b>16,068</b>	<b>-</b>
<b>Current Payables not expected to be settled within the next 12 months</b>	<b>5,814</b>	<b>-</b>	<b>5,548</b>	
<b>Borrowings</b>				
Bank Overdraft	-	-	-	-
Loans - secured <sup>(1)</sup>	434	4,339	453	4,747
Loans - unsecured				
Government Advances				
Ratepayers advances				
Finance lease liability	-	-	-	-
Deferred payment liabilities				
<b>Total Interest Bearing Liabilities</b>	<b>434</b>	<b>4,339</b>	<b>453</b>	<b>4,747</b>
<b>Provisions<sup>(2)</sup></b>				
Annual & Other Accrued Leave	2,540	-	2,526	-
Sick Leave	191	-	197	-
Long Service Leave	4,474	164	4,097	250
Gratuities	-	-	-	-
Site Remediation (see Note 21)	-	-	-	-
<b>Total Provisions</b>	<b>7,205</b>	<b>164</b>	<b>6,820</b>	<b>250</b>
<b>Current provisions not expected to be settled within the next 12 months</b>	<b>3,755</b>	<b>-</b>	<b>3,970</b>	<b>-</b>
<b>Liabilities relating to restricted assets</b>				
Domestic Waste Management	454	-	479	-
<b>Total Liabilities relating to restricted assets</b>	<b>454</b>	<b>-</b>	<b>479</b>	<b>-</b>

<sup>(1)</sup> Loans are secured by the rating income of Council.

<sup>(2)</sup> Vested ELE is all carried as a current provision.

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

	2010	2009
Deposits & Retentions	5,814	5,548
Provisions	3,755	3,970

## NOTES TO THE FINANCIAL STATEMENTS

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

Class of Provision	Opening Balance (\$'000)	Increase in Provision (\$'000)	Payments (\$'000)	Re- Measurement (\$'000)	Closing Balance (\$'000)
Annual & Other Accrued Leave	2,526	2,118	2,104	-	2,540
Sick Leave	197	959	965	-	191
Long Service Leave	4,347	927	636	-	4,638
Gratuities	-	136	136	-	-
<b>Total</b>	<b>7,070</b>	<b>4,140</b>	<b>3,841</b>	<b>-</b>	<b>7,369</b>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 11 RECONCILIATION OF CASH FLOW MOVEMENTS

#### (a) Reconciliation of Cash Assets

	Notes	2010 (\$'000)	2009 (\$'000)
Total Cash and Cash Equivalents	6(a)	27,806	44,987
Less: Bank Overdraft	10	-	-
Balances as per Statement of Cash Flow		<u>27,806</u>	<u>44,987</u>

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

		2010 (\$'000)	2009 (\$'000)
Net Operating Result from Income Statement		16,231	58,843
Add:			
Depreciation and Impairment	4	18,715	18,301
Impairment of investments	3	4,000	
Increase in provision for doubtful debts	7	18	11
Increase in provision for leave entitlements	10	299	183
Increase in Other Provisions	10	-	-
Decrease in receivables	7	-	-
Decrease in inventories	8	103	-
Decrease in other current assets	8	-	-
Increase in payables	10	1,008	1,232
Increase in accrued interest payable	10	1	-
Increase in other current liabilities	10	268	482
Decrements from revaluations	4	115	
Loss on sale of assets	5	19	4,096
Fair value adjustments to investment property	4	-	-
Amortisation of discounts & premiums recognised	3,4	-	-
Other	3,4	-	610
Less:			
Decrease in provision for doubtful debts	7	-	-
Decrease in employee leave entitlements	10	-	-
Decrease in Other Provisions	10	-	(814)
Increase in receivables	7	(333)	(1,716)
Increase in inventories	8	-	(184)
Increase in other current assets	8	(75)	(27)
Decrease in payables	10	-	-
Decrease in accrued interest payable	10	-	(1)
Decrease in other current liabilities	10	-	-
Reversal of previous revaluation decrements			
Non cash contributions and dedications			
Gain on sale of Assets	5	-	-
Fair value adjustments to financial assets at fair value through profit and loss	6	135	2,090
Fair value adjustments to investment properties	3	-	(677)
Amortisation of discounts & premiums recognised	3	(1)	(1)
Non Cash Capital Grants & Contributions	3	(13,617)	(57,999)
<b>Net cash provided by (used in) operating activities</b>		<u>26,886</u>	<u>24,429</u>



**Note 11 (Continued)**

	<b>2010 (\$'000)</b>	<b>2009 (\$'000)</b>
<b>(c) Non-Cash Financing and Investing Activities</b>		
Acquisition of Plant & Equipment by means of finance leases	-	-
S.94 contributions in kind	-	1,658
Dedications	13,617	56,341
	<u>13,617</u>	<u>57,999</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	35
	<u>35</u>	<u>35</u>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 12 COMMITMENTS FOR EXPENDITURE

	2010 (\$'000)	2009 (\$'000)
<b>(a) Capital Commitments (exclusive of GST)</b>		
Capital expenditure contracted for at the reporting date but not recognised in the financial statements as liabilities:		
Plant & Equipment	75	43
Landscaping Works	-	13
Undergrounding of overhead mains	-	367
Buildings	256	707
Town Centre Block Paving	-	472
Curtilage	-	60
Park Improvements	3,022	657
Stormwater Drainage	79	649
<b>Total</b>	<b>3,432</b>	<b>2,968</b>
These expenditures are payable:		
- Not later than one year	3,432	2,968
- Later than one year and not later than 5 years	-	-
- Later than 5 years	-	-
<b>Total</b>	<b>3,432</b>	<b>2,968</b>
<b>(b) Service Commitments (exclusive of GST)</b>		
Other non-capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities include:		
- Waste Management Services	26,462	35,161
- Cleaning Services	392	602
- Audit Services	163	211
- Management Study	-	73
Top Ryder Bus Service	129	117
Communication Services	814	1,372
- Advertising Services	425	-
- Swim Teachers	288	-
- Security Services	43	339
<b>Total</b>	<b>28,716</b>	<b>37,875</b>
These expenditures are payable:		
- Not later than one year	7,884	9,909
- Later than one year and not later than 5 years	20,832	27,966
- Later than 5 years	-	-
<b>Total</b>	<b>28,716</b>	<b>37,875</b>

