

## **Council Meeting**

**AGENDA NO. 19/11**

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**Meeting Date:** Tuesday 8 November 2011  
**Location:** Council Chambers, Level 6  
**Time:** 7.30pm

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### **ATTACHMENTS**

<b>Item</b>		<b>Page</b>
<b>8</b>	<b>2010-2011 FINANCIAL STATEMENTS</b>	
	Attachment 7 Completed Audited Financial Statments - 2010/2011.....	2
<b>12</b>	<b>FEE/CHARGE ESTABLISHMENT FOR LIBRARY PUBLICATION</b>	
	Attachment 1 Sample pages from the book.....	94

**ITEM 8 (continued)**

**ATTACHMENT 7**



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# **General and Special Purpose Financial Statements**

Year Ended 30 June 2011

**ITEM 8 (continued)**

**ATTACHMENT 7**

General Purpose Financial Statements - Year Ended 30 June 2011

**ITEM 8 (continued)**

**ATTACHMENT 7**

**General Purpose Financial Statements - Year Ended 30 June 2011**

**GENERAL PURPOSE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**TABLE OF CONTENTS**

	<u>Page</u>
<b>Council's Statement [s.413 (2)(c)]</b>	4
<b>General Purpose Financial Statements</b>	
• Income Statement	5
• Statement of Comprehensive Income	6
• Balance Sheet	7
• Statement of Changes in Equity	8
• Statement of Cash Flows	9
<b>Notes to the Financial Statements</b> for the year ended 30 June 2011	
<b>Contents of the notes to the financial statements</b>	
Note 1 Summary of significant Accounting Policies	10 - 21
Note 2a Functions or activities	22
Note 2b Components of Functions or activities	23 - 25
Note 3 Income from continuing operations	26 - 28
Note 4 Expenses from continuing operations	29 - 30
Note 5 Gain or Loss from the Disposal of Assets	31
Note 6a Cash and cash equivalents	32
Note 6b Investments	33
Note 6c Restricted Cash, Cash Equivalents & Investments	34 - 35
Note 7 Receivables	36 - 37
Note 8 Inventories and Other Assets	38
Note 9a Infrastructure, Property, Plant and Equipment	39
Note 9b Restricted Infrastructure, Property, Plant and Equipment	39
Note 10a Payables, Borrowings, and Provisions	40
Note 10b Description of and Movements in Provisions	41
Note 11 Reconciliation of operating result to net cash movement from operating activities	42 - 43
Note 12 Commitments for Expenditure	44 - 45
Note 13a Statement of Performance Measures - Consolidated results	46
Note 14 Investment Properties	47
Note 15 Financial Risk Management	48 - 51
Note 16 Material Budget Variations	52
Note 17 Statement of developer contributions	53
Note 18 Contingencies	54 - 55
Note 19 Interests in joint ventures and associates	56
Note 20 Revaluation reserves and retained earnings	57 - 58
Note 21 Results by Fund	(not reported)
Note 22 Non-current assets classified as held for sale	59
Note 23 Events occurring after balance sheet date	60
Note 24 Discontinued operation	(not reported)
Note 25 Intangible assets	(not reported)
Note 26 Reinstatement, rehabilitation and restoration liabilities	61
<b>Auditor's Report [s.417 (2)] - Report on the Financial Statements</b>	62 - 63
<b>Auditor's Report [s.417 (3)] - Report on the Conduct of the Audit</b>	64 - 70



**ITEM 8 (continued)**

**ATTACHMENT 7**

General Purpose Financial Statements - Year Ended 30 June 2011

**GENERAL PURPOSE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**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 11 October 2011.

  
Councillor Artin Etmejdjian  
Mayor

  
Mr John Neish  
General Manager

  
Councillor Gabrielle O'Donnell  
Deputy Mayor

  
Mr John Todd  
Chief Financial Officer  
(Responsible Accounting Officer)

**ITEM 8 (continued)**

**ATTACHMENT 7**

**General Purpose Financial Statements - Year Ended 30 June 2011**

**INCOME STATEMENT  
for the year ended 30 June 2011**

<b>Original Budget* 2011 (\$'000)</b>		<b>Notes</b>	<b>Actual 2011 (\$'000)</b>	<b>Actual 2010 (\$'000)</b>
<b>INCOME FROM CONTINUING OPERATIONS</b>				
55,816	Rates and Annual Charges	3(a)	56,338	54,496
11,161	User Charges and Fees	3(b)	10,942	11,401
2,489	Interest and Investment Revenue	3(c)	4,429	-
5,278	Other Revenues	3(d)	5,406	4,659
6,450	Grants & Contributions provided for operating purposes	3(e&f)	6,903	6,260
5,704	Grants & Contributions provided for capital purposes	3(e&f)	15,539	12,288
	<b>Other Income:</b>			
-	Net gain from the disposal of assets	5	531	-
-	Net share of interests in joint ventures and associates using the equity method	19	-	-
<b>86,898</b>	<b>TOTAL INCOME FROM CONTINUING OPERATIONS</b>		<b>100,088</b>	<b>89,104</b>
<b>EXPENSES FROM CONTINUING OPERATIONS</b>				
33,766	Employee Benefits and On-costs	4(a)	33,644	32,614
344	Borrowing Costs	4(b)	242	202
22,793	Materials and Contracts	4(c)	21,185	19,525
18,500	Depreciation, Amortisation and Impairment	4(d)	18,598	18,715
11,027	Other Expenses	4(e)	10,432	9,329
-	Interest and Investment Losses	3(c)	-	627
-	Net Loss from the disposal of assets	5	-	19
-	Share of interests in joint ventures and associates using the equity method	19	-	-
<b>86,430</b>	<b>TOTAL EXPENSES FROM CONTINUING OPERATIONS</b>		<b>84,101</b>	<b>81,031</b>
<b>468</b>	<b>OPERATING RESULT FROM CONTINUING OPERATIONS</b>		<b>15,987</b>	<b>8,073</b>
-	Operating result from discontinued operations	24	-	-
<b>468</b>	<b>NET OPERATING RESULT FOR THE YEAR</b>	2(a)	<b>15,987</b>	<b>8,073</b>
<b>(5,236)</b>	<b>NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS &amp; CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES</b>		<b>448</b>	<b>(4,215)</b>

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

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

**ITEM 8 (continued)**

**ATTACHMENT 7**

**General Purpose Financial Statements - Year Ended 30 June 2011**

**STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 30 June 2011**

	Notes	Actual 2011 (\$'000)	Actual 2010 (\$'000)
<b>Net operating result for the year - from Income Statement</b>		15,987	8,073
<b>Other comprehensive income</b>			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	20(b)	-	-
Gain (loss) on revaluation of available-for-sale investments	20(b)	-	-
Realised available-for-sale investment gains recognised in revenue	20(b)	-	-
Adjustment to correct prior period errors	20(d)	-	-
<b>Total other comprehensive income for the year</b>		15,987	8,073
<b>Total comprehensive income for the year</b>			
Attributable to:			
- Council		15,987	8,073
- Minority Interests			

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

**ITEM 8 (continued)**

**ATTACHMENT 7**

**General Purpose Financial Statements - Year Ended 30 June 2011**

**BALANCE SHEET**

As at 30 June 2011

	Notes	2011 (\$'000)	2010 (\$'000)	2009 (\$'000)
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	6(a)	8,532	27,806	44,987
Investments	6(b)	50,030	28,250	5,885
Receivables	7	5,792	6,158	6,288
Inventories	8	420	467	570
Other	8	969	405	330
Non-Current assets classified as held for Sale	22	-	971	-
<b>Total Current Assets</b>		65,743	64,057	58,060
<b>Non-Current Assets</b>				
Investments	6(b)	10,502	6,995	15,494
Receivables	7	938	933	488
Infrastructure, Property, Plant and Equipment	9	2,156,578	2,145,672	-
Investments accounted for using equity method	19	-	-	2,166,375
Investment Property	14	2,200	2,200	-
Intangible assets	25	-	-	2,315
Other	8	-	-	-
<b>Total Non-Current Assets</b>		2,170,218	2,155,800	2,184,672
<b>TOTAL ASSETS</b>		<u>2,235,961</u>	<u>2,219,857</u>	<u>2,242,732</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	10(a)	15,393	15,437	16,068
Borrowings	10(a)	775	434	453
Provisions	10(a)	7,455	7,205	6,820
<b>Total Current Liabilities</b>		23,623	23,076	23,341
<b>Non-Current Liabilities</b>				
Payables	10(a)	-	-	-
Borrowings	10(a)	3,899	4,339	4,747
Provisions	10(a)	174	164	250
<b>Total Non-Current Liabilities</b>		4,073	4,503	4,997
<b>TOTAL LIABILITIES</b>		<u>27,696</u>	<u>27,579</u>	<u>28,338</u>
<b>NET ASSETS</b>		<u>2,208,265</u>	<u>2,192,278</u>	<u>2,214,394</u>
<b>EQUITY</b>				
Retained Earnings	20	1,689,889	1,673,902	1,696,018
Revaluation reserves	20	518,376	518,376	518,376
Council equity interest		2,208,265	2,192,278	2,214,394
Minority equity interest		-	-	-
<b>TOTAL EQUITY</b>		<u>2,208,265</u>	<u>2,192,278</u>	<u>2,214,394</u>

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

\*\* third year included due to prior year error adjustment

**ITEM 8 (continued)**

**ATTACHMENT 7**

**General Purpose Financial Statements - Year Ended 30 June 2011**

**STATEMENT OF CHANGES IN EQUITY  
for the year ended 30 June 2011**

	Notes	2011 (\$'000)							2010 (\$'000)						
		Retained Earnings			Asset			Accumulated Surplus	Other Reserves			Council Equity			Total Equity
		2011	2010	2011	Revaluation Reserve	2011	2010		2011	2010	2011	2011	2010	2011	
Opening Balance	20	1,742,118	1,696,018	518,376	518,376	2,230,494	2,214,394	1,696,018	518,376	2,214,394	2,214,394	-	-	2,214,394	(30,189)
Correction of errors		(38,216)						(30,189)			(30,189)				
Changes in Accounting Policies															
Restated Opening Balance	20	1,673,902	1,665,829	518,376	518,376	2,192,278	2,184,205	1,665,829	518,376	-	2,184,205	-	-	2,184,205	8,073
Net Operating Result for the Year	20	15,987		-	-	15,987	8,073	8,073	-	-	8,073	-	-	8,073	
Other Comprehensive Income	20														
Total Comprehensive Income	20	15,987		-	-	15,987	8,073	8,073	-	-	8,073	-	-	8,073	
Closing Balance	20	1,689,889	1,673,902	518,376	518,376	2,208,265	2,192,278	1,673,902	518,376	-	2,192,278	-	-	2,192,278	

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

**ITEM 8 (continued)**

**ATTACHMENT 7**

**General Purpose Financial Statements - Year Ended 30 June 2011**

**STATEMENT OF CASH FLOWS  
for the year ended 30 June 2011**

Original Budget* 2011 (\$'000)	Notes	2011 (\$'000)	2010 (\$'000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
55,816 Rates & Annual Charges		56,353	54,249
12,092 User Charges & Fees		12,017	12,487
2,489 Investment Revenue and Interest		4,388	3,006
6,738 Grants and Contributions		15,092	12,944
5,529 Other		6,906	7,198
<b>Payments</b>			
(33,863) Employee Benefits and on-costs		(34,043)	(32,342)
(24,774) Materials and Contracts		(22,279)	(20,516)
(344) Borrowing Costs		(241)	(201)
(12,062) Other		(12,019)	(9,939)
<b>Net cash provided (or used) in Operating Activities</b>	<b>11(b)</b>	<b>26,174</b>	<b>26,886</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
33,479 Sale of Investments		23,364	15,000
- Sale of Investment Property		-	-
- Sale of Real Estate Assets		1,008	-
853 Sale of Infrastructure, Property, Plant and Equipment		1,309	974
- Sale of Interests in Joint Ventures/Associates		-	-
- Proceeds from Boundary Adjustment		-	-
- Other		-	-
<b>Payments</b>			
(22,000) Purchase of Investments		(48,032)	(33,000)
- Purchase of Investment property		-	-
(75,396) Purchase of Property, Plant and Equipment		(22,998)	(26,614)
- Purchase of Real Estate		-	-
- Purchase of Interests in Joint Ventures/Associates		-	-
- Other		-	-
<b>Net cash provided by (or used in) Investing Activities</b>		<b>(45,349)</b>	<b>(43,640)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
- Borrowings and Advances		-	-
- Other		-	-
<b>Payments</b>			
(381) Borrowings and Advances		(427)	(427)
- Lease Liabilities		-	-
- Other		-	-
<b>Net cash provided by (or used in) Financing Activities</b>		<b>(427)</b>	<b>(427)</b>
(51,824) Net Increase (Decrease) in Cash & Cash Equivalents		(19,602)	(17,181)
27,806 Cash & Cash Equivalents at beginning Reporting Pd	11(a)	27,806	44,987
<b>(24,018) Cash &amp; Cash Equivalents at end of Reporting Pd</b>	<b>11(a)</b>	<b>8,204</b>	<b>27,806</b>

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

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

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**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 Standards, 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.

**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 property, plant and equipment and investment property.

**Critical accounting estimates**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the groups accounting policies.

**(b) Revenue recognition**

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of transaction and the specifics of each arrangement.

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.

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.

Revenue 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.



## ITEM 8 (continued)

## ATTACHMENT 7

### Notes to the financial statements 30 June 2011

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

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

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

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

#### Interest and rents

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

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

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated into the financial statements under the appropriate headings. Details of the joint venture are set out in note 19.

##### Jointly controlled entities

The interest in a joint venture partnership is accounted for using the equity method and is carried at cost. Under the equity method, the share of the profits or losses of the partnership is recognised in the income



## ITEM 8 (continued)

## ATTACHMENT 7

### Notes to the financial statements 30 June 2011

statement, and the share of movements in reserves is recognised in reserves in the balance sheet. Details relating to the partnership are set out in Note 19.

