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A horizontal bar composed of a series of small, colored squares in shades of pink, purple, blue, green, yellow, orange, and red.

# **General and Special Purpose Financial Statements**

Year Ended 30 June 2012



# GENERAL PURPOSE FINANCIAL STATEMENTS

## for the year ended 30 June 2012

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## GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2012

**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.

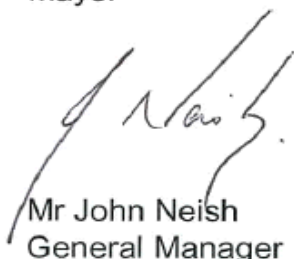
Signed in accordance with a resolution of Council made on 9 October 2012.



Councillor Ivan Petch  
Mayor



Councillor Justin Li  
Deputy Mayor



Mr John Neish  
General Manager



Mr John Todd  
Chief Financial Officer  
(Responsible Accounting Officer)

**INCOME STATEMENT**  
for the year ended 30 June 2012

Original Budget* 2012 (\$'000)		Notes	Actual 2012 (\$'000)	Actual 2011 (\$'000)
<b>INCOME FROM CONTINUING OPERATIONS</b>				
58,134	Rates and Annual Charges	3(a)	58,514	56,338
11,433	User Charges and Fees	3(b)	12,105	10,942
3,082	Interest and Investment Revenue	3(c)	4,482	4,429
5,793	Other Revenues	3(d)	6,023	5,406
6,450	Grants & Contributions provided for operating purposes	3(e&f)	8,990	6,903
23,360	Grants & Contributions provided for capital purposes	3(e&f)	22,786	15,539
	<b>Other Income:</b>			
-	Net gain from the disposal of assets	5	771	531
-	Net share of interests in joint ventures and associates using the equity method	19	-	-
<b>108,252</b>	<b>TOTAL INCOME FROM CONTINUING OPERATIONS</b>		<b>113,671</b>	<b>100,088</b>
<b>EXPENSES FROM CONTINUING OPERATIONS</b>				
36,262	Employee Benefits and On-costs	4(a)	36,471	33,644
596	Borrowing Costs	4(b)	202	242
24,966	Materials and Contracts	4(c)	24,413	21,185
19,137	Depreciation, Amortisation and Impairment	4(d)	18,387	18,598
9,141	Other Expenses	4(e)	10,952	10,432
-	Interest and Investment Losses	3(c)	-	-
-	Net Loss from the disposal of assets	5	-	-
-	Share of interests in joint ventures and associates using the equity method	19	-	-
<b>90,102</b>	<b>TOTAL EXPENSES FROM CONTINUING OPERATIONS</b>		<b>90,425</b>	<b>84,101</b>
<b>18,150</b>	<b>OPERATING RESULT FROM CONTINUING OPERATIONS</b>		<b>23,246</b>	<b>15,987</b>
-	Operating result from discontinued operations	24	-	-
<b>18,150</b>	<b>NET OPERATING RESULT FOR THE YEAR</b>	2(a)	<b>23,246</b>	<b>15,987</b>
<b>(5,210)</b>	<b>NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS &amp; CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES</b>		<b>460</b>	<b>448</b>

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

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

**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 30 June 2012

	Notes	Actual 2012 (\$'000)	Actual 2011 (\$'000)
<b>Net operating result for the year - from Income Statement</b>		23,246	15,987
<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>		<u>23,246</u>	<u>15,987</u>
<b>Total comprehensive income for the year</b>			
Attributable to:			
- Council		<u>23,246</u>	<u>15,987</u>
- Minority Interests			

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

**BALANCE SHEET**  
As at 30 June 2012

	Notes	2012		2011	
		(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	6(a)	13,973		8,532	
Investments	6(b)	38,000		50,030	
Receivables	7	6,379		5,792	
Inventories	8	330		420	
Other	8	231		969	
Non-Current assets classified as held for Sale	22	-		-	
<b>Total Current Assets</b>			58,913		65,743
<b>Non-Current Assets</b>					
Investments	6(b)	27,109		10,502	
Receivables	7	1,023		938	
Infrastructure, Property, Plant and Equipment	9	2,171,833		2,156,578	
Investments accounted for using equity method	19	-		-	
Investment Property	14	2,275		2,200	
Intangible assets	25	-		-	
Other	8	-		-	
<b>Total Non-Current Assets</b>			2,202,240		2,170,218
<b>TOTAL ASSETS</b>			<u>2,261,153</u>		<u>2,235,961</u>
<b>LIABILITES</b>					
<b>Current Liabilities</b>					
Payables	10(a)	16,387		15,393	
Borrowings	10(a)	492		775	
Provisions	10(a)	9,130		7,455	
<b>Total Current Liabilities</b>			26,009		23,623
<b>Non-Current Liabilities</b>					
Payables	10(a)	-		-	
Borrowings	10(a)	3,412		3,899	
Provisions	10(a)	221		174	
<b>Total Non-Current Liabilities</b>			3,633		4,073
<b>TOTAL LIABILITIES</b>			<u>29,642</u>		<u>27,696</u>
<b>NET ASSETS</b>			<u>2,231,511</u>		<u>2,208,265</u>
<b>EQUITY</b>					
Retained Earnings	20	1,713,135		1,689,889	
Revaluation reserves	20	518,376		518,376	
Council equity interest			2,231,511		2,208,265
Minority equity interest			-		-
<b>TOTAL EQUITY</b>			<u>2,231,511</u>		<u>2,208,265</u>

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

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 30 June 2012

	Notes	2012 (\$'000)							2011 (\$'000)						
		Asset		Council		Minority			Asset		Council		Minority		
		Retained Earnings	Revaluation Reserve	Other Reserves	Equity Interest	Interest	Interest	Interest	Revaluation Reserve	Other Reserves	Equity Interest	Interest	Interest	Interest	Total Equity
Opening Balance	20	1,689,889	518,376		2,208,265	-	-	-	518,376		2,230,494	-	-	2,230,494	
Correction of errors											(38,216)			(38,216)	
Changes in Accounting Policies															
Restated Opening Balance	20	1,689,889	518,376	-	2,208,265	-	-	-	518,376	-	2,192,278	-	-	2,192,278	
Net Operating Result for the Year	20	23,246	-		23,246				-		15,987			15,987	
Other Comprehensive Income	20														
Total Comprehensive Income	20	23,246	-	-	23,246	-	-	-	-	-	15,987	-	-	15,987	
Closing Balance	20	1,713,135	518,376	-	2,231,511	-	-	-	518,376	-	2,208,265	-	-	2,208,265	