**Note 12 Commitments for Expenditure (continued)**

	2010 (\$'000)	2009 (\$'000)
<b>(c) Finance Lease Commitments</b>		
Commitments under finance leases at the reporting date 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>	-	-
Minimum lease payments	-	-
Less: future finance charge	-	-
<b>Lease liability</b>	-	-
Representing lease liabilities:		
- Current	-	-
- Non-Current	-	-
<b>Total</b>	-	-
<b>(d) Operating Lease Commitments</b>		
Commitments under non-cancellable operating leases at 30 June 2010 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>(e) Repairs and Maintenance: Investment Property</b>		
Contractual obligations for future repairs and maintenance	-	-
<b>Total</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 2010 but not recognised as liabilities. These are payable:		
- Within one year	6,063	6,227
- Later than one year and not later than 5 years	15,430	13,723
- Later than 5 years	188	-
<b>Total</b>	<b>21,681</b>	<b>19,950</b>

### NOTE 13 STATEMENT OF PERFORMANCE MEASURES - CONSOLIDATED RESULTS

	Amounts (\$'000)	Current Year Indicators	2009	2008
<b>1. UNRESTRICTED CURRENT RATIO</b>				
Current Assets Less All External Restrictions <sup>(1)</sup>	\$60,914	4.67:1	3.45:1	3.65:1
Current Liabilities Less Specific Purpose Liabilities <sup>(2)(3)(4)</sup>	\$13,053			
<b>2. DEBT SERVICE RATIO</b>				
Debt Service Cost (Principal & Interest Payments)	\$629	0.85%	1.42%	1.98%
Revenue from continuing operations, excluding capital items and specific purpose grants/contributions	\$73,820			
<b>3. RATE COVERAGE RATIO</b>				
Rates and Annual Charges	\$54,400	55.93%	36.47%	47.89%
Revenue from continuing operations	\$97,262			
<b>4. RATES &amp; ANNUAL CHARGES OUTSTANDING PERCENTAGE</b>				
Rates and Annual Charges Outstanding	\$2,331	4.11%	3.94%	2.82%
Rates and Annual Charges Collectable	\$56,699			
<b>5. BUILDINGS &amp; INFRASTRUCTURE RENEWALS RATIO</b>				
Asset Renewals (building & infrastructure) <sup>(5)</sup>	\$5,739	49.24%	122.54%	119.40%
Depreciation, amortisation and impairment (building & infrastructure)	\$11,656			

<sup>(1)</sup> Refer to Notes 6 - 8 Inclusive

<sup>(2)</sup> Excludes ELE Provisions and Deposits of \$3,755K and \$5,814K, respectively

<sup>(3)</sup> Provisions not expected to be settled deducted

<sup>(4)</sup> Payables not expected to be settled deducted

<sup>(5)</sup> Asset Renewal represents Capital expenditure on the replacement, refurbishment or upgrade to an existing asset/s. Refer Note 9a

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 14 INVESTMENT PROPERTIES

	2010 (\$'000)	2009 (\$'000)
<b>At Fair Value</b>		
Opening balance at July 1 2009	2,315	1,638
Net gain (loss) from fair value adjustment	(115)	677
<b>Closing Balance at 30 June 2010</b>	<b>2,200</b>	<b>2,315</b>

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

Rental income	163	199
Net gain (loss) from fair value adjustment	(115)	677
Direct operating expenses from property that generated rental income	(22)	(20)
<b>Total</b>	<b>26</b>	<b>856</b>

**(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 2010 revaluations were based on independent assessments made by Scott Fullarton Valuations Pty Ltd, 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	199	161
- Later than one year and not later than 5 years	254	220
- Later than 5 years	212	-
<b>Total</b>	<b>665</b>	<b>381</b>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 15 FINANCIAL RISK MANAGEMENT

#### Risk Management

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

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

Financial risk management is carried out by the Finance Unit under policies approved by the Council.

Council held the following financial instruments at balance date:

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>				
Cash and cash equivalents	27,806	44,987	27,806	44,987
Receivables	7,091	6,776	7,091	6,776
Financial assets at fair value through profit or loss	750	885	750	885
Available-for-sale financial assets	-	-	-	-
Held-to-maturity investments	34,495	20,494	34,399	16,285
	<u>70,142</u>	<u>73,142</u>	<u>70,046</u>	<u>68,933</u>
<b>Financial liabilities</b>				
Payables	15,437	16,068	15,437	16,068
Borrowings	4,773	5,200	4,773	5,200
	<u>20,210</u>	<u>21,268</u>	<u>20,210</u>	<u>21,268</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to be the carrying value which approximates net market value
- Borrowings, Held-to-Maturity Investments – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial Assets at Fair Value through profit and loss, Available for Sale Financial Assets – based on quoted market prices at the reporting date or independent valuation.

# NOTE 15 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (a) Cash and cash equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The Finance Unit manages the cash and investments portfolio with the assistance of independent advisers. Council has an investment policy which complies with the Local Government Act and Minister's Order. The policy is regularly reviewed by Council and an Investment Report provided to Council monthly setting out the make-up and performance of the portfolio.

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

Cash and investments are also subject to interest rate risk – the risk that movements in interest rates could affect returns.

Another risk associated with cash and investments is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from its independent advisers before placing any cash and investments.

	30/06/2010 \$'000	30/06/2009 \$'000
(b) Impact of a 10% <sup>(1)</sup> movement in price of investments:		
? Equity	89	89
? Income statement	89	89
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash and investments:		
? Equity	-	-
? Income statement	631	641

Notes:

(1) Sensitivity percentages based on management's expectation of future possible market movements. (Price movements calculated on investments subject to fair value adjustments. Interest rate movements calculated on cash, cash equivalents, managed funds, and FRNs.) Recent market volatility has seen larger market movements for certain types of investments.

(2) Maximum impact.

## NOTE 15 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing stringent debt recovery policies.

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

Council makes suitable provision for doubtful receivables as required.

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

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

	2010 Rates & Annual Charges	2010 Other Receivables	2009 Rates & Annual Charges	2009 Other Receivables
<b>(i) Ageing of Receivables</b>				
- Current (not yet overdue)	0	4,805	0	4,558
- Past due	2,079	321	1,928	386
	<b>2,079</b>	<b>5,126</b>	<b>1,928</b>	<b>4,944</b>

### (ii) Movement in Provision for Impairment for Receivables

Balance at the beginning of the year  
 Plus: New provisions recognised during the year  
 Less: Amounts already provided for & written off  
**Balance at the end of the year**

	2010	2009
Balance at the beginning of the year	96	85
Plus: New provisions recognised during the year	19	11
Less: Amounts already provided for & written off	-	-
	<b>115</b>	<b>96</b>



# NOTE 15 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (c) Payables Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon in extenuating circumstances.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below.