#### 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 are recognised in the balance sheet. Expenses incurred and council's share of income is recognised in the Income Statement.

#### (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 or, if lower, 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 cost. 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 asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that Council will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee 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 where Council is a lessor 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, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested 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 the purpose of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### (g) Cash and cash equivalents

For cash flow statement presentation purposes, 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.

## ITEM 8 (continued)

## ATTACHMENT 7

### Notes to the financial statements 30 June 2011

#### (h) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 14 days.

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

#### (i) Inventories

##### (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 include the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of raw material. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. 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 (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) 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 (or disposal group), 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 (or disposal group) is recognised at the date of de-recognition.

## ITEM 8 (continued)

## ATTACHMENT 7

### Notes to the financial statements 30 June 2011

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation in a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

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

##### Classification

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

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

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 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 (note 7) 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. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. 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.

##### Financial assets - reclassification

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. In addition, Council may choose to reclassify financial assets that would meet the definition of loans and

## ITEM 8 (continued)

## ATTACHMENT 7

### Notes to the financial statements 30 June 2011

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 and until maturity at the date of classification.

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.

#### 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 monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit and loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities reclassified as available-for-sale are recognised in equity.

Details of how the fair value of financial instruments is determined are disclosed in note 1(f).

#### 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.

If there is evidence of impairment for any of Council's financial assets carried at amortisation cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial assets original effective interest rate. The loss is recognised in the income statement.

#### Investment 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



## ITEM 8 (continued)

## ATTACHMENT 7

### Notes to the financial statements 30 June 2011

policy and having particular regard to authorised investments prescribed under the Ministerial 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.

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed, however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

#### (l) Fair value estimation

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

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

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

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

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

Council's assets have been progressively revalued to fair value in accordance with a staged implementation advised by the Division of Local Government. At balance date the following classes of IPPE were stated at their fair value:

- Operational land (External Valuation).
- Buildings – Specialised/Non Specialised (External Valuation).
- Water/Sewerage Networks (Internal Valuation).
- Plant and equipment (as approximated by depreciated historical cost).
- Road assets – roads, bridges and footpaths (Internal Valuation).
- Drainage assets – (Internal Valuation).
- Bulk earthworks – (Internal Valuation).
- Community land – (External Valuation).
- Land Improvements (as approximated by depreciated historical cost).
- Other structures (as approximated by depreciated historical cost).
- Other assets (as approximated by depreciated historical cost).

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

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.

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

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.

Land, other than land under roads, is classified as either operational or community in accordance with Part 2 of Chapter 6 of the Local Government Act (1993). This classification is made in Note 9(a).

**(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, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location, or condition of the specific asset. If this information is not available, Council uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. These valuations are reviewed annually by a member of the Australian Property Institute. Changes in fair values are recorded in profit and loss as part of other income.

Investment property includes properties that are under construction for future use as investment properties. These are also carried at fair value unless the fair value can not yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete

**(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. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

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.

**(r) Provisions**

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable 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.

## ITEM 8 (continued)

## ATTACHMENT 7

### Notes to the financial statements 30 June 2011

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

#### (s) Employee benefits

##### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

##### (ii) Long service leave

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service 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 end of the reporting period using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

##### (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 the 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 member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities. As a result, they have asked for significant increases in contributions to recover that deficiency. Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has, however, disclosed a contingent liability in note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

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

##### (t) Rounding of amounts

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

## ITEM 8 (continued)

## ATTACHMENT 7

### Notes to the financial statements 30 June 2011

#### (u) Land under roads

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

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

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

#### (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 assets and liabilities

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



## ITEM 8 (continued)

## ATTACHMENT 7

### Notes to the financial statements 30 June 2011

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 interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. Council's assessment of the impact of these new standards and interpretations is set out below.

- (i) AASB 9 Financial Instruments, AASB 2009 11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) effective from 1 January 2013

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the 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.

There will be no impact on the Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Council does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed.

- (ii) 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 clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. This amendment will have no impact on Council.

- (iii) 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's financial statements.

- (iv) AASB 1053 Application of Tiers of Australian Accounting Standards and AASB2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 January 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. NSW Council is a local government and, as a result, is not eligible to adopt the new Australian Accounting Standards - Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of Council.

- (v) AASB 2010-6 Amendments to Australian Accounting Standards Disclosures on Transfer of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)

Amendments made to AASB 7 Financial Instruments: Disclosures in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect

## ITEM 8 (continued)

## ATTACHMENT 7

### Notes to the financial statements 30 June 2011

particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on Council's disclosures.

(vi) AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying (effective from 1 January 2012)

In December 2010, the AASB amended AASB 112 *Income Taxes* to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities that is through use or through sale. The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale. This amendment will have no 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)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

**ITEM 8 (continued)**

**ATTACHMENT 7**

Notes to the financial statements 30 June 2011

Note 2(a) FUNCTIONS

INCOME, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS / ACTIVITIES														
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	Actual 2011	Actual 2010	Original Budget	Actual 2011	Actual 2010	Original Budget	Actual 2011	Actual 2010	Actual 2011	Actual 2010	Actual 2011	Actual 2010	
	2011 \$'000	\$'000	\$'000	2011 \$'000	\$'000	\$'000	2011 \$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
People Community Life Community & Culture Community Relations Library Services Open Space R&LC	0	84	0	45	168	27	(145)	(24)	(27)	0	0	0	0	
	94.1	905	880	2,728	2,466	2,422	(1,787)	(1,561)	(1,582)	629	538	28,697	28,697	
	556	623	547	1,909	1,993	2,001	(1,344)	(1,344)	(1,454)	0	0	12,845	12,845	
	867	862	854	5,153	4,904	5,114	(4,287)	(4,042)	(4,160)	259	347	9,016	10,038	
	568	708	1,194	3,566	2,390	3,847	(3,008)	(1,681)	(2,563)	456	1,776	1,159,990	1,159,990	
	5,046	4,534	4,629	5,672	4,520	5,866	(637)	14	(1,244)	0	0	47,772	47,561	
	7,967	7,717	8,167	19,085	16,387	19,277	(11,098)	(8,670)	(11,119)	1,343	2,680	1,259,122	1,258,853	
	Governance Corporate Services Corporate Services Human Resources Customer Service Governance Risk & Audit Financial Services Information Systems Strategy & Organisational Development	2,821	6,349	3,417	91	6,639	925	2,730	(290)	2,492	92	36	14,234	5,191
		15	3	1	15	3	1	0	0	0	0	0	0	0
		10	103	55	8	103	65	2	0	0	82	36	(1)	0
7		2	2	5	2	3	2	0	0	0	0	0	0	
0		2	2	0	2	2	0	0	0	0	0	0	0	
60		(167)	78	80	123	78	0	(250)	0	0	0	0	0	
2,714		6,303	3,155	2,712	6,363	663	2	0	2,492	0	0	9,262	0	
10		21	47	(2,714)	21	47	2,724	0	0	0	0	(247)	0	
5		2	55	5	2	65	0	0	0	0	0	2	0	
2,821		6,349	3,417	91	6,639	925	2,730	(290)	2,492	82	36	14,234	5,191	
Environment Assessment Environment Environmental Health & Building Regulatory Services Environment & Planning Urban Planning	1,079	1,115	958	2,575	2,520	2,727	(1,497)	(1,406)	(1,769)	0	0	0	0	
	173	6	110	1,259	1,213	1,106	(1,086)	(1,208)	(986)	(3)	86	0	0	
	1,061	943	1,108	1,911	1,908	1,924	(850)	(955)	(894)	0	0	182	194	
	3,418	4,107	3,252	2,018	1,978	2,097	1,406	2,137	1,155	2	67	79	79	
	0	0	0	5	(5)	0	(5)	0	0	0	0	0	0	
	3,552	4,008	2,545	2,336	1,927	2,050	1,326	2,073	493	55	124	0	0	
	9,283	10,140	7,966	10,095	9,533	9,954	(712)	697	(1,996)	54	264	255	273	
	Assets Access Buildings & Property Stormwater and Park Assets Waste & Fleet Operations	3,593	4,871	3,558	13,730	8,879	14,341	(10,147)	(11,385)	(11,853)	2,172	1,574	560,442	539,253
		2,624	9,906	3,245	10,883	14,497	6,726	(10,259)	(4,551)	(3,491)	0	0	48,265	50,429
		239	257	519	6,368	5,678	6,484	(16,131)	(5,412)	(5,965)	134	646	270,191	272,960
14,241		14,324	15,256	16,347	14,223	12,757	(2,106)	101	2,499	272	269	15,171	16,535	
132		158	1,694	9,022	7,062	9,070	(6,908)	(7,179)	(6,908)	22	1,908	1,908	1,908	
20,210		29,515	24,469	56,351	50,319	49,978	(35,353)	(20,801)	(25,511)	2,537	2,602	896,002	889,505	
Total Functions & Activities General Purpose Revenue Totals		40,989	53,721	44,021	85,601	82,878	80,145	(44,613)	(29,154)	(36,120)	4,116	5,521	2,169,614	2,145,002
		45,969	46,356	45,693	829	1,223	888	45,080	45,143	44,195	3,444	3,264	56,347	60,255
		86,958	100,078	89,714	86,430	84,101	81,033	468	15,987	8,073	7,560	8,785	2,225,961	2,214,857

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**NOTE 2(b) COMPONENTS OF FUNCTIONS OR ACTIVITIES**

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

## ITEM 8 (continued)

## ATTACHMENT 7

### Notes to the financial statements 30 June 2011

#### 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

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**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



**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**NOTE 3 INCOME FROM CONTINUING OPERATIONS**

	2011 (\$'000)	2010 (\$'000)
<b>(a) Rates and Annual Charges</b>		
<b>Ordinary Rates</b>		
Residential	23,588	22,836
Business	12,140	11,887
Environmental Management Levy	5,515	5,353
<b>Total Ordinary Rates</b>	<b>41,243</b>	<b>40,076</b>
<b>Special Rates</b>		
Macquarie Park	1,178	1,146
<b>Total Special Rates</b>	<b>1,178</b>	<b>1,146</b>
<b>Annual Charges (pursuant to s.496, s.501 &amp; s.611)</b>		
Domestic Waste Management Services	12,845	12,206
Stormwater Management Service Charge	972	972
Section 611 Charges	100	96
<b>Total Annual Charges</b>	<b>13,917</b>	<b>13,274</b>
<b>Total Rates and Annual Charges</b>	<b>56,338</b>	<b>54,496</b>
Council has used 2007 valuations provided by the NSW Valuer General in calculating its rates.		
<b>(b) User Charges and Fees</b>		
<b>User Charges (pursuant to s.502)</b>		
Aquatic Centre	4,438	4,486
Sports Facility Rental	251	513
Hall Hire	495	427
Road Restorations	835	1,173
Gutter Crossings	212	220
Commercial Waste Service	700	623
Other	34	32
<b>Total User Charges</b>	<b>6,965</b>	<b>7,474</b>
<b>Fees</b>		
Regulatory/Statutory Fees	1,748	1,677
s603 Certificates	123	130
Discretionary		
- Parking fees	889	883
- Environmental Planning	821	860
- Private Works	49	32
- Vacation Care	139	176
- Home Maintenance & Modification	72	98
- Other	136	71
<b>Total Fees</b>	<b>3,977</b>	<b>3,927</b>
<b>Total User Charges and Fees</b>	<b>10,942</b>	<b>11,401</b>
<b>(c) Interest and Investment Revenue</b>		
Overdue Rates & Charges	183	181
Cash, cash equivalents and investments:		
- Externally restricted	380	197
- Internally restricted	-	10
- Unrestricted	3,865	2,984
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>4,429</b>	<b>(217)</b>

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**Note 3 (Continued)**

	2011 (\$'000)	2010 (\$'000)		
<b>(d) Other Revenues</b>				
Fair value adjustments - investment properties	-	-		
Rental income:				
- Investment Property	212	163		
- Other Property	901	956		
Parking Fines	3,060	2,192		
Other Fines	61	72		
Ex Gratia rates	-	-		
Materials Recycling	48	156		
Lease - Telecommunications	237	191		
Legal Fees Recoveries				
- Rates	-	-		
- Other	3	70		
Insurance Claims	4	5		
Staff Vehicle Leases and Other Payments	376	386		
Royalties	-	73		
Sundry Sales	20	24		
Other	484	371		
<b>Total Other Revenue</b>	<b>5,406</b>	<b>4,659</b>		
	<b>OPERATING</b>		<b>CAPITAL</b>	
	2011	2010	2011	2010
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance	2,908	2,708	-	-
Pensioner Rebate Subsidy - Rates	536	556	-	-
<b>Total General Purpose (Untied)</b>	<b>3,444</b>	<b>3,264</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioner Rebate Subsidy - Domestic Waste	210	216	-	-
Vacation Care	66	52	-	-
Master Plans	134	124	-	-
Library	259	347	-	-
Home Maintenance & Modification	348	313	-	-
Child Care Assistance	-	-	-	-
DEEWR - Apprentice Rebate Scheme	95	35	-	-
Community Staff Funding	195	170	-	-
Street & Traffic Lighting	347	338	-	-
Roads To Recovery	-	-	424	424
RTA Transport	-	-	1,284	407
Parks Grants	-	-	294	1,776
Domestic Waste Management	-	-	-	-
Environment	2	80	-	-
Catchment Management	-	-	145	646
Other	136	110	177	483
<b>Total Specific Purpose</b>	<b>1,792</b>	<b>1,785</b>	<b>2,324</b>	<b>3,736</b>
<b>Total Grants</b>	<b>5,236</b>	<b>5,049</b>	<b>2,324</b>	<b>3,736</b>
<b>Comprising:</b>				
- Commonwealth funding	3,913	3,827	0	0
- State funding	1,323	1,222	2,324	3,736
- Other funding	-	-	-	-
	<b>5,236</b>	<b>5,049</b>	<b>2,324</b>	<b>3,736</b>