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



**STATEMENT OF CASH FLOWS**  
for the year ended 30 June 2012

Original Budget* 2012 (\$'000)	Notes	2012 (\$'000) (\$'000)		2011 (\$'000) (\$'000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
58,135		58,290		56,353	
12,379		12,885		12,017	
3,081		4,413		4,388	
6,730		19,761		15,092	
-		1,752		1,984	
6,050		7,604		7,317	
<b>Payments</b>					
(36,394)		(34,864)		(34,043)	
(22,846)		(25,719)		(22,279)	
(596)		(203)		(241)	
-		(1,510)		(2,395)	
(13,760)		(11,307)		(12,019)	
<b>12,778</b>	<b>11(b)</b>	<b>31,102</b>		<b>26,174</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Receipts</b>					
28,250		28,545		23,364	
-		-		1,008	
1,958		1,200		1,309	
-		-		-	
-		-		-	
-		-		-	
<b>Payments</b>					
(50,030)		(32,093)		(48,032)	
(47,473)		(22,543)		(22,998)	
-		-		-	
-		-		-	
-		-		-	
<b>(67,295)</b>		<b>(24,891)</b>		<b>(45,349)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
-		-		-	
-		-		-	
<b>Payments</b>					
(381)		(442)		(427)	
-		-		-	
-		-		-	
<b>(381)</b>		<b>(442)</b>		<b>(427)</b>	
(54,897)		5,769		(19,602)	
8,204	11(a)	8,204		27,806	
<b>(46,693)</b>	<b>11(a)</b>	<b>13,973</b>		<b>8,204</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.

## Note 1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated 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 Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, the Local Government Act (1993) and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. NSW Council is a not for profit entity for the purpose of preparing the financial statements.

#### (i) New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

#### (ii) Early adoption of standards

NSW Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

#### (iii) 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 (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

#### (iv) Critical accounting estimates and judgements

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 Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

#### Critical accounting estimates and assumptions

City of Ryde makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

- (i) Estimated fair values of investment properties.
- (ii) Estimated fair values of infrastructure, property, plant and equipment.
- (iii) Estimated tip remediation provisions.

#### Critical judgements in applying the entity's accounting policies

##### (i) Impairment of Receivables

Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

##### (ii) Projected Section 94 Commitments

Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

**(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 grants or contributions from prior years that was expended on Council's operations during the current year.

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

**User charges and fees**

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

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

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

**Interest and rents**

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

**(c) Principles of consolidation****(i) The Consolidated Fund**

In accordance with the provisions of Section 409(1) of the Local Government Act 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) Associates**

Associates are all entities over which the Council has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

### **(iv) Joint ventures**

#### **Jointly controlled assets**

Where applicable, 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.

#### **Joint venture entities**

The interest in a joint venture partnership is accounted for using the equity method after initially being recognised at cost. Under the equity method, the share of the profits or losses of the partnership is recognised in profit or loss, and the share of post acquisition movements in reserves is recognised in other comprehensive income. Details relating to the partnership are set out in Note 19.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the Council's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

### **(d) Leases**

Leases of property, plant and equipment where Council, as lessee, 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**

Goodwill and intangible 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.

#### **(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.

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 financial assets 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, in the case of assets classified as held to maturity, 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 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(l).

### Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

#### (i) Assets carried at amortised cost

For loans and receivables, the amount of 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) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Council may measure impairment on the basis of an instrument's fair value using an observable market price.

### 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 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. If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount. Full revaluations are undertaken for all assets on a 5 year cycle.

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.

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 cannot 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.

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) Other Long term employee benefit obligations**

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.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

**(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.

**(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**

**(i) Restoration**

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.

#### **(ii) Rehabilitation**

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 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 2012 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.

\*In December 2011, the IASB delayed the application date of IFRS 9 to 1 January 2015. The AASB is expected to make an equivalent amendment to AASB 9 shortly.

**(II) Revised AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)**

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules. As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.



**(iii) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)**

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

**(iv) Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013)**

In September 2011, the AASB released a revised standard on accounting for employee benefits. It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively. Council does not recognise defined benefit assets and liabilities for the reasons set out in note 1 (s)(iii) and so these changes will not have an impact on its reported results.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**(y) Crown Reserves**

Crown Reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

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

Representations from both State and Local Government are being sought to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