2010 \$'000	Due Within 1 Year	Due Between 1 and 5 Years	Due After 5 Years	Total Contractual Cash Flows	Carrying Values
Payables	15,437	-	-	15,437	15,437
Borrowings	434	1,933	2,406	4,773	4,773
	15,871	1,933	2,406	20,210	20,210

2009 \$'000	Due Within 1 Year	Due Between 1 and 5 Years	Due After 5 Years	Total Contractual Cash Flows	Carrying Values
Payables	16,068	-	-	16,068	16,068
Borrowings	453	2,107	2,640	5,200	5,200
	16,521	2,107	2,640	21,268	21,268

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. The Finance Unit regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

	30 June 2010		30 June 2009	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$'000	%	\$'000
Overdraft	0.00%	-	0.00%	-
Bank Loans – Variable <sup>(1)</sup>	5.17%	4,774	3.40%	5,200
		4,774		5,200

Note:

<sup>(1)</sup> The interest rate risk applicable to Variable Rate Bank Loans is not considered significant.

## 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 on 9 June 2009.

Whilst the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the Local Government Act requires Council to review its original budget on a quarterly basis, so that it is able to manage the various variations between actuals and budget that invariably occur throughout the year.

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

This Note sets out the details of material variations between 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.

#### Revenues

##### **Interest and Investment Revenue \$1,260K 160% (F) (excluding any investment impairment)**

Council received interest revenue of \$3.373M which was above the original budget by \$1.260M (+60%)  
Council adopted a conservative approach to its original budget for interest, due to the losses sustained in 2008/09 with its CDO investments. As such as the market improved, Council was able to capitalise on the gains on its investment portfolio.

Official interest rates rose from 3% in June 2009 to 4.5% in June 2010

##### **Grants & Contributions provided for Capital Purposes \$10,545K 107% (F)**

Council has brought to account \$13.6M of contributed assets in 2009/10 arising from major development activity within the City as a number of these development involve the provision of public infrastructure benefits with the control and ownership of these assets being vested with Council.

#### Expenses

##### **Depreciation, Amortisation and Impairment \$2,450K 15% (U)**

Depreciation expense was \$2.45M more than originally budgeted. Council's depreciation budget excludes depreciation for Council's Fleet - Motor Vehicles and Plant.

Depreciation for Fleet is included in the plant hire recovery for these items classified as Materials & Contracts. Actual depreciation for Council's Fleet was \$921K and for the purposes of the Financial Statements has been transferred from Materials & Contracts to Depreciation.

All Council assets (with the exception of land under roads) are valued at Fair Value.

2008/09 was the first year that all these assets have the depreciation expense determined by utilising the decay method model outlined in the NSROC Asset Management Guidelines.

The change in methodology did not happen in time to be incorporated into the 2009/2010 original budget.

Depreciation expense for 2008/09 was \$18.3 M.

**NOTES TO THE FINANCIAL STATEMENTS****Note 16 (continued)****Borrowing Costs -\$57K -22% (F)**

Borrowing costs were \$57K less than originally budgeted. This was due to Council not acquiring any new loans during the financial year.

**Impairment Loss on Investments \$4M (U)**

The Global Financial Crisis (GFC) and the associated ongoing volatility in financial markets has impacted on Council's structured investments, particularly CDOs. Council has sustained losses of \$4 M in respect of CDOs which were originally AAA or AA rated that have since defaulted. These have been reported to Council in detail as part of Council's monthly Investment Report. This loss has been funded from Council's Financial Security Reserve (created from interest earned on Council investments) to limit any impact associated with the GFC.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 17 STATEMENT OF DEVELOPER CONTRIBUTIONS

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR *		INTEREST & INVESTMENT INCOME EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROWINGS (TO/FROM) *** \$'000	EXPENDITURE RECLASSIFIED \$'000	HELD AS RESTRICTED ASSET ** \$'000	PROJECTED FUTURE CONTRIBUTIONS \$'000	PROJECTED COST OF WORKS STILL OUTSTANDING \$'000	PROJECTED OVER/(UNDER) FUNDING \$'000	CUMULATIVE INTERNAL BORROWINGS due/(payable) \$'000
		CASH \$'000	NON-CASH \$'000									
Community & Culture	39	328	-	1	350	-	-	18	51,396	55,352	(3,938)	-
Open Space & Public Domain	1,043	1,226	-	(58)	5,875	3,664	-	-	137,455	133,569	7,550	(3,664)
Roads, Traffic, Carparks & Cycleways	-	216	-	(28)	752	564	-	-	34,872	34,672	764	(900)
Stormwater Management	5,766	173	-	263	860	(4,228)	-	1,114	3,225	8,640	(73)	4,564
Administration	436	20	-	19	42	-	-	433	545	959	19	-
<b>TOTAL</b>	<b>7,284</b>	<b>1,963</b>	<b>-</b>	<b>197</b>	<b>7,879</b>	<b>-</b>	<b>-</b>	<b>1,565</b>	<b>227,493</b>	<b>233,192</b>	<b>4,322</b>	<b>-</b>

City of Ryde Council adopted the Section 94 Development Contributions Plan 2007 - 11 December 2007. This development contribution Plan repeals previous plans.

\* Reconcilable with Note 3

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

\*\*\* Cumulative balance of borrowing within and between plans

## 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:

#### LIABILITIES NOT RECOGNISED

##### 1 Guarantees

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

The Local Government Superannuation Scheme - Pool B (the Scheme) is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB119. Sufficient information under AASB 119 is not available to account for the Scheme as a defined benefit plan, because the assets to the Scheme are pooled together for all employers.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2010 was \$1.07M. The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 16 February 2010 and covers the period ended 30 June 2009. However the position is monitored annually and the Actuary has estimated that as at 30th June 2010 a deficit still exists. Effective from 1 July 2009, employers are required to contribute at twice the "notional" or long term cost for a period of up to ten years in order to rectify this deficit. The share of this deficit that can be broadly attributed to the employer was estimated to be in the order of \$1,658,664 as at 30 June 2010.