**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**Note 3 (Continued)**

	OPERATING		CAPITAL	
	2011	2010	2011	2010
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>(f) Contributions</b>				
Developer Contributions (s94)				
- Open Space	-	-	2,123	1,226
- Parking	-	-	-	-
- Drainage	-	-	324	173
- Traffic Facilities	-	-	262	216
- Other	-	-	25	20
- Meadowbank	-	-	-	-
- Community Facilities	-	-	588	328
Voluntary Planning Agreements	-	-	250	250
Other Councils	514	501	-	-
Community Facilities	-	-	1,000	-
Community Events	6	9	-	-
Other	6	24	200	815
RTA Contributions				
- Roads & Bridges	341	215	-	-
- Other	68	70	-	-
Buildings & Property (In Kind)	-	-	8,340	5,459
Buildings & Property (In Kind) - s94	-	-	-	-
Customer/Resident Contributions	-	-	103	65
LSL Contributions from other Councils	211	-	-	-
Macquarie Park Master Plans	-	-	-	-
Bus Shelters	-	-	-	-
Waste Performance Improvement Program	521	392	-	-
<b>Total Contributions</b>	<b>1,667</b>	<b>1,211</b>	<b>13,215</b>	<b>8,552</b>
<b>Total Grants &amp; Contributions</b>	<b>6,903</b>	<b>6,260</b>	<b>15,539</b>	<b>12,288</b>
<b>(g) Restrictions relating to Grants and Contributions</b>				
	2011		2010	
	(\$'000)		(\$'000)	
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	5,224		2,779	
Less:				
Grants and contributions recognised in previous reporting periods which have been spent in the current reporting period	2,869		8,250	
<b>Net increase/(decrease) in Restricted Grants and Contributions</b>	<b>2,355</b>		<b>(5,471)</b>	

**ITEM 8 (continued)**

**ATTACHMENT 7**

Notes to the financial statements 30 June 2011

**NOTE 4 EXPENSES FROM CONTINUING OPERATIONS**

	2011 (\$'000)	2010 (\$'000)
<b>(a) Employee Benefits &amp; On Costs</b>		
Salaries and Wages	24,723	24,181
Employee Leave Entitlements	5,518	5,698
Superannuation	3,344	3,010
Workers' Compensation Insurance	1,075	1,612
FBT	267	250
Training Costs (excluding salaries)	298	300
Other	425	285
Less: Capitalised Costs	(2,006)	(2,722)
<b>Total Employee Costs Expended</b>	<u>33,644</u>	<u>32,614</u>
<b>Number of FTE Employees</b>	<b>486</b>	<b>490</b>
<b>(b) Borrowing Costs</b>		
Interest on overdrafts	-	-
Interest on loans	242	202
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 Expended</b>	<u>242</u>	<u>202</u>

**Note 4 (Continued)**

	2011 (\$'000)	2010 (\$'000)
<b>(c) Materials and Contracts</b>		
Raw materials and consumables	852	2,560
Contractor and Consultancy Costs	19,585	16,378
Audit Fees:		
- Audit Services	53	53
- Other	1	-
Legal Fees:		
- Planning & Development	159	48
- Other	94	80
Operating leases		
- Computers	-	-
Infringement Notice Contract (SEINS)	441	406
Other	-	-
<b>Total Materials &amp; Contracts</b>	<u>21,185</u>	<u>19,525</u>

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**Note 4 (Continued)**

**(d) Depreciation, Amortisation and Impairment**

	Depreciation/Amortisation		Impairment	
	2011 (\$'000)	2010 (\$'000)	2011 (\$'000)	2010 (\$'000)
Intangibles - Software				
Plant and Equipment	1,697	1,740		
Office Equipment	1,509	1,486		
Furniture & Fittings	193	197		
Property Plant and Equipment Leased	-	-		
Land Improvements (Depreciable)	928	928		
Buildings - Specialised	1,188	1,188		
- Non-specialised	1,232	1,232		
Other Structures	2,380	2,318		
Infrastructure:				
- Roads, Bridges and Footpaths	5,435	5,435		
- Stormwater Drainage	3,801	3,801		
Other Assets:				
- Heritage Collections	-	-		
- Library Books	473	502		
Total Depreciation Costs	18,836	18,827	-	-
Less: Capitalised Costs/Impairment reversals	(238)	(112)		
<b>Total Depreciation and Total Impairment</b>	<b>18,598</b>	<b>18,715</b>	<b>-</b>	<b>-</b>

**(e) Other Expenses**

	2011 (\$'000)	2010 (\$'000)
Other expenses for the year		
include the following:-		
Fair Value decrements - Investment Properties	-	115
Bad & Doubtful Debts	108	19
Mayoral Fee	55	53
Councillors' Fees	244	240
Councillors' (incl. Mayor) Expenses	141	150
Election Costs (excl. Employee Costs)	0	0
Interest on Refundable Deposits	448	106
Insurance	962	904
Insurance - Statewide Mutual Provision	-	-
Street Lighting	1,704	1,592
Communications Costs	159	228
Contribution to Fire Control	1,491	1,457
Contribution to Dept of Planning	225	219
Contributions & Donations - Community Grants	455	371
Waste Development Tax	1,866	1,519
Membership Fees	111	104
Valuation Fees	132	180
Electricity & Heating	1,084	1,014
Water Rates	344	251
Bank Fees & Charges	187	191
Property Lease Costs	40	40
Postage & Courier Costs	277	215
Advertising	250	204
Operating Leases	-	-
Parking Infringement Collection	-	-
Remediation	-	-
Green Waste Collection Charges	-	-
Other Expenses	149	157
<b>Total Other Expenses From Continuing Operations</b>	<b>10,432</b>	<b>9,329</b>

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**NOTE 5 GAIN OR LOSS FROM THE DISPOSAL OF ASSETS**

	2011 (\$'000)	2010 (\$'000)
<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 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 INFRASTRUCTURE, PLANT &amp; EQUIPMENT</b>		
Proceeds from disposal	1,309	974
Less: Carrying amount of assets sold	1,433	993
<b>Gain (or loss) on disposal</b>	(124)	(19)
<b>GAIN (OR LOSS) ON DISPOSAL OF REAL ESTATE ASSETS HELD FOR SALE</b>		
Proceeds from sales	1,008	-
Less: Cost of sales	971	-
<b>Gain (or loss) on disposal</b>	37	-
<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	3,864	-
Less: Carrying value of Financial assets	3,246	-
<b>Gain (or loss) on disposal</b>	618	-
<b>NET GAIN (OR LOSS) ON DISPOSAL OF ASSETS</b>	531	(19)

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

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

Notes	2011 (\$'000)	2010 (\$'000)
Cash at bank and on hand	13	737
Deposits at call	8,519	27,069
	<u>8,532</u>	<u>27,806</u>

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**NOTE 6(b) INVESTMENTS**

The following financial assets are held as investments:

	2011		2010	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Financial Assets at Fair Value				
through Profit and Loss	500	-	750	-
Held to Maturity Investments	49,530	10,502	27,500	6,995
Available for Sale Financial Assets	-	-	-	-
<b>Total</b>	<u>50,030</u>	<u>10,502</u>	<u>28,250</u>	<u>6,995</u>
<b>Financial Assets at Fair Value</b>				
<b>    Through Profit and Loss</b>				
At beginning of year	750	-	885	-
Revaluation to income statement	-	-	(135)	-
Additions	-	-	-	-
Disposals (Sale/Redemption)	(250)	-	-	-
Reclassification	-	-	-	-
At end of year	<u>500</u>	<u>-</u>	<u>750</u>	<u>-</u>
<b>Held for Trading:</b>				
- Managed funds	500	-	750	-
- CDOs	-	-	-	-
- FRNs	-	-	-	-
- Listed equity securities	-	-	-	-
<b>TOTAL</b>	<u>500</u>	<u>-</u>	<u>750</u>	<u>-</u>
<b>Held to Maturity Investments</b>				
At beginning of year	27,500	6,995	5,000	15,494
Amortisation of discounts & premiums	-	1	-	1
Additions	39,030	9,002	32,000	1,000
Disposals	(19,500)	(2,996)	(15,000)	-
Impairment	-	-	-	(4,000)
Transfer to Current	2,500	(2,500)	5,500	(5,500)
At end of year	<u>49,530</u>	<u>10,502</u>	<u>27,500</u>	<u>6,995</u>
<b>Comprising of:</b>				
- CDOs	-	-	2,000	-
- FRNs	-	6,002	1,000	1,000
- Other	49,530	4,500	24,500	5,995
<b>TOTAL</b>	<u>49,530</u>	<u>10,502</u>	<u>27,500</u>	<u>6,995</u>

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

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

	Notes	2011		2010	
		<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
		(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Total cash, cash equivalents and investments</b>		<b>58,562</b>	<b>10,502</b>	<b>56,056</b>	<b>6,995</b>
External restrictions		4,712	7,551	2,852	5,224
Internal restrictions		48,725	2,951	47,913	1,771
Unrestricted		5,125	-	5,291	-
<b>Total</b>		<b>58,562</b>	<b>10,502</b>	<b>56,056</b>	<b>6,995</b>
	Notes	Opening Balance 30 June 2010	Transfers To Restriction	Transfers From Restriction	Closing Balance 30 June 2011
		\$'000	\$'000	\$'000	\$'000
<b><u>External Restrictions</u></b>					
<b><i>Included in liabilities</i></b>		-	-	-	-
<b><i>Other</i></b>					
Developer Contributions (A)		1,565	3,702	(714)	4,553
Specific Purpose Unexpended Grants (B)		2,621	1,522	(2,155)	1,988
Domestic Waste Management (C)		3,338	12,706	(12,262)	3,782
Stormwater Management		14	976	(604)	386
Macquarie Park Special Rate		413	1,183	(158)	1,438
External Works Drainage Contributions		125	20	(28)	116
<b>Total External Restrictions</b>		<b>8,076</b>	<b>20,109</b>	<b>(15,922)</b>	<b>12,263</b>

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**Note 6(c) (Continued)**

	Opening Balance 30 June 2010	Transfers To Restriction	Transfers From Restriction	Closing Balance 30 June 2011
Notes	\$'000	\$'000	\$'000	\$'000
<b>Internal Restrictions</b>				
Plant Replacement Reserve	615	2,941	(1,312)	2,244
Employee Leave Entitlements	2,222	1,117	(1,368)	1,971
Incompleted/Carry Over Works and Projects	7,619	196	(4,835)	2,980
Refundable Deposits	7,502	458	0	7,960
West Ryde Child Care Centre	203	0	(203)	0
Voluntary Planning Agreements	138	250	0	388
Asset Replacement Reserve	1,421	7,767	(1,298)	7,890
Ryde Aquatic Leisure Centre	3,066	3,377	(3,181)	3,262
Investment Property Reserve	17,320	0	(32)	17,288
Civic Centre Precinct Redevelopment Reserve	7,979	541	(4,418)	4,104
Financial Security Reserve	140	864	0	1,004
Insurance Fluctuation Reserve	150	86	0	236
Other	1,309	1,902	(862)	2,349
<b>Total Internal Restrictions</b>	<b>49,684</b>	<b>19,499</b>	<b>(17,507)</b>	<b>51,676</b>
<b>Total Restrictions</b>	<b>57,760</b>	<b>39,608</b>	<b>(33,429)</b>	<b>63,939</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. Domestic Waste Management funds are externally restricted assets which must be applied for the purposes for which they were raised.



**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**NOTE 7 RECEIVABLES**

<u>Purpose</u>	2011		2010	
	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)
Rates and Annual Charges	1,239	825	1,247	832
Rates Interest & Extra Charges	170	113	151	101
User Charges & Fees				
Environmental & Health	228	-	240	-
Restorations	143	-	215	-
Recreational Facilities	71	-	46	-
Property & Infrastructure Works	109	-	66	-
Home Modification Service	8	-	13	-
Ryde Aquatic Leisure Centre	71	-	87	-
Interest on Investments	827	-	787	-
Contributions to Works	210	-	1,142	-
Government Grants & Subsidies	1,617	-	1,130	-
Commercial Waste	220	-	216	-
GST	817	-	712	-
Asset Sales	-	-	120	-
Workers Compensation	48	-	3	-
Voluntary Planning Agreement	-	-	-	-
Computer Equipment Charges	-	-	-	-
Other	247	-	97	-
<b>Total</b>	<b>6,025</b>	<b>938</b>	<b>6,272</b>	<b>933</b>
Less: <u>Provision for Doubtful Debts</u>				
- Rates and Annual Charges	-	-	-	-
- Interest and extra charges				
- User Charges and Fees	233	-	114	-
- Government Grants & Subsidies	-	-	-	-
	<b>5,792</b>	<b>938</b>	<b>6,158</b>	<b>933</b>

**EXTERNALLY RESTRICTED RECEIVABLES (Included Above)**

Domestic Waste Management	286	190	291	194
<b>TOTAL RESTRICTED RECEIVABLES</b>	<b>286</b>	<b>190</b>	<b>291</b>	<b>194</b>
<b>UNRESTRICTED RECEIVABLES</b>	<b>5,506</b>	<b>748</b>	<b>5,867</b>	<b>739</b>
<b>TOTAL RECEIVABLES</b>	<b>5,792</b>	<b>938</b>	<b>6,158</b>	<b>933</b>

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**Note 7 (Continued)**

**Rates and Annual Charges**

Rates are secured by underlying properties.