**(z) 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.

## Note 2(a) FUNCTIONS

FUNCTIONS/ACTIVITIES	INCOME, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING 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	2012 \$'000	Actual 2012 \$'000	Actual 2011 \$'000	Original Budget 2012 \$'000	Actual 2012 \$'000	Actual 2011 \$'000	Original Budget 2012 \$'000	Actual 2012 \$'000	Actual 2011 \$'000	Actual 2012 \$'000	Actual 2011 \$'000	Actual 2012 \$'000	Actual 2011 \$'000	Actual 2012 \$'000	
	2012 \$'000															
<b>People</b>	0	0	84	108	0	(40)	(24)	0	0	0	0	0	0	0	0	
Group Manager - Community Life	897	1,029	905	2,467	3,171	2,784	2,467	(2,273)	711	629	28,697	28,697	28,697	28,697	28,697	
Community & Culture	576	604	623	1,999	2,256	2,231	1,999	(1,680)	(1,627)	(1,376)	12,843	12,843	12,843	12,843	12,843	
Community Relations and Events	888	892	862	5,014	5,351	4,904	4,904	(4,463)	264	259	9,918	9,918	9,918	9,918	9,918	
Library Services	5,074	693	709	2,390	4,076	2,827	2,390	998	(2,135)	(1,681)	1,161,874	1,161,874	1,161,874	1,161,874	1,161,874	
Open Space	4,891	4,637	4,534	4,520	6,095	5,092	4,520	(1,203)	(455)	14	48,491	47,772	47,772	47,772	47,772	
RALC	12,328	7,854	7,717	16,388	21,006	17,988	16,388	(8,621)	(10,134)	(8,671)	1,261,824	1,261,824	1,261,824	1,261,824	1,261,824	
<b>Governance</b>	15	6	3	3	15	6	3	0	0	0	0	0	0	0	0	
Group Manager - Corporate Services	10	52	103	103	9	52	103	0	0	0	34	82	(2)	(1)	(1)	
Human Resources	7	8	2	2	5	8	2	0	0	0	0	0	0	0	0	
Customer Services	0	1	2	2	0	1	2	0	0	0	0	0	0	0	0	
Governance	62	179	(167)	123	62	179	123	0	0	(290)	40	0	0	0	0	
Risk and Audit	3,312	5,654	6,383	6,383	3,309	5,654	6,383	0	0	0	0	0	0	0	0	
Financial Services	10	(127)	21	21	(2,719)	(127)	21	2,729	0	0	0	0	0	0	0	
Information Systems	0	0	0	0	(188)	0	0	0	0	0	0	0	0	0	0	
General Manager only	5	4	2	2	5	4	2	0	0	0	0	0	0	0	0	
Strategy & Organisational Development	3,421	5,776	6,349	6,639	498	5,776	6,639	2,729	0	(290)	74	82	19,124	14,235	14,235	
<b>Environment</b>	1,157	1,174	1,115	2,520	3,279	3,272	2,520	(2,121)	(2,098)	(1,406)	0	0	0	0	0	
Assessment	48	232	6	1,039	1,039	1,197	1,213	(991)	(965)	(1,208)	79	(3)	40	0	0	
Environment	1,264	975	913	1,908	2,179	2,009	1,908	(914)	(1,034)	(995)	0	0	183	188	188	
Environmental Health & Building	3,654	4,081	4,107	1,970	2,109	2,043	1,970	1,545	2,038	2,137	0	2	65	67	67	
Regulatory Services	0	0	0	(6)	19	(6)	(6)	0	6	6	0	0	0	0	0	
Group Manager - Environment & Planning	262	9,236	4,000	1,927	2,111	1,919	1,927	(1,849)	7,317	2,073	0	55	373	0	0	
Urban Planning	6,386	15,698	10,140	10,736	10,736	10,434	9,531	(4,330)	5,264	607	79	54	660	255	255	
<b>Assets</b>	2,464	4,414	4,871	8,879	12,214	11,826	8,879	(9,750)	(7,412)	(4,007)	1,128	2,172	562,088	560,442	560,442	
Asset Systems	20,237	14,053	9,907	14,487	9,288	7,632	14,487	10,949	6,421	(4,581)	0	0	58,972	48,285	48,285	
Building Service Unit	19	257	257	5,670	5,145	4,569	5,670	(5,126)	(4,311)	(5,412)	80	134	268,472	270,197	270,197	
Infrastructure Integration	15,427	15,341	14,324	14,223	16,764	16,470	14,223	(1,337)	(1,128)	101	197	272	16,330	15,171	15,171	
Business Infrastructure	0	1	0	0	59	10	0	0	(9)	0	0	0	0	0	0	
Group Manager - Public Works Operations	442	586	158	7,062	10,988	13,218	7,062	(10,545)	(12,632)	(6,904)	3	59	1,908	1,908	1,908	
Project Development	60	1,341	0	1,166	2,121	1,166	0	(2,061)	175	0	232	0	0	0	0	
Traffic & Governance	0	14	0	422	145	422	0	0	(408)	0	10	0	0	0	0	
<b>Total Functions &amp; Activities</b>	38,649	36,007	29,516	50,321	56,722	55,311	50,321	(17,870)	(19,304)	(20,805)	1,651	2,637	907,770	896,002	896,002	
<b>General Purpose Revenue</b>	60,783	65,335	53,722	82,880	88,963	89,510	82,880	(28,092)	(24,174)	(29,158)	2,829	4,116	2,189,377	2,169,614	2,169,614	
	47,468	48,337	46,366	1,139	1,139	915	1,223	46,330	47,422	45,143	4,266	3,444	71,776	66,347	66,347	
<b>Totals</b>	108,252	113,671	100,088	100,088	90,102	90,425	84,101	18,150	23,246	15,987	7,095	7,560	2,261,153	2,235,961	2,235,961	

## 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



**Note 2(b) (Continued)****HEALTH AND BUILDING**

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

**REGULATION**

- Animal control
- Street and Parking control

**SUPPORT SERVICES**

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

**URBAN PLANNING**

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

**ACCESS**

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

**BUILDINGS and PROPERTY**

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

## Note 2(b) (Continued)

### CATCHMENTS and ASSETS

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

### WASTE & FLEET MANAGEMENT

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

### WORKS

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

### GENERAL PURPOSE REVENUES

- Rates and charges collection
- Investments and borrowings

**NOTE 3 INCOME FROM CONTINUING OPERATIONS**

	2012 (\$'000)	2011 (\$'000)
<b>(a) Rates and Annual Charges</b>		
<b>Ordinary Rates</b>		
Residential	24,397	23,588
Business	12,417	12,140
Environmental Management Levy	5,693	5,515
<b>Total Ordinary Rates</b>	<b>42,507</b>	<b>41,243</b>
<b>Special Rates</b>		
Macquarie Park	1,185	1,178
<b>Total Special Rates</b>	<b>1,185</b>	<b>1,178</b>
<b>Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</b>		
Domestic Waste Management Services	13,674	12,845
Stormwater Management Service Charge	981	972
Section 611 Charges	167	100
<b>Total Annual Charges</b>	<b>14,822</b>	<b>13,917</b>
<b>Total Rates and Annual Charges</b>	<b>58,514</b>	<b>56,338</b>
Council has used 2010 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	4,480	4,438
Sports Facility Rental	565	251
Hall Hire	455	495
Road Restorations	1,508	835
Gutter Crossings	281	212
Commercial Waste Service	787	700
Other	38	34
<b>Total User Charges</b>	<b>8,114</b>	<b>6,965</b>
<b>Fees</b>		
Regulatory/Statutory Fees	1,699	1,748
s603 Certificates	167	123
Discretionary		
- Parking fees	862	889
- Environmental Planning	794	821
- Private Works	103	49
- Vacation Care	141	139
- Home Maintenance & Modification	106	72
- Other	119	136
<b>Total Fees</b>	<b>3,991</b>	<b>3,977</b>
<b>Total User Charges and Fees</b>	<b>12,105</b>	<b>10,942</b>
<b>(c) Interest and Investment Revenue</b>		
Overdue Rates & Charges	174	183
Cash, cash equivalents and investments:		
- Externally restricted	422	380
- Internally restricted	-	-
- Unrestricted	3,872	3,865
Impairment Losses		
- Investments	-	-
Premiums recognised on financial instrument transactions		
Amortisation of discounts and premiums:		
- Investments held to maturity	14	1
<b>Total Interest and Investment Revenue</b>	<b>4,482</b>	<b>4,429</b>