##### (ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to Local Government. Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the Net Assets or Liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years. The future realisation and finalisation of claims incurred but not reported to 30 June 2010 may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

##### (iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity. StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically Council. Council has a contingent liability to contribute further equity in the event of the erosion of the Company's capital base as a result of the Company's past performance and/or claims experience or as a result of any increase prudential requirements of APRA. These future equity contributions would be required to maintain the Company's level of Net Assets in accordance with its Licence Requirements.

#### ASSETS NOT RECOGNISED

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

Fines & penalty income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau. Council's Revenue Recognition policy for such income is to account for it as revenue on receipt. Accordingly, at Year End, there is a potential asset due to Council representing issued but updated Infringement Notices. Due to the limited information available on the status, value and duration of outstanding Notices, Council is unable to determine the value of outstanding income.

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 19 INTERESTS IN JOINT VENTURES**

The Council has no interests in joint ventures.

**NOTE 20 REVALUATION RESERVES AND RETAINED EARNINGS**

	2010 (\$'000)	2009 (\$'000)
<b>(a) Revaluation reserves</b>		
Infrastructure, property, plant and equipment revaluation reserve	518,376	518,376
<b>Total assets</b>	<u>518,376</u>	<u>518,376</u>
<b>Movements:</b>		
<b><i>Property, plant and equipment revaluation reserve</i></b>		
At beginning of year	518,376	527,007
Revaluation- gross	-	(11,623)
Depreciation transfer - gross	-	2,992
At end of year	<u>518,376</u>	<u>518,376</u>
<b><i>Available-for-sale investments revaluation reserve</i></b>		
At beginning of year	-	-
Revaluation- gross	-	-
Transfer to net profit - gross	-	-
At end of year	<u>-</u>	<u>-</u>
<b>(b) Retained earnings</b>		
Movements in retained earnings were as follows:		
At beginning of year	1,696,018	1,644,113
Adjustment to correct prior years errors (Note 20 (d))	(131)	(6,938)
Net operating result for the year	16,231	58,843
At end of year	<u>1,712,118</u>	<u>1,696,018</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) Correction of errors in previous years**

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

	2010
Plant & Equipment - GBV	(1,309)
Plant & Equipment - Acc Depn	1,267
Retained Earnings	(41)
Library Books GBV	(4,054)
Library Books Accum Depn	3,964
Retained Earnings	(90)

## NOTES TO THE FINANCIAL STATEMENTS

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

	2010 (\$'000)	2009 (\$'000)
Operational Land	941	-
Buildings	30	-
Total	<u>971</u>	<u>-</u>

**Note:**

The proceeds from the sale of these assets will be internally restricted when received and transferred to the Investment Property Reserve.



## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 23 EVENTS OCCURRING AFTER BALANCE DATE

City of Ryde has a proportion of its investment portfolio in structured products (CDOs, CPDOs and Capital Protected Notes) and these are shown at face value in the Financial Report as they were acquired on the basis of holding the investment to maturity and are thus valued at amortised cost in accordance with AASB139.

Council resolved to create a Financial Security Reserve at its meeting of 7 October 2008 to protect Council against any fallout from the global financial crisis. In 2008/09 it drew down \$3.9 million and again wrote off \$4 million of these investments during 2009/10.

Council has since sold one of these investments, namely the Flinders CDO for an amount of \$301K in August 2010. The proceeds from this will be restricted during 2010/11 and transferred back to the reserve.

### NOTE 26 REINSTATEMENT, REHABILITATION AND RESTORATION LIABILITIES

#### Site Remediation

Council was required by law to restore sites at Wellington Road and Parsonage Street to their original condition, following their former usage as Council works depots. These works have been completed and the sites reinstated.



## CITY OF RYDE

## GENERAL PURPOSE FINANCIAL STATEMENTS

## INDEPENDENT AUDITORS' REPORT

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying *general purpose financial statements* of the *City of Ryde*, which comprises the Balance Sheet as at 30 June 2010, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

**Responsibility of Council for the Financial Statements**

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

**Auditors' Responsibility**

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

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

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policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

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

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

### ***Independence***

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

### ***Auditor's Opinion***

In our opinion,

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

### ***Emphasis of Matter***

Without qualification to the opinion expressed above, we draw attention to following matter.

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

At 30 June 2010, Council's investment portfolio totalled \$62.314 million and included securities that have been impacted by this market volatility. The impact on individual securities varies depending on their degree of exposure to affected markets. Some of these securities do not have market values that are independently quoted and they are not widely traded. Independent market valuations are not readily available and in many cases, values have been assessed based on estimates from issuers and/or other available market information. Based on available information, Council has restated the carrying amount of some of these investments as at 30 June 2010, resulting in a write down of \$4.135 million. The limited

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Spencer Steer

availability of reliable market values and the ongoing volatility of financial markets introduce uncertainty to the valuation process. Accordingly, further changes to the carrying values, recoverability, liquidity, cash flows and rates of return may arise as investments are disposed of and/or new information comes to hand.

As a consequence of the above, and the continuing instability of the current investment environment, there is some uncertainty regarding the value, recoverability, liquidity, cash flow and rates of return, the resolution of which is dependent upon future events and which may materially affect the financial statements.

**HILL ROGERS SPENCER STEER**

B. Hanger

**BRETT HANGER**

Partner

Dated at Sydney this 21<sup>st</sup> day of October 2010



Hill Rogers  
Spencer Steer

21 October 2010

The Mayor  
City of Ryde  
1 Devlin Street  
RYDE NSW 2112

Mayor,

## Audit Report - Year Ended 30 June 2010

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2010 and that all information required by us was readily available. We have signed our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General and Special Purpose Financial Statements.

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 Statements 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 \$16.231 million as compared with \$58.843 million in the previous year.