Interest is charged on overdue rates at 9% (2010 9%). Rates are due for payment on 31 August, 30 November, 28 February and 31 May in each financial year. Overdue rates are those not paid within 1 day of the due date. The amount of the overdue debts upon which interest is charged is \$2,064,000 (2010 \$2,079,000)

**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 \$233,000.

**Government Grants**

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

**ITEM 8 (continued)**

**ATTACHMENT 7**

Notes to the financial statements 30 June 2011

**NOTE 8 INVENTORIES & OTHER ASSETS**

	2011		2010	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Inventories</b>				
Real Estate (refer below)	-	-	-	-
Stores and Materials	420	-	467	-
Other	-	-	-	-
<b>Total Inventories</b>	<u>420</u>	<u>-</u>	<u>467</u>	<u>-</u>
<b>Inventories not expected to be realised within the next 12 months</b>	<u>208</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Assets</b>				
Prepayments	969	-	405	-
<b>Total Other Assets</b>	<u>969</u>	<u>-</u>	<u>405</u>	<u>-</u>

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

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

ASSET TYPE	At 30 June 2010				MOVEMENTS DURING THE YEAR					At 30 June 2011			
	Cost/ Deemed Cost	Fair Value	Depreciation & Impairment	Written Down Value (WV)	Transfers From Dip.	Transfers and Adjustments	Depreciation & Impairment	Gross Book Value	Accumulated Depreciation	Cost Deemed Cost	Fair Value	Accumulated Depreciation	Written Down Value (WV)
Plant and Equipment		22,485	18,441	12,344	11	1,433	-	1,697	-	-	22,524	11,197	11,327
Office Equipment		49,130	13,619	4,491	-	-	-	1,509	-	-	49,207	16,158	4,049
Furniture and fittings		3,752	2,457	1,325	-	-	-	103	-	-	3,792	2,650	1,142
Leased Plant & Equipment		209	209	-	-	-	-	-	-	-	209	209	-
Land													
- Operational Land	204,989		-	204,989	-	-	-	-	-	-	204,989	-	204,989
- Community Land	1,617,725		1,017,725	-	-	-	-	-	-	-	1,017,725	-	1,017,725
- Land improvements (non-depr.)	4,025		-	4,025	95	-	-	-	-	-	4,345	-	4,345
- Land improvements (depr.)	11,697		6,129	5,568	904	-	928	-	-	-	12,624	9,056	3,568
- Land Under Infrastructure		11,552	-	11,552	-	-	-	-	-	-	11,552	-	11,552
Buildings													
- Specialised	43,391		12,683	31,299	35	-	1,188	-	-	-	43,497	13,272	30,225
- Non-specialised	102,328		47,511	54,817	216	-	1,212	-	-	-	115,232	48,743	66,489
Other Structures													
- Carports	10,936		2,555	8,381	-	-	-	-	-	-	10,936	2,525	8,411
- Foreshore Assets	17,199		3,763	13,436	-	-	-	140	-	-	17,199	3,993	13,206
- Parks	60,669		26,104	40,565	362	11	1,665	-	-	-	60,952	21,770	39,182
- Road Ancillary	10,824		3,448	7,376	845	-	218	-	-	-	12,830	3,665	9,165
- Other	2,627		1,085	1,542	9	-	185	-	-	-	2,636	1,270	1,366
Infrastructure													
- Roads, Bridges and Footpaths													
- Road Pavement	398,479		73,079	316,400	215	-	3,582	-	-	-	381,944	76,581	315,363
- Road Ancillary	17,820		4,291	12,529	335	-	275	-	-	-	18,285	5,566	12,719
- Bridges	20,864		4,282	16,582	1	-	170	-	-	-	20,865	4,452	16,413
- Footpaths and Cycleways	58,476		11,819	46,657	2,823	-	725	-	-	-	64,043	12,644	51,400
- Kerb & Guttering	92,836		21,703	70,933	584	222	783	-	-	-	93,654	22,466	71,188
- Stormwater Drainage	367,654		113,935	253,719	1,568	-	3,801	-	-	-	369,642	117,736	251,906
Other Assets													
- Heritage Collections	137		-	137	-	-	-	-	-	-	137	-	137
- Library Books	3,230		1,998	1,232	420	-	473	-	-	-	3,259	2,080	1,179
Capital Works in Progress													
	11,132		-	11,132	(6,916)	-	56	-	-	-	11,224	-	11,224
<b>TOTALS</b>	<b>30,221</b>	<b>2,172,791</b>	<b>767,340</b>	<b>2,116,172</b>	<b>31,751</b>	<b>1,433</b>	<b>55</b>	<b>16,536</b>	<b>-</b>	<b>11,224</b>	<b>2,501,190</b>	<b>374,814</b>	<b>2,126,376</b>
Includes Civil, Restricted Assets	910		121	869	259	-	65	-	-	-	1,239	197	1,042

105es.  
Excludes mismanagement and non-current assets held for sale.  
Additions to Buildings and Infrastructure are made up of Asset Renewals and New Assets. Renewals are defined as replacements or existing assets with equivalent capacity.  
to performance as opposed to the acquisition of new assets.

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**NOTE 10 (a) PAYABLES, BORROWINGS & PROVISIONS**

	2011		2010	
	Current (\$'000)	Non-Current (\$'000)	Current (\$'000)	Non-Current (\$'000)
<b>Payables</b>				
Goods and Services	4,963	-	5,563	-
Payments Received in Advance	747	-	266	-
Payments received in advance - Rates	168	-	156	-
Accrued Expenses	1,373	-	724	-
Advances	-	-	-	-
Interest Expenses	2	-	1	-
Deposits and Retentions	7,641	-	7,502	-
Staff Taxation Payments	-	-	-	-
Staff Salaries & Wages	-	-	551	-
Trust Account Deposits	-	-	-	-
Domestic Waste	473	-	454	-
Other Contributions	-	-	193	-
Other	26	-	27	-
<b>Total Payables</b>	<b>15,393</b>	<b>-</b>	<b>15,437</b>	<b>-</b>
<b>Current Payables not expected to be settled within the next 12 months</b>	<b>5,922</b>	<b>-</b>	<b>5,814</b>	<b>-</b>
<b>Borrowings</b>				
Bank Overdraft	328	-	-	-
Loans - secured <sup>(1)</sup>	447	3,899	434	4,339
Loans - unsecured	-	-	-	-
Government Advances	-	-	-	-
Ratepayers advances	-	-	-	-
Finance lease liability	-	-	-	-
Deferred payment liabilities	-	-	-	-
<b>Total Interest Bearing Liabilities</b>	<b>775</b>	<b>3,899</b>	<b>434</b>	<b>4,339</b>
<b>Provisions<sup>(2)</sup></b>				
Annual & Other Accrued Leave	2,513	-	2,540	-
Sick Leave	216	-	191	-
Long Service Leave	4,726	174	4,474	164
Gratuities	-	-	-	-
Employee Leave Entitlements On Costs	-	-	-	-
Site Remediation (see Note 26)	-	-	-	-
Self Insurance Liabilities	-	-	-	-
Other Employee Provisions	-	-	-	-
<b>Total Provisions</b>	<b>7,455</b>	<b>174</b>	<b>7,205</b>	<b>164</b>
<b>Current provisions not expected to be settled within the next 12 months</b>	<b>4,588</b>	<b>-</b>	<b>3,755</b>	<b>-</b>
<b>Liabilities relating to restricted assets</b>				
Domestic Waste Management	473	-	454	-
<b>Total Liabilities relating to restricted assets</b>	<b>473</b>	<b>-</b>	<b>454</b>	<b>-</b>

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

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

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**NOTE 10 (b) DESCRIPTION OF AND MOVEMENTS IN PROVISIONS**

<b>Class of Provision</b>	<b>Opening Balance (\$'000)</b>	<b>Increase in Provision (\$'000)</b>	<b>Payments (\$'000)</b>	<b>Re- Measurement (\$'000)</b>	<b>Closing Balance (\$'000)</b>
Annual & Other Accrued Leave	2,540	2,140	2,167	-	2,513
Sick Leave	191	1,008	983	-	216
Long Service Leave	4,638	903	641	-	4,900
Gratuities	-	16	16	-	-
<b>Total</b>	<b>7,369</b>	<b>4,067</b>	<b>3,807</b>	<b>-</b>	<b>7,629</b>



**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**NOTE 11 RECONCILIATION OF OPERATING RESULT TO NET CASH MOVEMENT  
FROM OPERATING ACTIVITIES**

**(a) Reconciliation of Cash Assets**

	Notes	2011 (\$'000)	2010 (\$'000)
Total Cash and Cash Equivalents	6(a)	8,532	27,806
Less: Bank Overdraft	10	(328)	-
Balances as per Statement of Cash Flow		<u>8,204</u>	<u>27,806</u>

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

		2011 (\$'000)	2010 (\$'000)
Net Operating Result from Income Statement		15,987	8,073
Add:			
Depreciation and Impairment	4	18,598	18,715
Impairment of investments	3	-	4,000
Increase in provision for doubtful debts	7	119	18
Increase in provision for leave entitlements	10	260	299
Increase in Other Provisions	10	-	-
Decrease in receivables	7	242	-
Decrease in inventories	8	47	103
Decrease in other current assets	8	-	-
Increase in payables	10	380	1,008
Increase in accrued interest payable	10	1	1
Increase in other current liabilities	10	-	268
Decrements from revaluations	4	-	115
Loss on sale of assets	5	-	19
Fair value adjustments to investment property	4	-	-
Amortisation of discounts & premiums recognised	3,4	-	-
Other	3,4	-	-
Less:			
Decrease in provision for doubtful debts	7	-	-
Decrease in employee leave entitlements	10	-	-
Decrease in Other Provisions	10	-	-
Increase in receivables	7	-	(333)
Increase in inventories	8	-	-
Increase in other current assets	8	(564)	(75)
Decrease in payables	10	-	-
Decrease in accrued interest payable	10	-	-
Decrease in other current liabilities	10	(24)	-
Reversal of previous revaluation decrements		-	-
Non cash contributions and dedications		-	-
Gain on sale of Assets	5	(531)	-
Fair value adjustments to financial assets at fair value through profit and loss	6	-	135
Fair value adjustments to investment properties	3	-	-
Amortisation of discounts & premiums recognised	3	(1)	(1)
Non Cash Capital Grants & Contributions	3	(8,340)	(5,459)
<b>Net cash provided by (used in) operating activities</b>		<u>26,174</u>	<u>26,886</u>

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**Note 11 (Continued)**

	<b>2011 (\$'000)</b>	<b>2010 (\$'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	-	-
Dedications	8,340	-
	<u>8,340</u>	<u>-</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	40	35
	<u>40</u>	<u>35</u>

**ITEM 8 (continued)**

**ATTACHMENT 7**

Notes to the financial statements 30 June 2011

**NOTE 12 COMMITMENTS FOR EXPENDITURE**

	2011 (\$'000)	2010 (\$'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
Buildings	-	256
Park Improvements	-	3,022
Stormwater Drainage	-	79
Gross Pollutant Trap	92	-
<b>Total</b>	<b>92</b>	<b>3,432</b>
These expenditures are payable:		
- Not later than one year	92	3,432
- Later than one year and not later than 5 years	-	-
- Later than 5 years	-	-
<b>Total</b>	<b>92</b>	<b>3,432</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	20,082	26,462
- Cleaning Services	175	392
- Audit Services	112	163
- Management Study	192	-
- Top Ryder Bus Service	-	129
- Communication Services	322	814
- Advertising Services	125	425
- Swim Teachers	144	288
- Gas Supply	86	-
- Security Services	-	43
<b>Total</b>	<b>21,239</b>	<b>28,716</b>
These expenditures are payable:		
- Not later than one year	11,052	7,884
- Later than one year and not later than 5 years	10,187	20,832
- Later than 5 years	-	-
<b>Total</b>	<b>21,239</b>	<b>28,716</b>

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

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

	2011 (\$'000)	2010 (\$'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>	<u>-</u>	<u>-</u>
Minimum lease payments	-	-
Less: future finance charge	-	-
<b>Lease liability</b>	<u>-</u>	<u>-</u>
Representing lease liabilities:		
- Current	-	-
- Non-Current	-	-
<b>Total</b>	<u>-</u>	<u>-</u>
<b>(d) Operating Lease Commitments</b>		
Commitments under non-cancellable operating leases at 30 June 2011 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>	<u>-</u>	<u>-</u>
<b>(e) Repairs and Maintenance: Investment Property</b>		
Contractual obligations for future repairs and maintenance	-	-
<b>Total</b>	<u>-</u>	<u>-</u>
<b>(f) Remuneration commitments</b>		
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at 30 June 2011 but not recognised as liabilities.(1)		
These are payable:		
- Within one year	1,361	6,063
- Later than one year and not later than 5 years	3,575	15,430
- Later than 5 years	-	188
<b>Total</b>	<u>4,936</u>	<u>21,681</u>

(1) On 1 July 2011, all staff on contract were migrated to the Award, with the exception of Senior Staff and three other.

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

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

	Amounts (\$'000)	Current Year Indicators	2010	2009
<b>1. UNRESTRICTED CURRENT RATIO</b>				
Current Assets Less All External Restrictions <sup>(1)</sup>	\$60,537	4.79:1	4.67:1	3.45:1
Current Liabilities Less Specific Purpose Liabilities <sup>(2)(3)(4)</sup>	\$12,640			
<b>2. DEBT SERVICE RATIO</b>				
Debt Service Cost (Principal & Interest Payments)	\$669	0.83%	0.85%	1.42%
Income from continuing operations, excluding capital items and specific purpose grants/contributions	\$81,090			
<b>3. RATE COVERAGE RATIO</b>				
Rates and Annual Charges	\$56,338	56.29%	61.16%	36.47%
Income from continuing operations	\$100,088			
<b>4. RATES &amp; ANNUAL CHARGES OUTSTANDING PERCENTAGE</b>				
Rates and Annual Charges Outstanding	\$2,347	3.99%	4.10%	3.94%
Rates and Annual Charges Collectable	\$58,852			
<b>5. BUILDINGS &amp; INFRASTRUCTURE RENEWALS RATIO</b>				
Asset Renewals (building & infrastructure) <sup>(5)</sup>	\$5,580	47.87%	49.24%	122.54%
Depreciation, amortisation and impairment (building & infrastructure)	\$11,656			

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

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

<sup>(3)</sup> \$4,588K provisions not expected to be settled deducted.