## Note 3 (Continued)

	2012 (\$'000)	2011 (\$'000)		
<b>(d) Other Revenues</b>				
Fair value adjustments - investment properties	75	-		
Rental income:				
- Investment Property	211	212		
- Other Property	943	901		
Parking Fines	3,113	3,060		
Other Fines	71	61		
Ex Gratia rates	-	-		
Materials Recycling	165	48		
Lease - Telecommunications	234	237		
Legal Fees Recoveries				
- Rates	-	-		
- Other	1	3		
Insurance Claims	97	4		
Staff Vehicle Leases and Other Payments	528	376		
Royalties	-	-		
Sundry Sales	31	20		
Other	554	484		
<b>Total Other Revenue</b>	<b>6,023</b>	<b>5,406</b>		
	OPERATING		CAPITAL	
	2012 (\$'000)	2011 (\$'000)	2012 (\$'000)	2011 (\$'000)
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance	3,734	2,908	-	-
Pensioner Rebate Subsidy - Rates	532	536	-	-
<b>Total General Purpose (Untied)</b>	<b>4,266</b>	<b>3,444</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioner Rebate Subsidy - Domestic Waste	216	210	-	-
Vacation Care	56	66	-	-
Master Plans	-	134	-	-
Library	264	259	-	-
Home Maintenance & Modification	394	348	-	-
Child Care Assistance	-	-	-	-
DEEWR - Apprentice Rebate Scheme	34	95	-	-
Community Staff Funding	207	195	-	-
Street & Traffic Lighting	355	347	-	-
Roads To Recovery	-	-	424	424
RTA Transport	-	-	573	1,284
Parks Grants	-	-	50	294
Domestic Waste Management	-	-	-	-
Environment	-	2	-	-
Catchment Management	-	-	-	145
Other	122	136	134	177
<b>Total Specific Purpose</b>	<b>1,648</b>	<b>1,792</b>	<b>1,181</b>	<b>2,324</b>
<b>Total Grants</b>	<b>5,914</b>	<b>5,236</b>	<b>1,181</b>	<b>2,324</b>
<b>Comprising:</b>				
- Commonwealth funding	4,746	3,913	0	0
- State funding	1,168	1,323	1,181	2,324
- Other funding	-	-	-	-
	<b>5,914</b>	<b>5,236</b>	<b>1,181</b>	<b>2,324</b>

## Note 3 (Continued)

	OPERATING		CAPITAL	
	2012 (\$'000)	2011 (\$'000)	2012 (\$'000)	2011 (\$'000)
<b>(f) Contributions</b>				
Developer Contributions (s94)				
- Open Space	-	-	4,985	2,123
- Parking	-	-	-	-
- Drainage	-	-	213	324
- Traffic Facilities	-	-	1,702	262
- Other	-	-	40	25
- Meadowbank	-	-	-	-
- Community Facilities	-	-	1,575	588
Voluntary Planning Agreements	-	-	404	250
Other Councils	532	514	-	-
Community Facilities	-	-	-	1,000
Community Events	-	6	-	-
Other	55	6	86	200
RTA Contributions				
- Roads & Bridges	1,584	341	-	-
- Other	99	68	-	-
Buildings & Property (In Kind)	-	-	12,500	8,340
Buildings & Property (In Kind) - s94	-	-	-	-
Customer/Resident Contributions	-	-	100	103
LSL Contributions from other Councils	211	211	-	-
Macquarie Park Master Plans	-	-	-	-
Bus Shelters	-	-	-	-
Waste Performance Improvement Program	595	521	-	-
<b>Total Contributions</b>	<b>3,076</b>	<b>1,667</b>	<b>21,605</b>	<b>13,215</b>
<b>Total Grants &amp; Contributions</b>	<b>8,990</b>	<b>6,903</b>	<b>22,786</b>	<b>15,539</b>

	2012 (\$'000)	2011 (\$'000)
<b>(g) Restrictions relating to Grants and Contributions</b>		
Certain grants and contributions are obtained by Council on the condition that they be spent in a specified manner:		
Grants and contributions recognised in the current reporting period which have not been spent	9,749	5,224
Less:		
Grants and contributions recognised in previous reporting periods which have been spent in the current reporting period	2,573	2,869
<b>Net increase/(decrease) in Restricted Grants and Contributions</b>	<b>7,176</b>	<b>2,355</b>

**NOTE 4 EXPENSES FROM CONTINUING OPERATIONS**

	2012 (\$'000)	2011 (\$'000)
<b>(a) Employee Benefits &amp; On Costs</b>		
Salaries and Wages	25,599	24,723
Employee Leave Entitlements	8,251	5,518
Superannuation	3,290	3,344
Workers' Compensation Insurance	1,152	1,075
FBT	151	267
Training Costs (excluding salaries)	369	298
Other	505	425
Less: Capitalised Costs	(2,846)	(2,006)
<b>Total Employee Costs Expensed</b>	<u>36,471</u>	<u>33,644</u>
<b>Number of FTE Employees</b>	<b>427</b>	<b>490</b>
<b>(b) Borrowing Costs</b>		
Interest on overdrafts	-	-
Interest on loans	202	242
Charges on finance leases	-	-
Discounts recognised on financial instrument transactions		
Amortisation of discounts and premiums		
- Investments held to maturity	-	-
- Remediation		
Less: Capitalised Costs		
<b>Total Borrowing Costs Expensed</b>	<u>202</u>	<u>242</u>

## Note 4 (Continued)

	2012 (\$'000)	2011 (\$'000)
<b>(c) Materials and Contracts</b>		
Raw materials and consumables	1,427	852
Contractor and Consultancy Costs	22,634	19,585
Audit Fees:		
- Audit Services	53	53
- Other <sup>(1)</sup>	2	1
Legal Fees:		
- Planning & Development	172	159
- Other	301	94
Operating leases		
- Computers	-	-
Infringement Notice Contract (SEINS)	384	441
Other	-	-
Less: Capitalised Costs	(560)	-
<b>Total Materials &amp; Contracts</b>	<u>24,413</u>	<u>21,185</u>

<sup>(1)</sup> During the year the following fees were paid or payable for services provided by the Council's auditor – Hill Rogers Spencer Steer:

(i) Audit and other assurance services		
AASB1054(10)(a) Audit and review of financial statements	53	53
AASB1054(10)(b),(11) Other assurance services:		
- Audit of regulatory returns	-	-
- Due diligence services	-	-
<b>Total remuneration for audit and other assurance services</b>	<u>53</u>	<u>53</u>
(ii) Taxation services		
Tax compliance services	-	-
<b>Total remuneration for taxation services</b>	<u>-</u>	<u>-</u>
(iii) Other Services		
Advice on Financial Projections for projects	2	-
Attendance of Council meetings	1	1
<b>Total remuneration for other services</b>	<u>3</u>	<u>1</u>
<b>Total remuneration of Hills Rogers Spencer Steer</b>	<u>56</u>	<u>54</u>

**Note 4 (Continued)****(d) Depreciation, Amortisation and Impairment**

	Depreciation/Amortisation		Impairment	
	2012 (\$'000)	2011 (\$'000)	2012 (\$'000)	2011 (\$'000)
Plant and Equipment	1,564	1,697		
Office Equipment	1,387	1,509		
Furniture & Fittings	180	193		
Property Plant and Equipment Leased	-	-		
Land Improvements (Depreciable)	928	928		
Buildings - Specialised	1,188	1,188		
- Non-specialised	1,232	1,232		
Other Structures	2,496	2,380		
Infrastructure:				
- Roads, Bridges and Footpaths	5,435	5,435		
- Stormwater Drainage	3,801	3,801		
Other Assets:				
- Heritage Collections	-	-		
- Library Books	484	473		
Total Depreciation Costs	18,695	18,836	-	-
Less: Capitalised Costs/Impairment reversals	(308)	(238)		
<b>Total Depreciation and Total Impairment</b>	<b>18,387</b>	<b>18,598</b>	<b>-</b>	<b>-</b>

**(e) Other Expenses**

	2012 (\$'000)	2011 (\$'000)
Other expenses for the year		
include the following:-		
Fair Value decrements - Investment Properties	-	-
Bad & Doubtful Debts	(8)	108
Mayoral Fee	57	55
Councillors' Fees	254	244
Councillors' (incl. Mayor) Expenses	117	141
Election Costs (excl. Employee Costs)	0	0
Interest on Refundable Deposits	134	448
Insurance	1,062	962
Insurance - Statewide Mutual Provision	-	-
Street Lighting	1,811	1,704
Communications Costs	191	159
Contribution to Fire Control	1,497	1,491
Contribution to Dept of Planning	231	225
Contributions & Donations - Community Grants	482	455
Waste Development Tax	2,280	1,866
Membership Fees	112	111
Valuation Fees	147	132
Electricity & Heating	1,360	1,084
Water Rates	305	344
Bank Fees & Charges	198	187
Property Lease Costs	56	40
Postage & Courier Costs	259	277
Advertising	210	250
Operating Leases	-	-
Parking Infringement Collection	-	-
Remediation	-	-
Green Waste Collection Charges	-	-
Other Expenses	197	149
Less: Capitalised Costs	-	-
<b>Total Other Expenses From Continuing Operations</b>	<b>10,952</b>	<b>10,432</b>



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

	2012 (\$'000)	2011 (\$'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>	<u>-</u>	<u>-</u>
<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>	<u>-</u>	<u>-</u>
<b>GAIN (OR LOSS) ON DISPOSAL OF INFRASTRUCTURE, PLANT &amp; EQUIPMENT</b>		
Proceeds from disposal	1,200	1,309
Less: Carrying amount of assets sold	1,444	1,433
<b>Gain (or loss) on disposal</b>	<u>(244)</u>	<u>(124)</u>
<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>	<u>-</u>	<u>37</u>
<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>	<u>-</u>	<u>-</u>
<b>GAIN (OR LOSS) ON DISPOSAL OF FINANCIAL ASSETS</b>		
Proceeds from disposal	2,015	3,864
Less: Carrying value of Financial assets	1,000	3,246
<b>Gain (or loss) on disposal</b>	<u>1,015</u>	<u>618</u>
<b>NET GAIN (OR LOSS) ON DISPOSAL OF ASSETS</b>	<u>771</u>	<u>531</u>

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

	Notes	2012 (\$'000)	2011 (\$'000)
Cash at bank and on hand		300	13
Deposits at call		13,673	8,519
		<u>13,973</u>	<u>8,532</u>

**NOTE 6(b) INVESTMENTS**

The following financial assets are held as investments:

	2012		2011	
	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)
Financial Assets at Fair Value				
through Profit and Loss	-	-	500	-
Held to Maturity Investments	38,000	27,109	49,530	10,502
Available for Sale Financial Assets	-	-	-	-
<b>Total</b>	<b>38,000</b>	<b>27,109</b>	<b>50,030</b>	<b>10,502</b>
<b>Financial Assets at Fair Value</b>				
<b>Through Profit and Loss</b>				
At beginning of year	500	-	750	-
Revaluation to income statement	-	-	-	-
Additions	-	-	-	-
Disposals (Sale/Redemption)	(500)	-	(250)	-
Reclassification				
At end of year	-	-	500	-
<b>Held for Trading:</b>				
- Managed funds	-	-	500	-
- CDOs				
- FRNs				
- Listed equity securities				
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>-</b>
<b>Held to Maturity Investments</b>				
At beginning of year	49,530	10,502	27,500	6,995
Amortisation of discounts & premiums	-	14	-	1
Additions	12,000	20,093	39,030	9,002
Disposals	(26,030)	(1,000)	(19,500)	(2,996)
Impairment	-	-	-	-
Transfer to Current	2,500	(2,500)	2,500	(2,500)
At end of year	38,000	27,109	49,530	10,502
<b>Comprising of:</b>				
- CDOs	-	-	-	-
- FRNs	1,000	17,870	-	6,002
- Fixed Bonds	-	1,989	-	-
- Other	37,000	7,250	49,530	4,500
<b>TOTAL</b>	<b>38,000</b>	<b>27,109</b>	<b>49,530</b>	<b>10,502</b>

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

Notes	2012		2011	
	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)
<b>Total cash, cash equivalents and investments</b>	<b>51,973</b>	<b>27,109</b>	<b>58,562</b>	<b>10,502</b>
External restrictions	6,112	14,830	4,712	7,551
Internal restrictions	38,610	12,279	48,725	2,951
Unrestricted	7,251	-	5,125	-
<b>Total</b>	<b>51,973</b>	<b>27,109</b>	<b>58,562</b>	<b>10,502</b>