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

	2010 \$000	% of Total	2009 \$000	% of Total	Increase (Decrease) \$000
<b>Revenues before capital items</b>					
Rates & annual charges	54,400	68%	52,159	66%	2,241
User charges, fees & other revenues	16,156	20%	16,542	21%	(386)
Grants & contributions provided for operating purposes	6,260	8%	6,949	9%	(689)
Interest & investment revenue	3,373	4%	3,032	4%	341
	<b>80,189</b>	<b>100%</b>	<b>78,682</b>	<b>100%</b>	<b>1,507</b>
<b>Expenses</b>					
Employee benefits & costs	32,502	39%	30,611	36%	1,891
Materials, contracts & other expenses	28,985	34%	34,936	42%	(5,951)
Depreciation, amortisation & impairment	18,715	22%	18,301	22%	414
Impairment of Investments	4,000	5%	-	0%	4,000
Borrowing costs	202	0%	331	0%	(129)
	<b>84,404</b>	<b>100%</b>	<b>84,179</b>	<b>100%</b>	<b>225</b>
<b>Surplus(Deficit) before capital items</b>	<b>(4,215)</b>		<b>(5,497)</b>		<b>1,282</b>
Grants & contributions provided for capital purposes	20,446		64,340		(43,894)
<b>Net Surplus(Deficit) for the year</b>	<b>16,231</b>		<b>58,843</b>		<b>(42,612)</b>

The table above shows an overall decrease over the previous year of \$42.612 million. The variance is mostly attributable to the reduction in the value of contributed assets received for the year (2010 - \$13.617 million, 2009 - \$57.999 million). The other significant variance is the impairment of investments of \$4 million.

## 1.2 Funding Result

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

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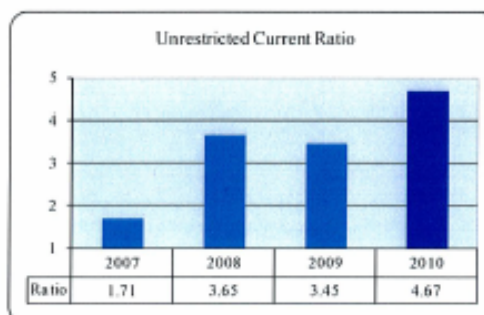
	2010	2009
	\$000	\$000
<b>Funds were provided by:-</b>		
<b>Operating Result (as above)</b>	<b>16,231</b>	<b>58,843</b>
Add back non funding items:-		
- Depreciation, amortisation & impairment	18,715	18,301
- Book value of non current assets sold	993	2,090
- Non cash Contributions of assets acquired	(13,617)	(57,999)
- (Gain)Loss of fair value to investment properties	115	(677)
	22,437	20,558
Decrease/Redemption in Non Current Investments	8,499	7,006
Transfers from externally restricted assets (net)	8,809	2,425
Transfers from internal reserves (net)	0	7,611
Net Changes in current/non current assets & liabilities	1,171	0
	40,916	37,600
<b>Funds were applied to:-</b>		
Purchase and construction of assets	(24,709)	(34,586)
Principal repaid on loans	(427)	(728)
Finance lease instalments	0	(12)
Transfers to internal reserves (net)	(15,553)	0
Net Changes in current/non current assets & liabilities	0	(152)
	(40,689)	(35,478)
<b>Increase(Decrease) in Available Working Capital</b>	<b>227</b>	<b>2,122</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 \$47.861 million representing a factor of 4.67 to 1.



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

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



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At the close of the year the Available Working Capital of Council stood at \$4.549 million as detailed below;

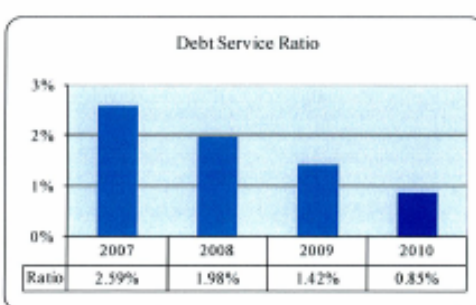
	2010 \$000	2009 \$000	Change \$000
<b>Net Current Assets (Working Capital) as per Accounts</b>	<b>40,981</b>	<b>34,719</b>	<b>6,262</b>
<b>Add:</b> Payables & provisions not expected to be realised in the next 12 months included above	9,569	9,518	51
<b>Adjusted Net Current Assets</b>	<b>50,550</b>	<b>44,237</b>	<b>6,313</b>
<b>Add:</b> Budgeted & expected to pay in the next 12 months			
- Borrowings	434	453	(19)
- Employees leave entitlements	3,450	2,850	600
- Deposits & retention moneys	1,688	1,611	77
<b>Less:</b> Externally restricted assets	(2,689)	(11,498)	8,809
<b>Less:</b> Internally restricted assets	(48,884)	(33,331)	(15,553)
<b>Available Working Capital as at 30 June</b>	<b>4,549</b>	<b>4,322</b>	<b>227</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 2010 was sound.

### 2.3 Debt

Operating revenue (excluding special purpose grants and contributions) required to service these repayments was 0.85%.

Total debt at 30 June 2010 amounted to \$4.773 million.



### 2.4 Summary

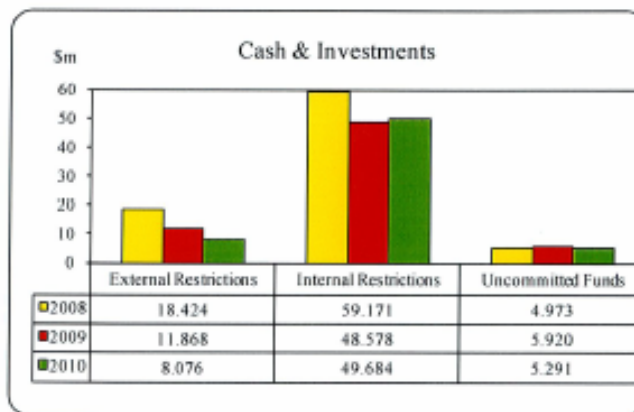
Council's overall financial position, when taking into account the above financial indicators is, in our opinion, sound.

## 3. CASH ASSETS

### 3.1 Cash & Investments

Cash and investments held at the close of the year amounted to \$63.051 million as compared with \$66.366 million and \$82.568 million at the close of financial years 2009 and 2008 respectively.

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



**Externally restricted cash and investments** are restricted in their use by externally imposed requirements and consisted of unexpended development contributions under Section 94 of \$1.565 million, domestic waste management charges of \$3.338 million and specific purpose grants, contributions and levies of \$3.173 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 \$49.684 million and their purposes are more fully disclosed in Note 6 of the financial statements.

**Unrestricted cash and investments** amounted to \$5.291 million, which are available to provide liquidity for day to day operations.

### 3.2 Cash Flows

The Statement of Cash Flows illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that cash decreased by \$17.181 million to \$27.806 million at the close of the year.

In addition to operating activities which contributed net cash of \$26.886 million were the proceeds from the sale of investments (\$15 million) and other assets (\$974,000). Cash outflows other than operating activities were used to purchase investments (\$33 million), repay loans (\$427,000) and to purchase and construct assets (\$26.614 million).