<sup>(4)</sup> \$5,922K provisions not expected to be settled deducted.

<sup>(5)</sup> Refer Note 9(a) - Notes

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**NOTE 14 INVESTMENT PROPERTIES**

	2011 (\$'000)	2010 (\$'000)
<b>At Fair Value</b>		
Opening balance at July 1 2010	2,200	2,315
Net gain (loss) from fair value adjustment	-	(115)
<b>Closing Balance at 30 June 2011</b>	<u>2,200</u>	<u>2,200</u>

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

Rental income	212	163
Net gain (loss) from fair value adjustment	-	(115)
Direct operating expenses from property that generated rental income	(22)	(22)
<b>Total</b>	<u>190</u>	<u>26</u>

**(b) Valuation Basis**

The basis of the valuation of investment properties is at fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition subject to similar leases. The 2011 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	134	199
- Later than one year and not later than 5 years	298	254
- Later than 5 years	138	212
<b>Total</b>	<u>570</u>	<u>665</u>



## ITEM 8 (continued)

## ATTACHMENT 7

### Notes to the financial statements 30 June 2011

#### 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:

	Carrying Value		Fair Value	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	8,532	27,806	8,532	27,806
Receivables	6,730	7,091	6,730	7,091
Financial assets at fair value through profit or loss	500	750	500	750
Available-for-sale financial assets	-	-	-	-
Held-to-maturity investments	60,032	34,495	60,973	34,399
	<u>75,794</u>	<u>70,142</u>	<u>76,735</u>	<u>70,046</u>
<b>Financial liabilities</b>				
Payables	15,393	15,437	15,393	15,437
Borrowings	4,674	4,773	4,674	4,773
	<u>20,067</u>	<u>20,210</u>	<u>20,067</u>	<u>20,210</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.

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**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.

	30/06/2011 \$'000	30/06/2010 \$'000
(b) Impact of a 10% <sup>(1)</sup> movement in price of investments:		
– Equity	750	89
– Income statement	750	89
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash and investments:		
– Equity	691	631
– Income statement	691	631

**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.

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**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:

	<b>2011 Rates &amp; Annual Charges</b>	<b>2011 Other Receivables</b>	<b>2010 Rates &amp; Annual Charges</b>	<b>2010 Other Receivables</b>
<b>(i) Ageing of Receivables</b>				
- Current (not yet overdue)	0	4,401	0	4,805
- Past due	2,064	498	2,079	321
	<b>2,064</b>	<b>4,899</b>	<b>2,079</b>	<b>5,126</b>
<b>(ii) Movement in Provision for Impairment for Receivables</b>			<b>2011</b>	<b>2010</b>
Balance at the beginning of the year			114	96
Plus: New provisions recognised during the year			119	19
Less: Amounts already provided for & written off			-	-
<b>Balance at the end of the year</b>			<b>233</b>	<b>115</b>

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**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.

<b>2011 \$'000</b>	<b>Due Within 1 Year</b>	<b>Due Between 1 and 5 Years</b>	<b>Due After 5 Years</b>	<b>Total Contractual Cash Flows</b>	<b>Carrying Values</b>
<b>Payables</b>	15,393	-	-	15,393	15,393
<b>Borrowings</b>	775	2,061	1,838	4,674	4,674
	16,168	2,061	1,838	20,067	20,067

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

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:

	<b>30 June 2011</b>		<b>30 June 2010</b>	
	<b>Weighted average interest rate</b>	<b>Balance</b>	<b>Weighted average interest rate</b>	<b>Balance</b>
	<b>%</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>
Overdraft	N/A	-	N/A	-
Bank Loans – Variable <sup>(1)</sup>	5.20%	4,346	5.17%	4,774
		4,346		4,774

*Note:*

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

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**NOTE 16 MATERIAL BUDGET VARIATIONS**

Council's original budget was incorporated as part of the 2010/2014 Management Plan adopted by the Council on 22 June 2010.

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 \$1,940K 78% (F)**

Council received interest revenue of \$4,429k which was above the original budget by \$1,940k (78%) Council adopted a conservative approach to its original budget for interest, due to the losses sustained in 2008/09 with its CDO investments and the writedown of other impaired CDO investments in 2009//2010. As the market improved Council has continued to capitalise on the gains in its investment portfolio. Council received proceeds during 2010/2011 on a couple of the CDO's previously written down. Official interest rates rose from 4.50% in June 2009 to 4.75% in June 2011

**Grants & Contributions provided for Capital Purposes \$9,835K 172% (F)**

Council has brought to account \$8.34M of contributed assets in 2010/2011 arising from major development activity within the City as a number of these developments involve the provision of public infrastructure benefits with the control and ownership of these assets being vested with Council. Council also received a contribution of \$1M from the sale of land at Paul Street North, which was received this year, but was not budgeted for.

**Expenses**

**Borrowing Costs -\$102K -30% (F)**

Borrowing costs were \$102K less than originally budgeted. This was due to Council not acquiring any new loans during the financial year.

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**NOTE 17 STATEMENT OF DEVELOPER CONTRIBUTIONS**

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR *	INTEREST & INCOME EARNED DURING YEAR	EXPENDED DURING YEAR	INTERNAL BORROWINGS (TO/FROM) **	EXPENDITURE RECLASSIFIED ASSET **	PROJECTED FUTURE CONTRIBUTIONS	PROJECTED COST OF WORKS STILL OUTSTANDING	PROJECTED OVER/UNDER FUNDING	CUMULATIVE INTERNAL BORROWINGS (due/payable)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Community & Culture	13	538	-	329	-	277	50,808	55,033	(3,888)	-
Open Space & Public Domain	-	2,123	-	341	-	1,782	135,332	133,328	3,888	(3,584)
Roads, Traffic, Carparks & Cycleways	-	252	-	38	-	223	34,910	34,533	200	(360)
Stormwater Management	1,114	354	266	5	-	1,788	2,961	9,035	(3,945)	4,564
Administration	433	25	0.4	-	-	482	520	959	43	-
<b>TOTAL UNDER PLANS</b>	<b>1,585</b>	<b>3,322</b>	<b>266</b>	<b>714</b>	<b>-</b>	<b>4,553</b>	<b>224,171</b>	<b>232,478</b>	<b>(3,754)</b>	<b>-</b>
Planning agreements	138	250	8,340	8,340	-	338	-	-	-	-
<b>TOTAL CONTRIBUTIONS</b>	<b>1,703</b>	<b>3,572</b>	<b>380</b>	<b>8,054</b>	<b>-</b>	<b>4,941</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

\* Reconciliable with Note 3

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

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

\*\*\*\* The total balance under plans are restricted and reflected in Note 6(c) as External Restrictions, whereas the total balance of planning agreements (voluntary Planning Agreements) is reflected in Note 6(c) as Internal.



**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**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 2011 was \$1.072M. 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 2011 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 \$1,842,649 as at 30 June 2011.

**(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 2011 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.

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**Note 18 (continued)**

**(ii) Pedestrian Bridge and Tunnel, Top Ryde**

Council, as part of the approval of a Development Application for the Top Ryde City Shopping Centre entered into an agreement with the owners and developers, Belvista Pty Ltd, where a monetary contribution was paid for the purchase of a tract of land at the front of Council's Administration Centre, 1 Devlin St, Ryde. Also one of the conditions of the Development Application was a long-term lease of 49 years, with a 50 year option, between Council and the Developers, where Council leased the airspace in which a number of assets were to be constructed. The assets consisted of:

Two pedestrian bridges across Devlin Street.

The tunnels into the Top Ryde City Shopping Centre, plus the tunnels towards the Civic Centre site.

Council previously brought to account the assets that were built within those air spaces, this has now been identified as an error of \$30.058M in 2009/2010 and \$8.158M in 2010/2011, which has now been corrected and is reported at Note 20. This value is as at 30 June 2010.

What this does mean to Council is that there is a contingent asset that will become Councils at the end of the lease and therefore Council needs to disclose this fact.

**ITEM 8 (continued)**

**ATTACHMENT 7**

Notes to the financial statements 30 June 2011

**NOTE 19 INTERESTS IN JOINT VENTURES AND ASSOCIATES**

The Council has no interests in joint ventures.

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**NOTE 20 REVALUATION RESERVES AND RETAINED EARNINGS**

	2011 (\$'000)	2010 (\$'000)
<b>(a) Retained earnings</b>		
Movements in retained earnings were as follows:		
At beginning of year	1,712,118	1,665,960
Adjustment to correct prior years errors (Note 20 (d))	(38,215)	(131)
Net operating result for the year	15,987	8,073
At end of year	<u>1,689,889</u>	<u>1,673,902</u>
<b>(b) 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	518,376
Revaluation- gross	-	-
Depreciation transfer - gross	-	-
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>(c) Nature and purpose of reserves</b>		
<b><i>(i) Infrastructure, property, plant and equipment revaluation reserve</i></b>		
The infrastructure, property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.		

## ITEM 8 (continued)

## ATTACHMENT 7

### Notes to the financial statements 30 June 2011

#### Note 20 (continued)

##### (d) Correction of errors in previous years

During 2010/2011 Bevilista Pty Ltd, the developer of the Top Ryde Shopping Centre went into Voluntary Administration, and as such Council reviewed its asset holdings that it had received as part of the agreement with the developer, which was a condition of the development approval. It was identified that some of the assets that had been brought to account that were in fact the subject of a 49 year lease with a 50 year option. Under that lease the developer and subsequent owners of the Shopping Centre would lease the air space from Council, that the assets were constructed in, and that they would retain responsibility for the maintenance and repair of those assets until the end of the lease, at which time the assets would then vest in Council.

	30 June 2010	1 July 2009
Plant & equipment	(1,479)	
Infrastructure - Road Pavement - GBV	(2,945)	(27,372)
Infrastructure - Kerb & Guttering - GBV	(757)	(2,338)
Infrastructure - Bridges - GBV	(2,393)	
Stormwater drainage	(229)	
Other Structures - Road Ancillary - GBV	(355)	(348)
	(8,158)	(30,058)

The error has been corrected by restating each of the affected financial statement line items for the prior period as follows:

	30 June 2010	Increase/( decrease)	30 June 2010 (restated)	30 June 2009	Increase/(d ecrease)	1 July 2009 (restated)
<b>Balance Sheet (extract)</b>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Infrastructure, Property, Plant and Equipment	2,183,888	(38,216)	2,145,672	2,166,375	(30,058)	2,136,317
Net assets	2,230,494	(38,216)	2,192,278	2,214,394	(30,058)	2,184,336
Retained earnings	1,712,118	(38,216)	1,673,902	1,696,018	(30,058)	1,665,960
Total equity	2,230,494	(38,216)	2,192,278	2,214,394	(30,058)	2,184,336
<b>Income statement (extract)</b>						
Grants and contribution provided for capital purposes	20,446	(8,158)	12,288			
Operating result from continuing operations	16,231	(8,158)	8,073			

**ITEM 8 (continued)**

**ATTACHMENT 7**

Notes to the financial statements 30 June 2011

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

	2011 (\$'000)	2010 (\$'000)
Operational Land	-	941
Buildings	-	30
Total	-	<b>971</b>



**ITEM 8 (continued)**

**ATTACHMENT 7**

Notes to the financial statements 30 June 2011

**NOTE 23 EVENTS OCCURRING AFTER BALANCE DATE**

There were no significant events that occurred after the balance date that require disclosure.

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

**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.

	2011 (\$'000)	2010 (\$'000)
At beginning of the year	-	-
Revised Costs	-	-
Remediation Works	-	-
At end of the Year	-	-

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

*Hill Rogers  
Spencer Street*

**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 2011, 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 projected future developer contributions and costs disclosed in Note 17. Accordingly, no opinion is expressed on these matters.

**Assurance Partners**

T: +61 2 9222 5111 F: +61 2 9222 7930	Level 5, 1 Chifley Square Sydney NSW 2000 Australia	GPO Box 7044 Sydney NSW 2000	www.hillrogers.com.au info@hillrogers.com.au	Practising as Hill Rogers Spencer Street Accountants Partners	ABN 56 453 338 956
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Member of RSM International, an association of global independent accounting firms  
Specialising in services provided under Professional Standards Legislation

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

*Hill Rogers  
Spencer Steer*

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.

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.

**HILL ROGERS SPENCER STEER**

*B. Hanger*

**BRETT HANGER**  
Partner

Dated at Sydney this 21st day of October 2011

City of Ryde  
General Purpose Financial Statements  
Independent Auditor's Report

Page 2

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

*Heidi Rogers  
Spencer Steer*

21 October 2011

The Mayor  
City of Ryde  
1 Devlin Street  
RYDE NSW 2112

Mayor,

**Audit Report - Year Ended 30 June 2011**

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2011 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 \$15.987 million as compared with \$8.873 million in the previous year.

**Assurance Partners**

T. and J. 5/20/2011	Lloyd A. J. 5/20/2011	CPD Inc 7/20/11	www.tjcp.com.au	Shannon & P. 5/20/2011	2011 5/20/2011
5/20/2011	5/20/2011	5/20/2011	info@tjcp.com.au	Shannon & P. 5/20/2011	2011 5/20/2011

Member of the International Federation of Accountants (IFA) and the International Federation of Chartered Accountants (IFCA).  
Lloyd's Chartered Accountants (LCA) is a member of the International Federation of Chartered Accountants (IFCA).