Notes	Opening Balance 30 June 2011 \$'000	Transfers To Restriction \$'000	Transfers From Restriction \$'000	Closing Balance 30 June 2012 \$'000
<b><u>External Restrictions</u></b> <i>Included in liabilities</i>	-	-	-	-
<b><i>Other</i></b>				
Developer Contributions (A)	4,553	8,937	(1,715)	11,775
Specific Purpose Unexpended Grants (B)	1,988	812	(858)	1,942
Domestic Waste Management (C)	3,782	13,920	(13,347)	4,355
Stormwater Management	386	984	(407)	963
Macquarie Park Special Rate	1,438	1,191	(937)	1,692
External Works Drainage Contributions	116	99	0	215
<b>Total External Restrictions</b>	<b>12,263</b>	<b>25,943</b>	<b>(17,264)</b>	<b>20,942</b>

## Note 6(c) (Continued)

Notes	Opening Balance 30 June 2011 \$'000	Transfers To Restriction \$'000	Transfers From Restriction \$'000	Closing Balance 30 June 2012 \$'000
<b>Internal Restrictions</b>				
Plant Replacement Reserve	2,244	1,454	(1,829)	1,869
Employee Leave Entitlements	1,971	929	0	2,900
Incompleted/Carry Over Works and Projects	2,980	2,976	(2,685)	3,271
Refundable Deposits	7,960	241	0	8,201
Voluntary Planning Agreements	388	404	0	792
Asset Replacement Reserve	7,889	2,250	(3,131)	7,008
Ryde Aquatic Leisure Centre	3,262	3,261	(3,802)	2,721
Investment Property Reserve	17,288	0	(522)	16,766
Civic Centre Precinct Redevelopment Reserve	4,104	500	(2,633)	1,971
Financial Security Reserve	1,004	1,060	0	2,064
Insurance Fluctuation Reserve	236	64	(18)	282
Other	2,349	1,836	(1,141)	3,044
<b>Total Internal Restrictions</b>	<b>51,675</b>	<b>14,975</b>	<b>(15,761)</b>	<b>50,889</b>
<b>Total Restrictions</b>	<b>63,938</b>	<b>40,918</b>	<b>(33,025)</b>	<b>71,831</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.

**NOTE 7 RECEIVABLES**

<u>Purpose</u>	2012		2011	
	<u>Current</u> <u>(\$'000)</u>	<u>Non-Current</u> <u>(\$'000)</u>	<u>Current</u> <u>(\$'000)</u>	<u>Non-Current</u> <u>(\$'000)</u>
Rates and Annual Charges	1,373	915	1,239	825
Rates Interest & Extra Charges	162	108	170	113
User Charges & Fees				
Environmental & Health	283	-	228	-
Restorations	201	-	143	-
Recreational Facilities	94	-	71	-
Property & Infrastructure Works	175	-	109	-
Home Modification Service	12	-	8	-
Ryde Aquatic Leisure Centre	111	-	71	-
Interest on Investments	882	-	827	-
Contributions to Works	248	-	210	-
Government Grants & Subsidies	1,639	-	1,617	-
Commercial Waste	266	-	220	-
GST	852	-	817	-
Asset Sales	-	-	-	-
Workers Compensation	19	-	48	-
Voluntary Planning Agreement	-	-	-	-
Computer Equipment Charges	-	-	-	-
Other	280	-	247	-
<b>Total</b>	<b>6,597</b>	<b>1,023</b>	<b>6,025</b>	<b>938</b>
<u>Less: Provision for Doubtful Debts</u>				
- Rates and Annual Charges	-	-	-	-
- Interest and extra charges	-	-	-	-
- User Charges and Fees	218	-	233	-
- Government Grants & Subsidies	-	-	-	-
	<b>6,379</b>	<b>1,023</b>	<b>5,792</b>	<b>938</b>
<b><u>EXTERNALLY RESTRICTED RECEIVABLES (Included Above)</u></b>				
Domestic Waste Management	318	212	286	190
<b>TOTAL RESTRICTED RECEIVABLES</b>	<b>318</b>	<b>212</b>	<b>286</b>	<b>190</b>
<b>UNRESTRICTED RECEIVABLES</b>	<b>6,061</b>	<b>811</b>	<b>5,506</b>	<b>748</b>
<b>TOTAL RECEIVABLES</b>	<b>6,379</b>	<b>1,023</b>	<b>5,792</b>	<b>938</b>

**Note 7 (Continued)**

**Rates and Annual Charges**

Rates are secured by underlying properties.

Interest is charged on overdue rates at 9% (2011 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 \$2,288,000 (2011 \$2,064,000)

**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 \$218,000.

**Government Grants**

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

**NOTE 8 INVENTORIES & OTHER ASSETS**

	2012		2011	
	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)
<b>Inventories</b>				
Real Estate (refer below)	-	-	-	-
Stores and Materials	330	-	420	-
Other	-	-	-	-
<b>Total Inventories</b>	<b>330</b>	<b>-</b>	<b>420</b>	<b>-</b>
<b>Inventories not expected to be realised within the next 12 months</b>	<b>132</b>	<b>-</b>	<b>208</b>	<b>-</b>
<b>Other Assets</b>				
Prepayments	231	-	969	-
<b>Total Other Assets</b>	<b>231</b>	<b>-</b>	<b>969</b>	<b>-</b>