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#### 4. RECEIVABLES

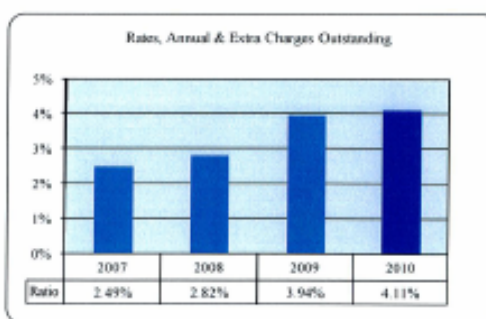
##### 4.1 Rates & Annual Charges (excluding interest & extra charges)

Net rates and annual charges levied during the year totalled \$54.400 million and represented 54% (2009 – 36%) of Council's total revenues.

Including arrears, the total rates and annual charges collectible was \$56.328 million of which \$54.249 million (96%) was collected.

##### 4.2 Rates, Annual & Extra Charges

Arrears of rates, annual & extra charges stood at \$2.331 million at the end of the year and represented 4.11% of those receivables.



##### 4.3 Other Receivables

Receivables (other than rates, annual & extra charges) totalled \$4.874 million and mainly consisted of user charges and fees (\$667,000), contributions to works (\$1.142) million, accrued interest on investments (\$787,000) and amounts due from government departments (\$1.842 million).

Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$114,000.

#### 5. PAYABLES

##### 5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$7.369 million.

A cash reserve of \$2.222 million was held at year end representing 30% of this liability and was, in our opinion, sufficient to meet unbudgeted and unanticipated retirements.

##### 5.2 Deposits, Retentions & Bonds

Deposits, retentions and bonds held at year end amounted to \$7.502 million which was fully funded by internally restricted cash and investments.



## 6. REVALUATION OF ASSETS

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

The fair valuation of the remaining asset categories will be required in the next reporting period.

## 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,

**HILL ROGERS SPENCER STEER**



**BRETT HANGER**  
Partner



City of Ryde

## **Special Purpose Financial Statements**

**Year Ended 30 June 2010**



## SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2010

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## SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2010

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

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


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

To the best of our knowledge and belief, these Statements


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

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

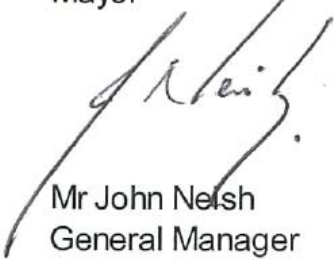
Signed in accordance with a resolution of Council made on 19 October 2010



Councillor Artin Etnekdjian  
Mayor



Councillor Ivan Petch  
Deputy Mayor



Mr John Nelsh  
General Manager



Mr John Todd  
Acting Chief Financial Officer  
(Responsible Accounting Officer)



**INCOME STATEMENT OF OTHER BUSINESS ACTIVITIES**  
**for the year ended 30 June 2010**  
**(\$000's)**

	Ryde Aquatic Leisure Centre		Commercial Waste Management	
	(Category 1)		(Category 2)	
	2010	2009	2010	2009
<b>Income from continuing operations</b>				
Annual Charges	-	-	-	-
User Charges	4,394	4,475	623	535
Fees	17	-	-	-
Interest	-	-	-	-
Other income	3	76	-	-
Grants & Contributions provided for Non-Capital Purposes	-	-	-	-
Profit from sale of assets	-	-	-	-
<b>Total Income From Continuing Operations</b>	<b>4,414</b>	<b>4,551</b>	<b>623</b>	<b>535</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on costs	2,528	2,431	31	27
Materials and Contracts	1,495	1,357	223	194
Borrowing costs	-	-	-	-
Depreciation and impairment	877	1,762	-	-
Loss on sale of assets	-	-	-	-
Taxation Equivalent Payments	144	143	-	-
Other expenses	47	555	77	52
<b>Total Expenses From Continuing Operations</b>	<b>5,091</b>	<b>6,248</b>	<b>331</b>	<b>273</b>
<b>Surplus (Deficit) from Continuing Operations before capital amounts</b>	<b>(677)</b>	<b>(1,697)</b>	<b>292</b>	<b>262</b>
Grants & Contributions provided for Capital Purposes	-	-	-	-
<b>Surplus (Deficit) from Continuing Operations after capital amounts</b>	<b>(677)</b>	<b>(1,697)</b>	<b>292</b>	<b>262</b>
Surplus (Deficit) from Discontinued Operations	-	-	-	-
<b>Surplus (Deficit) from All Operations before Tax</b>	<b>(677)</b>	<b>(1,697)</b>	<b>292</b>	<b>262</b>
Corporate Taxation Equivalent (30%) [based on Operating result before capital]	-	-	88	78
<b>Surplus (Deficit) After Tax</b>	<b>(677)</b>	<b>(1,697)</b>	<b>204</b>	<b>184</b>
<b>Opening Retained profits *</b>	<b>31,884</b>	<b>33,166</b>	<b>200</b>	<b>199</b>
Adjustments for Amounts Unpaid:-				
Taxation Equivalent Payments	144	143	-	-
Corporate Taxation Equivalent	-	-	88	78
Plus: Subsidy from Council	-	-	-	-
Plus: Equity Contributions	78	415	-	-
Less: Equity Withdrawals	-	-	-	-
Less: TER Dividend payment (non restricted activities)	(144)	(143)	(88)	(78)
Less: Surplus Dividend payment (non restricted activities)	-	-	(204)	(183)
<b>Closing Retained Profits</b>	<b>31,285</b>	<b>31,884</b>	<b>200</b>	<b>200</b>
<b>RETURN ON CAPITAL (%)</b>	<b>-1.5%</b>	<b>-3.7%</b>	<b>N/A</b>	<b>N/A</b>
<b>SUBSIDY FROM COUNCIL</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.