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

*Hue Rogers  
Spencer Steer*

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

	2011	% of	2010	% of	Increase
	\$000	Total	\$000	Total	(Decrease)
					\$000
<b>Revenues before capital items</b>					
Rates & annual charges	56,338	67%	54,498	68%	1,842
User charges, fees & other revenues	16,879	20%	16,060	20%	819
Grants & contributions provided for operating purposes	6,803	8%	6,360	8%	443
Interest & investment revenue	4,429	5%	3,373	4%	1,056
	<b>84,549</b>	<b>100%</b>	<b>80,189</b>	<b>100%</b>	<b>4,360</b>
<b>Expenses</b>					
Employee benefits & costs	33,644	40%	32,614	39%	1,030
Materials, contracts & other expenses	31,617	38%	28,073	34%	2,744
Depreciation, amortisation & impairment	18,598	22%	18,715	23%	(117)
Impairment of investments		0%	4,000	5%	(4,000)
Borrowing costs	242	0%	202	0%	40
	<b>84,101</b>	<b>100%</b>	<b>84,404</b>	<b>100%</b>	<b>(303)</b>
<b>Surplus/(Deficit) before capital items</b>	<b>448</b>		<b>(4,215)</b>		<b>4,663</b>
Grants & contributions provided for capital purposes	15,539		13,288		2,251
<b>Net Surplus/(Deficit) for the year</b>	<b>15,987</b>		<b>8,973</b>		<b>7,914</b>

The table above shows an overall increase over the previous year of \$7,914 million. The variance is mostly attributable to the increase in the value of contributed assets recognised for the year (2011 - \$8,340 million, 2010 - \$5,459 million) and the impairment of investments of \$4 million recognised in the prior year.

**1.2 Funding Results**

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.

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

*Heidi Rogers  
Spencer Steer*

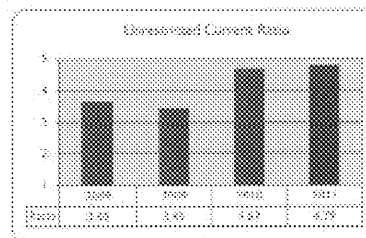
	2011	2010
<i>Funds were provided by:-</i>	\$000	\$000
<b>Operating Results (as above)</b>	<b>15,987</b>	<b>8,073</b>
Add back non funding items:-		
- Depreciation, amortisation & impairment	18,578	18,715
- Book value of non-current assets sold	1,433	993
- Non-cash Contributions of assets acquired	(2,348)	(2,453)
- (Gain)/Loss of fair value to investment properties	0	115
	<b>27,678</b>	<b>27,437</b>
Decrease/Redemption in Non-current investments	0	3,499
Transfers from externally restricted assets (net)	0	8,809
Transfers from internal reserves (net)	159	0
Net Changes in current/non-current assets & liabilities	186	1,171
	<b>28,023</b>	<b>40,916</b>
<i>Funds were applied to:-</i>		
Purchase and construction of assets	(22,597)	(28,708)
Increase/Purchase in Non-current investments	(3,567)	0
Principal repaid on loans	(427)	(437)
Transfers to externally restricted assets (net)	(3,836)	0
Transfers to internal reserves (net)	0	(15,553)
	<b>(29,387)</b>	<b>(44,698)</b>
<b>Increase/(Decrease) in Available Working Capital</b>	<b>(344)</b>	<b>227</b>

**1. 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 \$47.897 million representing a factor of 4.79 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.



**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

*Heidi Rogers  
Spencer Steer*

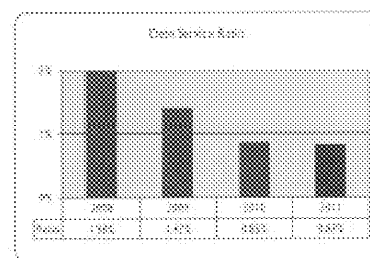
	2011	2010	Change
	\$000	\$000	\$000
<b>Net Current Assets (Working Capital) as per Accounts</b>	<b>42,130</b>	<b>40,981</b>	<b>1,139</b>
Add: Payables, provisions & inventories not expected to be realised in the next 12 months included above:	10,302	9,549	733
<b>Adjusted Net Current Assets</b>	<b>52,432</b>	<b>50,530</b>	<b>1,872</b>
Add: Budgeted & expected to pay in the next 12 months			
- Borrowings	447	434	13
- Employees leave entitlements	2,867	3,450	(583)
- Deposits & retention moneys	1,719	1,688	31
Less: Externally restricted assets	(4,525)	(2,689)	(1,836)
Less: Internally restricted assets	(48,725)	(48,884)	159
<b>Available Working Capital as at 30 June</b>	<b>4,205</b>	<b>4,549</b>	<b>(344)</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 2011 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 2011 amounted to \$4,346 million.



**2.4 Summary**

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

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

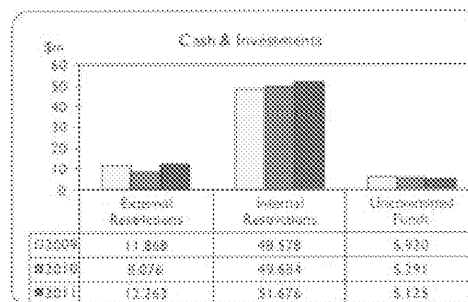
*Hill Rogers  
Spencer Steer*

**3. CASH ASSETS**

**3.1 Cash & Investments**

Cash and investments held at the close of the year amounted to \$69.064million as compared with \$63.951 million and \$66.366 million at the close of financial years 2010 and 2009 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 \$4.553 million, domestic waste management charges of \$3.782 million and specific purpose grants, contributions and levies of \$3.928 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 \$51.676 million and their purposes are more fully disclosed in Note 6 of the financial statements.

**Unrestricted cash and investments** amounted to \$5.125 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 \$19.602 million to \$8.204 million at the close of the year.

In addition to operating activities which contributed net cash of \$26.175 million were the proceeds from the sale of investments (\$23.364 million) and other assets (\$2.317). Cash outflows other than operating activities were used to purchase investments (\$48.033 million), repay loans (\$427,000) and to purchase and construct assets (\$22.999 million).

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Notes to the financial statements 30 June 2011**

*Hill Rogers  
Spencer Steer*

**4. RECEIVABLES**

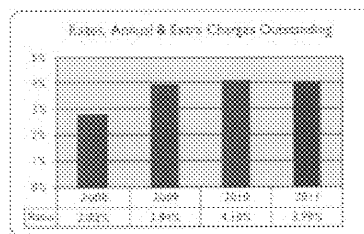
**4.1 Rates & Annual Charges (excluding interest & extra charges)**

Net rates and annual charges levied during the year totalled \$56.338 million and represented 56% of Council's total revenues.

Including arrears, the total rates and annual charges collectible was \$58.417 million of which \$56.353 million (96%) was collected.

**4.2 Rates, Annual & Extra Charges**

Arrears of rates, annual & extra charges stood at \$2.147 million at the end of the year and represented 3.99% of those receivables.



**4.3 Other Receivables**

Receivables (other than rates, annual & extra charges) totalled \$4.616 million and mainly consisted of user charges and fees (\$630,000), accrued interest on investments (\$827,000) and amounts due from government departments (\$2,434 million).

Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$223,000.

**5. PAYABLES**

**5.1 Employees Leave Entitlements**

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$7.629 million.

A cash reserve of \$1.971 million was held at year end representing 26% 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 \$7.641 million which was fully funded by internally restricted cash and investments.

**ITEM 8 (continued)**

**ATTACHMENT 7**

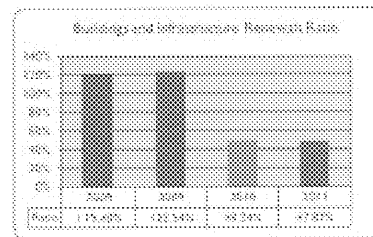
**Notes to the financial statements 30 June 2011**

*Hill Rogers  
Spencer Steer*

**6. BUILDINGS AND INFRASTRUCTURE RENEWALS**

The Buildings and Infrastructure Renewals ratio measures the rate at which these assets are renewed against the rate at which they are depreciating.

The ratio indicates that asset renewals for 2011 represented 48% of the depreciation charges for these assets. An industry benchmark is considered to be 100%.



**7. MANAGEMENT LETTER**

An audit management letter addressing the findings from our interim audit was issued on 29 June 2011. This included our recommendations on possible ways to strengthen and/or improve procedures, management's comments and proposed actions.

**8. 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.

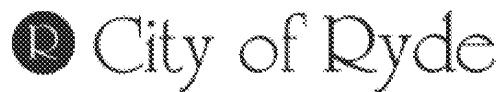
Yours faithfully,  
**HILL ROGERS SPENCER STEER**

*B. Hanger*

**BRETT HANGER**  
Partner

**ITEM 8 (continued)**

**ATTACHMENT 7**



Lifestyle and opportunity @ your doorstep

**DRAFT**  
**Special Purpose**  
**Financial Statements**  
Year Ended 30 June 2011

**ITEM 8 (continued)**

**ATTACHMENT 7**

Special Purpose Financial Statements – Year Ended 30 June 2011

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Special Purpose Financial Statements – Year Ended 30 June 2011**

**SPECIAL PURPOSE FINANCIAL STATEMENTS**

for the year ended 30 June 2011

**TABLE OF CONTENTS**

		<u>Page</u>
<b>Council's Certificate</b>	SPFS	4
<b><i>Special Purpose Financial Reports</i></b>		
• Income Statement of Other Business Activities	SPFS	5
• Balance Sheet of Other Business Activities	SPFS	6
<b><i>Notes to the Special Purpose Financial Statements</i></b>		
Note 1    Significant Accounting Policies	SPFS	7 - 8
<b>Auditor's Report</b>	SPFS	9 - 10



**ITEM 8 (continued)**

**ATTACHMENT 7**

**Special Purpose Financial Statements – Year Ended 30 June 2011**

**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 11 October 2011

  
Councillor Artin Emekdjian  
Mayor

  
Mr John Neish  
General Manager

  
Councillor Gabrielle O'Donnell  
Deputy Mayor

  
Mr John Todd  
Chief Financial Officer  
(Responsible Accounting Officer)

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Special Purpose Financial Statements – Year Ended 30 June 2011**

**INCOME STATEMENT OF OTHER BUSINESS ACTIVITIES**  
for the year ended 30 June 2011  
(\$'000's)

	Hyde Aquatic Leisure Centre		Commercial Waste Management	
	(Category 1)		(Category 2)	
	2011	2010	2011	2010
<b>Income from continuing operations</b>				
Annual Charges	-	-	-	-
User Charges	4,335	4,394	700	623
Fees	-	17	-	-
Interest	-	-	-	-
Other income	3	3	-	-
Grants & Contributions provided for Non-Capital Purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
<b>Total Income From Continuing Operations</b>	<b>4,338</b>	<b>4,414</b>	<b>700</b>	<b>623</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on costs	2,505	2,528	29	31
Materials and Contracts	1,041	1,495	218	223
Borrowing costs	-	-	-	-
Depreciation and impairment	877	877	-	-
Loss on sale of assets	-	-	-	-
Calculated Taxation Equivalents	137	144	-	-
Other expenses	60	47	109	77
<b>Total Expenses From Continuing Operations</b>	<b>4,620</b>	<b>5,091</b>	<b>356</b>	<b>331</b>
<b>Surplus (Deficit) from Continuing Operations before capital amounts</b>	<b>(282)</b>	<b>(677)</b>	<b>344</b>	<b>292</b>
Grants & Contributions provided for Capital Purposes	-	-	-	-
<b>Surplus (Deficit) from Continuing Operations after capital amounts</b>	<b>(282)</b>	<b>(677)</b>	<b>344</b>	<b>292</b>
Surplus (Deficit) from Discontinued Operations	-	-	-	-
<b>Surplus (Deficit) from All Operations before Tax</b>	<b>(282)</b>	<b>(677)</b>	<b>344</b>	<b>292</b>
Less Corporate Taxation Equivalent (30%) [based on Operating result before capital]	-	-	103	88
<b>Surplus (Deficit) After Tax</b>	<b>(282)</b>	<b>(677)</b>	<b>241</b>	<b>204</b>
<b>Opening Retained profits *</b>	<b>31,285</b>	<b>31,884</b>	<b>200</b>	<b>200</b>
Adjustments for Amounts Unpaid:-				
Taxation Equivalent Payments	137	144	-	-
Corporate Taxation Equivalent	-	-	103	88
Plus: Subsidy from Council	-	-	-	-
Plus: Equity Contributions	41	78	-	-
Less: Equity Withdrawals	-	-	-	-
Less: TER Dividend payment (non restricted activities)	(137)	(144)	(103)	(88)
Less: Surplus Dividend payment (non restricted activities)	-	-	(241)	(204)
<b>Closing Retained Profits</b>	<b>31,044</b>	<b>31,285</b>	<b>200</b>	<b>200</b>
<b>RETURN ON CAPITAL (%)</b>	<b>-0.6%</b>	<b>-1.5%</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.

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Special Purpose Financial Statements – Year Ended 30 June 2011**

**BALANCE SHEET OF OTHER BUSINESS ACTIVITIES**  
**for the year ended 30 June 2011**  
 (\$000's)

	Ryde Aquatic Leisure Centre		Commercial Waste Management	
	(Category 1)		(Category 2)	
	2011	2010	2011	2010
<b>CURRENT ASSETS</b>				
Cash Asset and cash equivalents	618	180	-	-
Investments	-	-	-	-
Receivables	71	57	220	216
Inventories	12	12	-	-
Other	-	-	23	30
<b>TOTAL CURRENT ASSETS</b>	<b>701</b>	<b>249</b>	<b>243</b>	<b>246</b>
<b>NON-CURRENT ASSETS</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, Property, Plant & Equipment	44,574	45,291	-	-
Other	-	-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>44,574</b>	<b>45,291</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>45,275</b>	<b>45,540</b>	<b>243</b>	<b>246</b>
<b>CURRENT LIABILITIES</b>				
Payables	273	304	35	38
Interest Bearing Liabilities	-	-	-	-
Provisions	524	517	6	6
<b>TOTAL CURRENT LIABILITIES</b>	<b>797</b>	<b>821</b>	<b>41</b>	<b>44</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables	-	-	0	-
Interest Bearing Liabilities	-	-	-	-
Provisions	12	12	2	2
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>12</b>	<b>12</b>	<b>2</b>	<b>2</b>
<b>NET ASSETS</b>	<b>44,466</b>	<b>44,707</b>	<b>200</b>	<b>200</b>
<b>EQUITY</b>				
Retained Earnings	31,044	31,285	200	200
Revaluation Reserves	13,422	13,422	-	-
<b>TOTAL EQUITY</b>	<b>44,466</b>	<b>44,707</b>	<b>200</b>	<b>200</b>

## ITEM 8 (continued)

## ATTACHMENT 7

### Special Purpose Financial Statements – Year Ended 30 June 2011

#### NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Report (SPFS) for National Competition Policy reporting purposes follows.