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

\$000's	At 30 June 2011					MOVEMENTS DURING THE YEAR					At 30 June 2012					
	ASSET TYPE	Cost/ Deemed Cost	Fair Value	Accumulated Depreciation & Impairment	Written Down Value (WDV)	Asset Purchases	Transfers From WIP	WDV of Disposals	Transfers and Adjustments	Depreciation & Impairment	Asset Revaluation		Cost/ Deemed Cost	Fair Value	Accumulated Depreciation & Impairment	Written Down Value (WDV)
											Gross Book Value	Accumulated Depreciation				
Plant and Equipment		22,524	11,197	11,327	11,327	3,367	17	1,292	-	1,564	-	-	-	23,432	11,577	11,855
Office Equipment		19,207	15,158	4,049	4,049	893	4	152	-	1,387	-	-	-	12,809	9,402	3,407
Furniture and Fittings		3,792	2,650	1,142	1,142	558	98	-	-	180	-	-	-	4,448	2,830	1,618
Leased Plant & Equipment		209	209	-	-	-	-	-	-	-	-	-	-	209	209	-
Land																
- Operational Land		204,089	-	204,089	204,089	-	-	-	-	-	-	-	-	204,089	-	204,089
- Community Land		1,017,725	-	1,017,725	1,017,725	-	-	-	-	-	-	-	-	1,017,725	-	1,017,725
- Land Improvements (non-deprn)		4,345	-	4,345	4,345	2,923	158	-	-	-	-	-	-	7,426	-	7,426
- Land Improvements (deprn)		12,624	9,056	3,568	3,568	28	181	-	-	928	-	-	-	12,833	9,984	2,849
- Land Under Infrastructure		11,552	-	11,552	11,552	-	-	-	-	-	-	-	-	11,552	-	11,552
Buildings																
- Specialised		43,497	13,272	30,225	30,225	-	-	-	-	1,188	-	-	-	43,497	14,460	29,037
- Non-specialised		115,232	48,743	66,489	66,489	9,969	103	-	-	1,232	-	-	-	125,304	49,976	75,328
Other Structures																
- Carparks		10,936	2,525	8,411	8,411	-	-	-	-	170	-	-	-	10,936	2,695	8,241
- Foreshore Assets		17,199	3,903	13,296	13,296	-	-	-	-	140	-	-	-	17,199	4,043	13,156
- Parks		60,982	21,770	39,212	39,212	640	497	-	-	1,666	-	-	-	62,119	23,436	38,683
- Road Ancillary		12,030	3,666	8,364	8,364	316	-	-	-	218	-	-	-	12,346	3,884	8,462
- Other		2,636	1,270	1,366	1,366	-	-	-	-	302	-	-	-	2,636	1,573	1,063
Infrastructure																
- Roads, Bridges and Footpaths		391,944	76,681	315,363	315,363	3,336	67	-	-	3,502	-	-	-	395,347	80,082	315,265
- Road Pavement		18,285	5,566	12,719	12,719	533	27	-	-	275	-	-	-	18,845	5,841	13,004
- Road Ancillaries		20,855	4,452	16,403	16,403	-	9	-	-	170	-	-	-	20,864	4,622	16,242
- Bridges		64,043	12,544	51,499	51,499	2,640	433	-	-	725	-	-	-	67,116	13,269	53,847
- Footpaths and Cycleways		93,554	22,466	71,088	71,088	366	11	-	-	763	-	-	-	93,931	23,229	70,702
- Kerb & Guttering		369,542	117,736	251,806	251,806	1,982	745	-	-	3,801	-	-	-	372,269	121,537	250,732
Other Assets																
- Heritage Collections		137	-	137	137	-	-	-	-	-	-	-	-	137	-	137
- Library Books		3,259	2,080	1,179	1,179	698	1	-	-	484	-	-	-	3,260	1,866	1,394
Capital Works in Progress		11,224	-	11,224	11,224	7,146	(2,351)	-	-	-	-	-	-	16,019	-	16,019
TOTALS		11,224	2,520,198	374,844	2,156,578	35,395	-	1,444	-	18,695	-	-	16,019	2,540,329	384,515	2,171,833

**NOTE 9(b) RESTRICTED INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT**

Includes DWM	Restricted Assets	980	121	859	-	66	-	980	-	187	793

Notes:  
 Excludes investment properties and non-current assets held for sale.  
 Additions to Buildings and Infrastructure are made up of Asset Renewals (\$12,093) and New Assets (\$17,766). Renewals are defined as replacements of existing assets with equivalent capacity or performance as opposed to the acquisition of new assets.

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

	2012		2011	
	Current (\$'000)	Non-Current (\$'000)	Current (\$'000)	Non-Current (\$'000)
<b>Payables</b>				
Goods and Services	5,280	-	4,963	-
Payments Received in Advance	1,248	-	747	-
Payments received in advance - Rates	184	-	168	-
Accrued Expenses	1,630	-	1,373	-
Advances	-	-	-	-
Interest Expenses	1	-	2	-
Deposits and Retentions	7,883	-	7,641	-
Staff Taxation Payments	-	-	-	-
Staff Salaries & Wages	-	-	-	-
Trust Account Deposits	-	-	-	-
Domestic Waste	123	-	473	-
Other Contributions	-	-	-	-
Other	38	-	26	-
<b>Total Payables</b>	<b>16,387</b>	<b>-</b>	<b>15,393</b>	<b>-</b>
<b>Current Payables not expected to be settled within the next 12 months</b>	<b>6,109</b>	<b>-</b>	<b>5,922</b>	<b>-</b>
<b>Borrowings</b>				
Bank Overdraft	-	-	328	-
Loans - secured <sup>(1)</sup>	492	3,412	447	3,899
Loans - unsecured	-	-	-	-
Government Advances	-	-	-	-
Ratepayers advances	-	-	-	-
Finance lease liability	-	-	-	-
Deferred payment liabilities	-	-	-	-
<b>Total Interest Bearing Liabilities</b>	<b>492</b>	<b>3,412</b>	<b>775</b>	<b>3,899</b>
<b>Provisions<sup>(2)(3)</sup></b>				
Annual & Other Accrued Leave	3,048	-	2,513	-
Sick Leave	200	-	216	-
Long Service Leave	5,882	221	4,726	174
Gratuities	-	-	-	-
Employee Leave Entitlements On Costs	-	-	-	-
Site Remediation (see Note 26)	-	-	-	-
Self Insurance Liabilities	-	-	-	-
Other Employee Provisions	-	-	-	-
<b>Total Provisions</b>	<b>9,130</b>	<b>221</b>	<b>7,455</b>	<b>174</b>
<b>Current provisions not expected to be settled within the next 12 months</b>	<b>5,707</b>	<b>-</b>	<b>4,588</b>	<b>-</b>
<b>Liabilities relating to restricted assets</b>				
Domestic Waste Management	123	-	473	-
<b>Total Liabilities relating to restricted assets</b>	<b>123</b>	<b>-</b>	<b>473</b>	<b>-</b>

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

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

<sup>(3)</sup> Increase in provision due to movement in the Commonwealth Government Securities for 2012

**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	2,513	2,540	2,005	-	3,048
Sick Leave	216	909	925	-	200
Long Service Leave	4,900	1,847	644	-	6,103
Gratuities	-	35	35	-	-
<b>Total</b>	<b>7,629</b>	<b>5,331</b>	<b>3,609</b>	<b>-</b>	<b>9,351</b>