## BALANCE SHEET OF OTHER BUSINESS ACTIVITIES

for the year ended 30 June 2010

(\$'000's)

	Ryde Aquatic Leisure Centre		Commercial Waste Management	
	(Category 1)		(Category 2)	
	2010	2009	2010	2009
<b>CURRENT ASSETS</b>				
Cash Asset and cash equivalents	178	99	-	-
Investments	-	-	-	-
Receivables	57	61	216	217
Inventories	12	33	-	-
Other	-	-	30	9
<b>TOTAL CURRENT ASSETS</b>	<b>247</b>	<b>193</b>	<b>246</b>	<b>226</b>
<b>NON-CURRENT ASSETS</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, Property, Plant & Equipment	45,291	45,915	-	-
Other	-	-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>45,291</b>	<b>45,915</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>45,538</b>	<b>46,108</b>	<b>246</b>	<b>226</b>
<b>CURRENT LIABILITIES</b>				
Payables	304	294	38	21
Interest Bearing Liabilities	-	-	-	-
Provisions	515	490	6	3
<b>TOTAL CURRENT LIABILITIES</b>	<b>819</b>	<b>784</b>	<b>44</b>	<b>24</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables	-	-	0	-
Interest Bearing Liabilities	-	-	-	-
Provisions	12	18	2	2
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>12</b>	<b>18</b>	<b>2</b>	<b>2</b>
<b>NET ASSETS</b>	<b>44,707</b>	<b>45,306</b>	<b>200</b>	<b>200</b>
<b>EQUITY</b>				
Retained Earnings	31,285	31,884	200	200
Revaluation Reserves	13,422	13,422	-	-
<b>TOTAL EQUITY</b>	<b>44,707</b>	<b>45,306</b>	<b>200</b>	<b>200</b>

## NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

### NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

This statement summarises the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) 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
Ryde Aquatic Leisure Centre	Provision of aquatic and dry court sports and leisure facilities

##### Category 2

Name	Brief Description of Activity
Commercial Waste Removal	Commercial waste collection, recycling and disposal.

#### Monetary Amounts

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

#### 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	1.6% of the value in excess of \$368,000 but less than \$2,250,000. 2% of the value in excess of \$2,250,000
Payroll Tax	5.875% of total labour payments for the individual business activity in excess of \$623,000
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.

### (i) 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.

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

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

### (iii) Dividends

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

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

---

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying *special purpose financial statements* of *City of Ryde*, which comprises the Balance Sheet as at 30 June 2010, Income Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

***Responsibility of Council for the Financial Statements***

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

***Auditors' Responsibility***

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

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

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The financial statements have been prepared for distribution to the Council and the Division 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 Division of Local Government, or for any purpose other than that for which they were prepared.

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

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

### ***Independence***

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

### ***Auditor's Opinion***

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

**HILL ROGERS SPENCER STEER**



**BRETT HANGER**

Partner

Dated at Sydney this 21<sup>st</sup> day of October 2010





City of Ryde

## **Special Schedules**

**Year Ended 30 June 2010**





**SPECIAL SCHEDULES**  
for the year ended 30 June 2010

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**SPECIAL SCHEDULES - Schedule No. 1**

**NET COST OF SERVICES**

**for the year ended 30 June 2010**

**(\$'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>	1,507	1,507	3	0	3	(1,504)	(1,504)
<b>ADMINISTRATION</b>							
Corporate Support	2,377	21,621	143	0	2,700	(2,234)	(18,921)
Engineering & Works	1,745		507	1,524		286	
Other Support Services	17,499		526	0		(16,972)	
<b>PUBLIC ORDER &amp; SAFETY</b>		4,184			3,804		(380)
Statutory Contribution to Fire Service Levy	1,743		0	0		(1,743)	
Fire Protection - Other	0	521	0	0	332	0	(188)
Animal Control	113		76	0		(36)	
Beach Control	0		0	0		0	
Enforcement of Local Govt Regs	606		1,706	0		1,100	
Emergency Services	124		0	0		(124)	
Other	1,598		2,022	0		424	
<b>HEALTH</b>							
Administration & Inspection	303		275	0		(28)	
Immunisation	116		41	0		(75)	
Food Control	0		0	0		0	
Insect/Vermin Control	20		0	0		(20)	
Noxious Plants	28		16	0		(12)	
Health Centres	54		0	0		(54)	
Other	0		0	0		0	
<b>COMMUNITY SERVICES &amp; EDUCATION</b>		2,549			953		(1,596)
Administration	376		16	0		(359)	
Family Care	0		0	0		0	
Child Care	28		0	0		(28)	
Youth Services	131		39	0		(93)	
Other Families & Children	392		221	0		(171)	
Aged & Disabled	401		465	0		64	
Migrant Services	0		0	0		0	
Aboriginal Services	0		0	0		0	
Other Community Services	1,194		173	0		(1,022)	
Education	25		39	0		13	
		2,549			953		(1,596)

**NET COST OF SERVICES (CONT)**

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>HOUSING &amp; COMMUNITY AMENITIES</b>							
Housing	0		0	0		0	
Town Planning	4,391		2,444	250		(1,696)	
Domestic Waste Management	9,535		12,479	0		2,944	
Other Waste Management	1,070		862	0		(208)	
Street Cleaning	682		0	0		(682)	
Other Sanitation & Garbage	0		0	0		0	
Urban Stormwater Drainage	4,980		1,173	379		(3,428)	
Environmental Protection	810		43	0		(767)	
Public Cemeteries	0		0	0		0	
Public Conveniences	364		6	70		(288)	
Other Community Amenities	0		0	0		0	
		21,832			17,706		(4,126)
<b>WATER SUPPLIES</b>							
<b>SEWERAGE SERVICES</b>							
<b>RECREATION &amp; CULTURE</b>							
Public Libraries	4,609		924	0		(3,684)	
Museums	0		0	0		0	
Art Galleries	0		0	0		0	
Community Centres	149		4	1,750		1,605	
Public Halls	455		402	0		(53)	
Other Cultural Services	310		84	0		(225)	
Swimming Pools	5,002		4,493	22		(487)	
Sporting Grounds	2,684		499	0		(2,185)	
Parks & Gardens (Lakes)	7,006		11	2,413		(4,582)	
Other Sport & Recreation	251		221	0		(30)	
		20,465			10,822		(9,643)
<b>FUEL &amp; ENERGY SUPPLIES</b>							
Gas Supplies							
<b>MINING, MANUFACTURING &amp; CONSTRUCTION</b>							
Building Control	670		249	0		(421)	
Abattoirs	0		0	0		0	
Quarries & Pits	0		0	0		0	
Other	0		0	0		0	
		670			249		(421)