These financial statements are a SPFS prepared for use by the Council and Division of Local Government. For the purposes of these statements, the Council is not a reporting entity.

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition criteria of applicable Australian Accounting Standards, other authoritative pronouncements of the AASB and Australian Accounting Interpretation. The disclosures in these special purpose financial statements have been prepared in accordance with the Local Government Act and Regulation and the Local Government Code of Accounting Practice and Financial Reporting.

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 Division 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 Statement) 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

## ITEM 8 (continued)

## ATTACHMENT 7

### Special Purpose Financial Statements – Year Ended 30 June 2011

been applied to all Council nominated business activities and are reflected in the SPFS. 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 \$387,000 but less than \$2,366,000. 2% of the value in excess of \$2,366,000
Payroll Tax	5.48% of total labour payments for the individual business activity in excess of \$658,000
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 Fees

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

#### (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.

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Special Purpose Financial Statements – Year Ended 30 June 2011**

*Hue Rogers  
Spencer Steer*

**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 the **City of Ryde**, which comprises the Balance Sheet as at 30 June 2011, Income Statements 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.

**Assurance Partners**

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ITEM 8 (continued)

ATTACHMENT 7

Special Purpose Financial Statements – Year Ended 30 June 2011

Hill Rogers  
Spencer Steer

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.

**Basis of Accounting**

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the financial reporting requirements of the Division of Local Government. As a result, the financial statements may not be suitable for another purpose.

HILL ROGERS SPENCER STEER

B. Hanger

**BRETT HANGER**  
Partner

Dated at Sydney this 21st day of October 2011



**ITEM 8 (continued)**

**ATTACHMENT 7**



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**DRAFT**  
**Special Schedules**  
Year Ended 30 June 2011

**ITEM 8 (continued)**

**ATTACHMENT 7**

Special Schedules – Year Ended 30 June 2011	
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**ITEM 8 (continued)**

**ATTACHMENT 7**

**Special Schedules – Year Ended 30 June 2011**

**SPECIAL SCHEDULES**  
 for the year ended 30 June 2011

**TABLE OF CONTENTS**

	<u>Page</u>
<b><i>Special Schedules (Not Audited)</i></b>	
Table of Contents	SS 3
Special Schedule 1 Net Cost of Services	SS 4 - 6
Special Schedule 2(a) Statement of Long Term Debt (All Purpose)	SS 7
Special Schedule 2(b) Statement of Internal Loans	SS 8
Special Schedule 7 Condition of Public Works	SS 9 - 11
Special Schedule 8 Financial Projections	SS 12

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Special Schedules – Year Ended 30 June 2011**

**SPECIAL SCHEDULES - Schedule No. 1**

**NET COST OF SERVICES**

for the year ended 30 June 2011

(\$'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>	1,638	1,638	2	0	2	(1,636)	(1,636)
<b>ADMINISTRATION</b>							
Corporate Support	1,565	24,668	126	0	10,726	(1,439)	(13,942)
Engineering & Works	2,451		561	62		(1,829)	
Other Support Services	20,652		1,637	8,340		(10,675)	
<b>PUBLIC ORDER &amp; SAFETY</b>		4,703			4,601		(102)
Statutory Contribution to Fire							
Service Levy	1,785		0	0		(1,785)	
Fire Protection - Other	0		0	0		0	
Animal Control	120		55	0		(65)	
Beach Control	0		0	0		0	
Enforcement of Local Govt Regs	878		1,648	0		770	
Emergency Services	209		0	0		(209)	
Other	1,712		2,898	0		1,187	
<b>HEALTH</b>		441			316		(125)
Administration & Inspection	261		275	0		14	
Immunisation	126		42	0		(84)	
Food Control	0		0	0		0	
Insect/Vermin Control	0		0	0		0	
Noxious Plants	2		0	0		(2)	
Health Centres	52		0	0		(52)	
Other	0		0	0		0	
<b>COMMUNITY SERVICES &amp; EDUCATION</b>		2,908			1,083		(1,825)
Administration	518		23	0		(495)	
Family Care	0		0	0		0	
Child Care	16		0	0		(16)	
Youth Services	140		25	0		(115)	
Other Families & Children	413		216	0		(197)	
Aged & Disabled	520		496	0		(24)	
Migrant Services	0		0	0		0	
Aboriginal Services	0		0	0		0	
Other Community Services	1,269		288	0		(981)	
Education	32		35	0		3	
		2,908			1,083		(1,825)

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Special Schedules – Year Ended 30 June 2011**

**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	4,541		2,725	250		(1,566)	
Domestic Waste Management	11,770		13,111	0		1,341	
Other Waste Management	1,135		748	0		(386)	
Street Cleaning	676		0	0		(676)	
Other Sanitation & Garbage	0		0	0		0	
Urban Stormwater Drainage	4,958		1,124	103		(3,731)	
Environmental Protection	961		11	0		(950)	
Public Cemeteries	0		0	0		0	
Public Conveniences	326		10	0		(316)	
Other Community Amenities	0		47	0		47	
		24,366			18,129		(6,237)
<b>WATER SUPPLIES</b>							
<b>SEWERAGE SERVICES</b>							
<b>RECREATION &amp; CULTURE</b>							
Public Libraries	4,881		870	0		(4,011)	
Museums	0		0	0		0	
Art Galleries	0		0	0		0	
Community Centres	207		3	0		(204)	
Public Halls	470		450	0		(20)	
Other Cultural Services	309		80	0		(228)	
Swimming Pools	4,439		4,423	0		(16)	
Sporting Grounds	2,603		225	441		(1,937)	
Parks & Gardens (Lakes)	4,725		176	2		(4,547)	
Other Sport & Recreation	345		224	4		(117)	
		17,979			6,898		(11,081)
<b>FUEL &amp; ENERGY SUPPLIES</b>							
Gas Supplies							
<b>MINING, MANUFACTURING &amp; CONSTRUCTION</b>							
Building Control	687		194	0		(493)	
Abattoirs	0		0	0		0	
Quarries & Pits	0		0	0		0	
Other	0		0	0		0	
		687			194		(493)

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Special Schedules – Year Ended 30 June 2011**

**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	3,148		2,424	5,273		4,550	
Urban Roads : Regional	88		134	0		46	
Sealed Rural Roads : Local	0		0	0		0	
Bridges on Urban Roads : Local	9		0	0		(9)	
Bridges on Urban Roads : Regional	0		0	0		0	
Bridges on Urban Roads : Other	0		0	0		0	
Footpaths	758		0	11		(747)	
Aerodromes	0		0	0		0	
Parking Areas	87		0	0		(87)	
Bus Shelters & Services	35		0	0		(35)	
Water Transport	0		0	0		0	
RTA Works (State)	0		0	0		0	
Street Lighting	1,792		347	0		(1,445)	
Other	318		292	0		(26)	
		6,237			8,482		2,245
<b>ECONOMIC AFFAIRS</b>							
Camping Areas	0		0	0		0	
Caravan Parks	0		0	0		0	
Tourism & Area Promotion	2		0	0		(2)	
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	473		668	60		255	
		475			728		253
<b>TOTALS - FUNCTIONS</b>		84,102			51,158		(32,944)
<b>GENERAL PURPOSE REVENUES <sup>(1)</sup></b>					48,932		48,932
<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>		84,102			100,090		15,988
<b>EXTRAORDINARY ITEMS <sup>(2)</sup></b>							
<b>SURPLUS/(DEFICIT) FROM ALL ACTIVITIES <sup>(2)</sup></b>		84,102			100,090		15,988

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

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Special Schedules – Year Ended 30 June 2011**

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

**for the year ended 30 June 2011**

**(\$,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
<b>LOANS (By Source)</b>								
Commonwealth Bank								
Treasury Corporation								
Other State Government								
Public Subscriptions								
Financial Institutions	434	4,339	0	427	0	242	447	3,899
Other								
<b>TOTAL LOANS</b>	<b>434</b>	<b>4,339</b>	<b>0</b>	<b>427</b>	<b>0</b>	<b>242</b>	<b>447</b>	<b>3,899</b>
<b>OTHER LONG TERM DEBT</b>								
Ratepayer's Advances								
Government Advances								
Finance Leases								
Deferred Payments								
<b>TOTAL LONG TERM DEBT</b>	<b>434</b>	<b>4,339</b>	<b>0</b>	<b>427</b>	<b>0</b>	<b>242</b>	<b>447</b>	<b>3,899</b>
								<b>4,346</b>



**ITEM 8 (continued)**

**ATTACHMENT 7**

**Special Schedules – Year Ended 30 June 2011**

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

**STATEMENT OF INTERNAL LOANS (Section 410(3) LGA 1993)**  
**for the year ended 30 June 2011**  
**(\$'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

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Special Schedules – Year Ended 30 June 2011**

**SPECIAL SCHEDULES - Schedule No. 7  
CONDITION OF PUBLIC WORKS  
AS AT 30 June 2011  
(\$'000)**

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense	Cost	Per Note 3		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					
*Buildings		1.52%	2,420	156,729		52,015		17% of buildings are considered to be in a satisfactory condition.	21,716	2,027	2,807
**Public Roads		0.92%	5,435	586,681		121,603		89% of road segments are considered to be in a satisfactory condition.	12,071	5,249	6,827
Road Pavement/Rd Ancillaries								71% of footpaths are considered to be in a satisfactory condition.	3,228	783	886
Footpaths/Cycleways								71.9% of road bridges are considered to be in a satisfactory condition.	878	237	18
Bridges								95.3% of Kerb & Gutter are considered to be in a satisfactory condition.	806	1,003	242
Kerb & Gutter											

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Special Schedules – Year Ended 30 June 2011**

**SPECIAL SCHEDULES - Schedule No. 7  
CONDITION OF PUBLIC WORKS  
AS AT 30 June 2011  
(\$'000)**

Asset Class	Asset Category	Depreciation Rate (%) Per Note 1	Depreciation Expense Per Note 4	Cost	Valuation Per Note 9	Accumulated Depreciation Per Note 9	WDV	Asset Condition (weighted by replacement cost)	Estimated Cost to bring to a satisfactory standard Per Section 428(2d)	Required Annual Maintenance Expense	Current Annual Maintenance
Drainage Works		1.03%	3,601		369,542	117,736		57.5% of conduit assets and 51.9% of pits and devices assets are considered to be in a satisfactory condition	39,920	4,153	1,895
Other Structures		Various	2,388		103,783	33,134		60.5% of park assets are considered to be in a satisfactory condition	7,315	2,146	2,594
<b>Totals</b>			<b>14,835</b>	<b>0</b>	<b>1,228,735</b>	<b>334,494</b>	<b>6</b>		<b>85,936</b>	<b>15,598</b>	<b>15,272</b>

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Special Schedules – Year Ended 30 June 2011**

**SPECIAL SCHEDULES - Schedule No. 7**

**CONDITION OF PUBLIC WORKS**

**AS AT 30 June 2011**  
**(\$'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 Council's 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 \$392M.  
Council's footpath network has a current replacement value of \$54M. 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 \$54M.  
The current replacement cost of bridges is \$2.1M.

**ITEM 8 (continued)**

**ATTACHMENT 7**

**Special Schedules – Year Ended 30 June 2011**

**SPECIAL SCHEDULES - Schedule No. 8**

**Financial Projections**

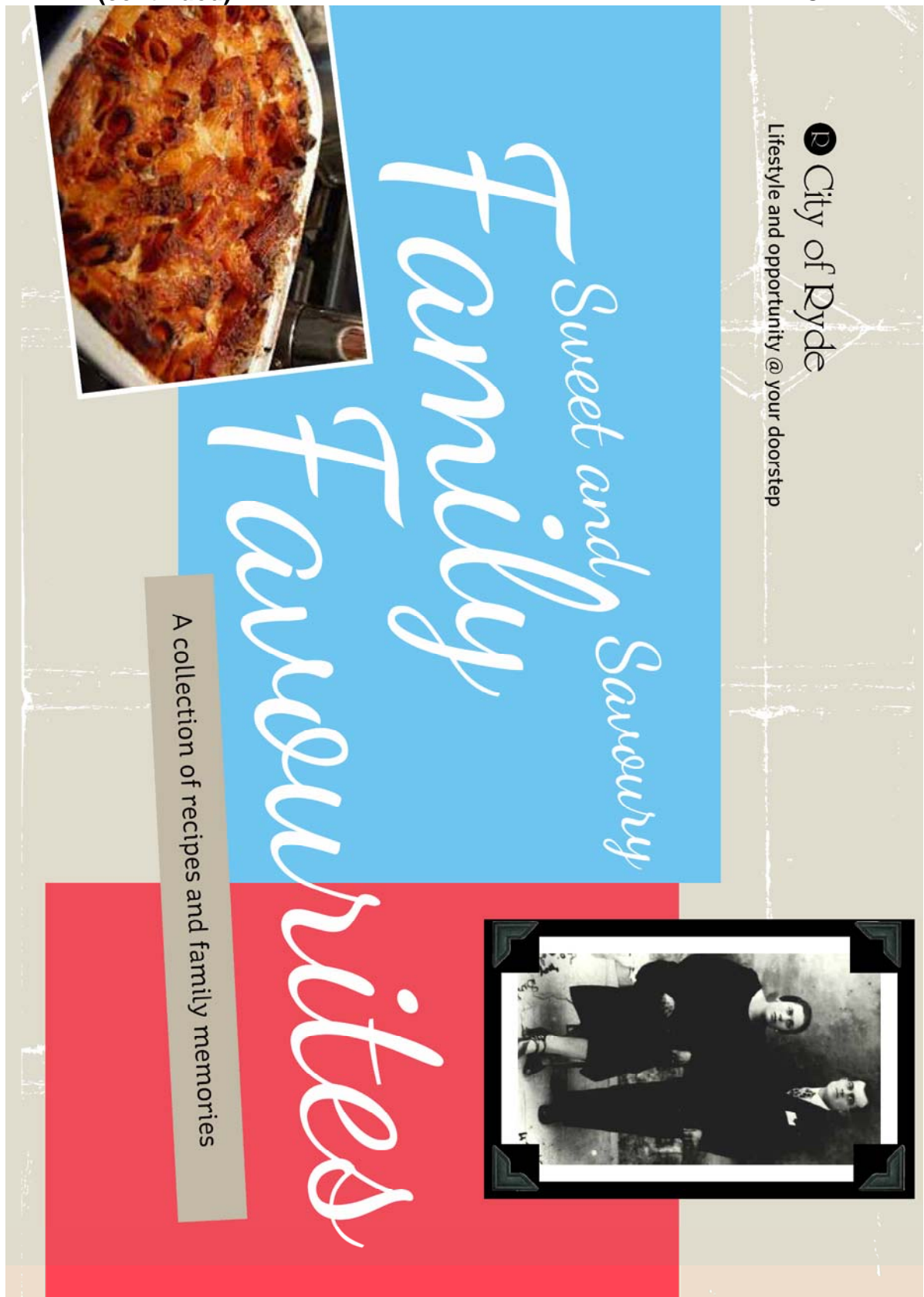
	2011 <sup>(1)</sup> (\$'000)	2012 (\$'000)	2013 (\$'000)	2014 (\$'000)	2015 (\$'000)
<b>Operating Budget</b>					
Income From Continuing Operations	86,898	84,892	87,994	92,682	95,093
Expenditure From Continuing Operations	86,430	90,101	92,376	93,744	95,744
<b>Operating Result From Continuing Operations</b>	<b>468</b>	<b>(5,209)</b>	<b>(4,382)</b>	<b>(1,062)</b>	<b>(651)</b>
<b>Capital Budget</b>					
New Capital Works (2)	<b>36,181</b>	<b>43,157</b>	<b>19,701</b>	<b>19,090</b>	<b>19,428</b>
Funded By:					
Loans	-	-	-	-	-
Asset Sales	-	-	-	-	-
Reserves	11,477	4,979	2,742	788	821
Grants & Contributions	9,901	23,360	174	169	36
General Revenue	14,803	14,818	16,785	18,133	18,571
Other	0	0	0	0	0
	<b>36,181</b>	<b>43,157</b>	<b>19,701</b>	<b>19,090</b>	<b>19,428</b>

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

<sup>(2)</sup> New capital works are major non-recurrent projects

ITEM 12 (continued)

ATTACHMENT 1





ITEM 12 (continued)

ATTACHMENT 1

Contents	
<p><i>First Fleet Damper</i> ..... 2 Ann Babington   DENISTONE EAST</p> <p><i>Spanish Rice</i> ..... 3 Michelle Barnett   GLADESVILLE</p> <p><i>Guanna Pie</i> ..... 4 Marlene Barry   RYDE</p> <p><i>Uavenski</i> ..... 5 Anna Binnie   NORTH RYDE</p> <p><i>Armenian Nutmeg Cake</i> ..... 6 Juliet Bishop   GLADESVILLE</p> <p><i>Mum's Hedgehog Slice</i> ..... 7 Graeme Burn   GLADESVILLE</p> <p><i>"Mellai" Christmas Pudding</i> ..... 8 Virginia Carone   GLADESVILLE</p> <p><i>Castagnaccia</i> ..... 9 Christine Cocquio   HUNTERS HILL</p> <p><i>Grandma's Tomato Relish</i> ..... 10 Meilinda Emelius   MEADOWBANK</p> <p><i>Mum's Vanilla Slice</i> ..... 11 Barbara Enright   HUNTERS HILL</p> <p><i>Father Bob's Tomato Relish</i> ..... 12 Julie Ferrari   RYDE</p> <p><i>Aunt Mary's Boiled Fruit Cake</i> ..... 13 Marie Ferris   HUNTERS HILL</p> <p><i>Joan's Golden Fruit Slice</i> ..... 14 Dianne Gamboa   RYDE</p>	<p><i>Nanna Mae's Christmas Pudding</i> ..... 15 Shirley Gibson   NORTH RYDE</p> <p><i>Ona's Dutch Apple Cake</i> ..... 16 Willie Gioudemans   WEST RYDE</p> <p><i>Nanna's Ginger Sponge</i> ..... 17 Elizabeth Gurreri   RYDE</p> <p><i>Pots and Potatoes in Keap-Mania</i> ..... 18 Lillian Harmond   RYDE</p> <p><i>Our old fashioned Christmas Pudding</i> ..... 19 Gillian Hodgkinson   EASTWOOD</p> <p><i>Sonya's Lethbraven Loaf</i> ..... 20 Gail Isaacs   RYDE</p> <p><i>Family Apple Pie</i> ..... 21 Emma Johnson   DENISTONE</p> <p><i>Fig and Walnut Cake</i> ..... 22 Colleen Keating   EASTWOOD</p> <p><i>Nach's Ale Soup</i> ..... 23 Rochelle Keshishian   NORTH RYDE</p> <p><i>Nanna's Swiss Apple Cake</i> ..... 24 Susan Knowles   EASTWOOD</p> <p><i>Mum's Maori Bannock</i> ..... 25 Helena Leone   RYDE</p> <p><i>Joey's Chicken and Pork Menudo</i> ..... 26 Anna Manlio   NORTH RYDE</p> <p><i>Mary's Kneidl</i> ..... 27 Catal Mollica   EPPING</p>
<p><i>The Gladesville Hospital Scenes</i> ..... 28 Karen Moore   GLADESVILLE</p> <p><i>Mum's Grog Leg</i> ..... 29 Dianne Naylor   TENNYSON POINT</p> <p><i>Black Sticky Rice</i> ..... 30 Anh Nguyen   TENNYSON POINT</p> <p><i>Doeley Mustard Onion Pickles</i> ..... 31 Paula Turner   NORTH RYDE</p> <p><i>Dad's Tamarind Fish Soup with Ginger</i> ..... 32 Warassamon Kate Phokephiboon   WEST RYDE</p> <p><i>Auntie Peg's Mosaic Biscuits</i> ..... 33 Cheryl Riley   NORTH RYDE</p> <p><i>Mum's Eggplant Pickle</i> ..... 34 Samantha Sirmanne Hyde   DENISTONE</p> <p><i>Pancakes with Coconut Filling</i> ..... 35 Hamsi Sivassubramaniam   CARLINGFORD</p> <p><i>Gai's Apricot Steamed Pudding</i> ..... 36 Elsa Sorensen   HUNTERS HILL</p> <p><i>Layered Potatoes (Rakott Kumpit)</i> ..... 37 Tom Szentkuti   EAST RYDE</p> <p><i>Grandma's Boiled Fruit Cake</i> ..... 38 Trish Wan   MARSFIELD</p> <p><i>Baked Macaroni</i> ..... 39 Carrie Waters   RYDE</p> <p><i>Cherry Mavala Cake</i> ..... 40 Jill Webb   DENISTONE</p>	



ITEM 12 (continued)

ATTACHMENT 1

# First Fleet Damper

Submitted by  
**Ann Babington**  
of Denistone East

From my Great-great-great Grandmother

According to history the inventor was a First Fleet passenger named William Bond who was Australia's first baker and had his business in Sydney. He died in 1838 at the reputed age of 110. Probably through lack of facilities for making common bread loaf, most of the bread he made was 'damper', which was derived from his custom of 'damping' the fire - covering it with ashes so as to preserve the red coals with which to make a fire in the morning. The bush damper is still covered in much the same manner. The pioneers had no self raising flour, baking powder or yeast. They had many other substitutes, the most popular was a handful of white wood ash. In the Artesian Bore country, bore water was sufficient to make the damper rise. Today it is normally made in a camp oven which is a cast pot and lid. The mix is placed inside, the lid put on and is entirely covered in hot coals till baked. The camp oven is sometimes placed in a hole dug in the ground and surrounded in hot wood coals till cooked.

“ John Small and Mary Parker came to Sydney in 1788 in different ships of the First Fleet, met and married and had eight children. After they were pardoned they received land around the Ryde area. Although I obviously didn't know them, the large extended family is very proud of their achievements in the new settlement and have had family celebrations locally. Now that I live so near I feel a real connection. ”

## Ingredients

- 2 cups self raising flour
- 8 oz milk
- ½ tsp salt

## Method

- Mix flour and salt. Make a well in the centre and add milk, mixing with a knife to form a moist dough.
- Turn into a greased 7" tin.
- Bake in hot oven for 25 minutes, then turn onto wire cooling tray.

## Variations

- Sultanas, dried fruit, herbs, sugar, 2 oz butter, lemon
- e.t.c. can be added to provide variations to the basic recipe.

ITEM 12 (continued)

ATTACHMENT 1

# Spanish Rice

Submitted by  
**Michelle Barnett**  
of Gladesville

From my dear Grandmother May Blackmore

“

My Grandmother passed away many years ago now, but I still clearly remember how much she loved my sister and I (her only children). She was always spoiling us with presents! She was a great cook and I guess that's where I get my passion for cooking from as well.



May Blackmore

”

This Spanish Rice recipe was one my grandmother used to make quite often and it's now a family favourite with both my mother and myself now making it for parties. Everyone knows our Spanish Rice and if it doesn't appear at a party or family gathering, people ask where it is!

Ingredients

- 3/4 cup raw rice
- 2 x tins tomato (425g)
- 1 cup capsicum (chopped)
- 1 cup onion (chopped)
- 2 teaspoons salt
- 1 teaspoon pepper
- 1/3 cup salad oil
- 2 bay leaves

Method

Place everything into a casserole dish and stir.


Cover and cook in microwave on high for 30 minutes.



ITEM 12 (continued)

ATTACHMENT 1

# Gramma Pie

From my Nan Isabel Gosper



Isabel Gosper

“

My Nan lived in Schofields New South Wales with her second husband. As a child I remember the products of their farm and the cooking it provided. My memories go back 70 years. We have now lived in our current address in Ryde for over 50 years.

”

Submitted by  
**Marlene Barry**  
of Ryde

Method

Cook gramma in a little water. Strain and mash.

Add sugar to sweeten and lemon juice (or a little acid) and a handful of currants.

Cover with crust and bake.

Variation

Cut up and dice the gramma into small pieces.

Put sugar and lemon juice over and stand on stove with another pie dish covering to keep in steam.

When soft, add currants and crust and bake.



ITEM 12 (continued)

ATTACHMENT 1

# Varenkyi

Submitted by  
**Anna Binnie**  
of North Ryde

From my Grandmother  
Eugenia Diadyk Higgins  
and Jaroslaw Lesiuk



Jaroslaw Lesiuk  
and Baby Edward 1981



Eugenia Diadyk Higgins  
and Anna Binnie 1976

## Ingredients

- 5 large potatoes
- 1 large onion
- 1 egg
- 4 rashers of bacon
- 2 cups of plain flour
- 1-2 tablespoons of water
- butter
- dill
- cream
- pepper

## Method

Peel potatoes, chop them into small pieces and cook in boiling water.

Finely cut the bacon and fry until brown and drain oil.

Finely chop onion and gently cook in butter until brown.

Mash potatoes and combine with onion and bacon, add pepper and dill if required.

Leave aside to cool.

Place flour into a bowl and add egg and water. Mix to form a stiff dough.

Turn dough out onto floured surface, knead and roll out into a sausage shape.

Cut dough into 2 cm lengths.

Take each piece of dough and roll it into thin circles.

Place a spoonful of filling onto dough circle.

Encase the filling with the dough circle and seal edges (wet edges slightly if required).

Drop varenkyi into boiling water and cook until it floats to the top.

Drain, fry in butter or olive oil and serve with cream

“ My bubushka (grandmother) lived with us when I was young. I used to ‘help’ her make varenkyi and other things such as borsch. When my bubushka remarried and moved out, my dad used to make them. When I married, Bubushka made some varenkyi and my new Aussie husband loved them. When I made my first batch my husband’s younger brother also fell in love with them. I have been making them ever since and my children often demand them for special family dinners. Most recently my husband has learnt to make them.

” This is a family recipe that has crossed continents, oceans and generations since my children never met my bubushka who passed away when I was expecting my first child and my Dad had a severe stroke that paralysed him before he could share his cooking with my children.

EAT HISTORY | Page 6


ITEM 12 (continued)

ATTACHMENT 1

# American Nutmeg Cake

Submitted by  
Juliet Bishop  
of Gladesville

From my mother Noreen Anne Palethorpe



Noreen Anne Palethorpe

“ This recipe was received from Peggy Wisely, a family friend, when we were living in Melbourne. Mum was a great cook and embraced new recipes leaving me her box file when she died earlier this year at the age of 93. She believed in keeping family together and what better way than through gatherings with good food. ”

**Ingredients**

*Put in 1 bowl:*

- 2 cups plain flour
- 2 cups brown sugar
- 2 level teaspoons baking powder

**Method**

- And rub in 4 oz butter (125gms)
- Divide mixture into 2 parts.
- Press ½ into well greased 8" - 9" tin (approx 20cms)
- Then beat 1 egg
- Add 2 level teaspoons bicarb soda dissolved in 1 cup milk
- Add this to second ½ crumb mixture. Beat well.
- Add 2 teaspoons grated nutmeg.
- Pour over base.
- Add 5-6 oz (175gms) walnuts.
- Bake 1 hr in 325°F (160°C)
- Let stand 15 mins before turning out.