## NET COST OF SERVICES (CONT)

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>TRANSPORT &amp; COMMUNICATION</b>							
Urban Roads : Local	7,959		2,609	14,024		8,674	
Urban Roads : Regional	30		65	0		35	
Sealed Rural Roads : Local	0		0	0		0	
Bridges on Urban Roads : Local	12		0	0		(12)	
Bridges on Urban Roads : Regional	0		0	0		0	
Bridges on Urban Roads : Other	0		0	0		0	
Footpaths	494		0	0		(494)	
Aerodromes	0		0	0		0	
Parking Areas	99		0	0		(99)	
Bus Shelters & Services	38		0	0		(38)	
Water Transport	0		0	0		0	
RTA Works (State)	0		0	0		0	
Street Lighting	1,650		338	0		(1,312)	
Other	372		230	0		(142)	
		10,653			17,266		6,613
<b>ECONOMIC AFFAIRS</b>							
Camping Areas	0		0	0		0	
Caravan Parks	0		0	0		0	
Tourism & Area Promotion	6		0	0		(6)	
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	397		885	15		503	
		403			900		497
<b>TOTALS - FUNCTIONS</b>		84,404			54,736		(29,668)
<b>GENERAL PURPOSE REVENUES <sup>(1)</sup></b>					45,898		45,898
<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>		84,404			100,635		16,231
<b>EXTRAORDINARY ITEMS <sup>(2)</sup></b>							
<b>SURPLUS/(DEFICIT) FROM ALL ACTIVITIES <sup>(2)</sup></b>		84,404			100,635		16,231

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

**SPECIAL SCHEDULES - Schedule No. 2(a)**  
**STATEMENT OF LONG-TERM DEBT (ALL PURPOSES)**

for the year ended 30 June 2010

(\$,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		From Revenue	Sinking Funds		Current	Non-Current
LOANS (By Source)								
Commonwealth Bank								
Treasury Corporation								
Other State Government								
Public Subscriptions								
Financial Institutions	453	4,747	5,200	427	0	202	434	4,339
Other								
TOTAL LOANS	453	4,747	5,200	427	0	202	434	4,339
OTHER LONG TERM DEBT								
Ratepayer's Advances								
Government Advances								
Finance Leases								
Deferred Payments								
TOTAL LONG TERM DEBT	453	4,747	5,200	427	0	202	434	4,339
								4,773

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

### **STATEMENT OF INTERNAL LOANS (Section 410(3) LGA 1993)** for the year ended 30 June 2010 (\$'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>			0

#### **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>								0

# SPECIAL SCHEDULES - Schedule No. 7

## CONDITION OF PUBLIC WORKS

AS AT 30 June 2010

(\$'000)

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense	Cost	Per Note 9			WDV	Asset Condition (weighted by replacement cost)	Estimated Cost to bring to a satisfactory standard	Required Annual Maintenance Expense	Current Annual Maintenance
					Valuation	Accumulated Depreciation						
Buildings		1.74%	1,188		145,709	59,594	86,115	17% of buildings are considered to be in a satisfactory condition.	21,718	2,027		3,051
**Public Roads												
Road Pavement/Rd Ancillaries		0.98%	5,435	0	615,066	116,174	498,892	89% of road segments are considered to be in a satisfactory condition.	12,071	5,249		6,565
Footpaths/Cycleways								71% of footpaths are considered to be in a satisfactory condition.	3,228	783		757
Bridges								71.9% of road bridges are considered to be in a satisfactory condition.	878	237		63
Kerb & Gutter								95.3% of Kerb & Gutter are considered to be in a satisfactory condition.	806	1,003		160

**SPECIAL SCHEDULES - Schedule No. 7**  
**CONDITION OF PUBLIC WORKS**  
**AS AT 30 June 2010**  
**(\$'000)**

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense	Cost	Valuation	Accumulated Depreciation	WDV	Asset Condition (weighted by replacement cost)	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)		
<b>Drainage Works</b>		1.06%	3,801	0	367,883	113,935	253,948	67.5% of conduit assets and 51.9% of pits and devices assets are considered to be in a satisfactory condition.	32,920	4,153	2,514
<b>Other Structures</b>		various	2,318		102,897	30,755	72,142	60.5% of park assets are considered to be in a satisfactory condition.	7,315	2,146	2,549
<b>Totals</b>			<b>12,742</b>	<b>0</b>	<b>1,231,555</b>	<b>320,458</b>	<b>911,097</b>		<b>78,936</b>	<b>15,598</b>	<b>15,659</b>



# SPECIAL SCHEDULES - Schedule No. 7

## CONDITION OF PUBLIC WORKS

AS AT 30 June 2010

(\$'000)

### 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.

Condition Rating	Condition Description
1	Very Good Condition – Only normal maintenance required
2	Minor Defects Only – Minor maintenance required (5%)
3	Maintenance Required to Return to Accepted Level of Service – Significant maintenance required (10%-20%)
4	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 undertook a major review of its Asset Management practices for Buildings, Roads and Drainage Assets in 2006/2007, further reviews were undertaken in 2007/2008 for Land and Other Structures. A further review was undertaken of Councils footpath network during the 2008/2009 financial year

### \*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 has adopted the use of a Pavement Management System (PMS) and condition Rating data has been collected since 1991. Some 20% of the road network is condition rated each year. The current replacement cost of the road assets is \$420M.

Council's footpath network has a current replacement value of \$58M. Council has designed and implemented a Footpath Management System, where every footpath is inspected and rated on a 1 to 5 rating basis.

Council has designed and implemented a Kerb & Gutter Management System with approximately 100% of the network inspected and rated. The current replacement value is \$96M.

The current replacement cost of bridges is \$23M.

**SPECIAL SCHEDULES - Schedule No. 8**

**Financial Projections**

	2010 <sup>(1)</sup> (\$'000)	2011 (\$'000)	2012 (\$'000)	2013 (\$'000)
<b>Operating Budget</b>				
Income From Continuing Operations	88,841	89,693	95,124	96,990
Expenditure From Continuing Operations	81,053	83,832	86,729	90,250
<b>Operating Result From Continuing Operations</b>	<b>7,788</b>	<b>5,861</b>	<b>8,395</b>	<b>6,740</b>
<b>Capital Budget</b>	<b>36,181</b>	<b>36,125</b>	<b>29,535</b>	<b>28,601</b>
Funded By:				
New Borrowings		-	-	-
Reserves	11,477	3,122	2,143	1,420
Grants & Contributions	9,901	8,331	10,922	9,986
General Revenue	14,803	24,672	16,470	17,195
	<b>36,181</b>	<b>36,125</b>	<b>29,535</b>	<b>28,601</b>

<sup>(1)</sup> From income statement