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

### (a) Reconciliation of Cash Assets

	Notes	2012 (\$'000)	2011 (\$'000)
Total Cash and Cash Equivalents	6(a)	13,973	8,532
<u>Less: Bank Overdraft</u>	10	<u>-</u>	<u>(328)</u>
Balances as per Statement of Cash Flow		<u>13,973</u>	<u>8,204</u>

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

		2012 (\$'000)	2011 (\$'000)
Net Operating Result from Income Statement		23,246	15,987
Add:			
Depreciation and Impairment	4	18,387	18,598
Impairment of investments	3	-	-
Increase in provision for doubtful debts	7	-	119
Increase in provision for leave entitlements	10	1,722	260
Increase in Other Provisions	10	-	-
Decrease in receivables	7	-	242
Decrease in inventories	8	90	47
Decrease in other current assets	8	738	-
Increase in payables	10	1,032	380
Increase in accrued interest payable	10	-	1
Increase in other current liabilities	10	-	-
Decrements from revaluations	4	-	-
Loss on sale of assets	5	-	-
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	(15)	-
Decrease in employee leave entitlements	10	-	-
Decrease in Other Provisions	10	-	-
Increase in receivables	7	(657)	-
Increase in inventories	8	-	-
Increase in other current assets	8	-	(564)
Decrease in payables	10	-	-
Decrease in accrued interest payable	10	(1)	-
Decrease in other current liabilities	10	(80)	(24)
Reversal of previous revaluation decrements			
Non cash contributions and dedications			
Gain on sale of Assets	5	(771)	(531)
Fair value adjustments to financial assets at fair value through profit and loss	6	-	-
Fair value adjustments to investment properties	3	(75)	-
Amortisation of discounts & premiums recognised	3	(14)	(1)
Non Cash Capital Grants & Contributions	3	(12,500)	(8,340)
<b>Net cash provided by (used in) operating activities</b>		<u>31,102</u>	<u>26,174</u>

## Note 11 (Continued)

	2012 (\$'000)	2011 (\$'000)
<b>(c) Non-Cash Financing and Investing Activities</b>		
Acquisition of Plant & Equipment by means of finance leases	-	-
S.94 contributions in kind	-	-
Dedications	12,500	8,340
	<u>12,500</u>	<u>8,340</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	45	40
	<u>45</u>	<u>40</u>

**NOTE 12 COMMITMENTS FOR EXPENDITURE**

	2012 (\$'000)	2011 (\$'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	-	-
Buildings	-	-
Parramatta River Flood Study	73	-
Granite Paving	-	-
Gross Pollutant Trap	128	92
<b>Total</b>	<b>200</b>	<b>92</b>
These expenditures are payable:		
- Not later than one year	200	92
- Later than one year and not later than 5 years	-	-
- Later than 5 years	-	-
<b>Total</b>	<b>200</b>	<b>92</b>
<b>(b) 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>	<b>-</b>	<b>-</b>
Minimum lease payments	-	-
Less: future finance charge	-	-
<b>Lease liability</b>	<b>-</b>	<b>-</b>
Representing lease liabilities:		
- Current	-	-
- Non-Current	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

	2012 (\$'000)	2011 (\$'000)
<b>Note 12 Commitments for Expenditure (continued)</b>		
<b>(c) Non-cancellable operating lease commitments</b>		
Commitments under non-cancellable operating leases at 30 June 2012 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>(d) Repairs and maintenance: investment property</b>		
Contractual obligations for future repairs and maintenance	-	-
<b>Total</b>	<u>-</u>	<u>-</u>

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

	Amounts (\$'000)	Current Year Indicators	2011	2010
<b>1. UNRESTRICTED CURRENT RATIO</b>				
Current Assets Less All External Restrictions <sup>(1)</sup>	\$52,351	3.72:1	4.79:1	4.67:1
Current Liabilities Less Specific Purpose Liabilities <sup>(2)(3)(4)</sup>	\$14,070			
<b>2. DEBT SERVICE RATIO</b>				
Debt Service Cost (Principal & Interest Payments)	\$644	0.75%	0.83%	0.85%
Income from continuing operations, excluding capital items and specific purpose grants/contributions	\$86,161			
<b>3. RATE COVERAGE RATIO</b>				
Rates and Annual Charges	\$58,514	51.48%	56.29%	61.16%
Income from continuing operations	\$113,671			
<b>4. RATES &amp; ANNUAL CHARGES OUTSTANDING PERCENTAGE</b>				
Rates and Annual Charges Outstanding	\$2,558	4.19%	3.99%	4.10%
Rates and Annual Charges Collectable	\$61,035			
<b>5. BUILDINGS &amp; INFRASTRUCTURE RENEWALS RATIO</b>				
Asset Renewals (building & infrastructure) <sup>(5)</sup>	\$12,093	80.19%	47.87%	49.24%
Depreciation, amortisation and impairment (building & infrastructure)	\$15,080			

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

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

<sup>(3)</sup> \$5,707K provisions not expected to be settled deducted.

<sup>(4)</sup> \$6,109K provisions not expected to be settled deducted.

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



**NOTE 14 INVESTMENT PROPERTIES**

	2012 (\$'000)	2011 (\$'000)
<b>At Fair Value</b>		
Opening balance at July 1 2011	2,200	2,200
Net gain (loss) from fair value adjustment	75	-
<b>Closing Balance at 30 June 2012</b>	<b>2,275</b>	<b>2,200</b>

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

Rental income	211	212
Net gain (loss) from fair value adjustment	75	-
Direct operating expenses from property that generated rental income	(21)	(22)
<b>Total</b>	<b>265</b>	<b>190</b>

**(b) Valuation Basis**

The basis of the valuation of investment properties is at fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition subject to similar leases. The 2012 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	212	134
- Later than one year and not later than 5 years	733	298
- Later than 5 years	121	138
<b>Total</b>	<b>1,066</b>	<b>570</b>

**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	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	13,973	8,532	13,973	8,532
Receivables	7,402	6,730	7,402	6,730
Financial assets at fair value through profit or loss	-	500	-	500
Available-for-sale financial assets	-	-	-	-
Held-to-maturity investments	65,109	60,032	65,174	60,973
	<u>86,484</u>	<u>75,794</u>	<u>86,549</u>	<u>76,735</u>
<b>Financial liabilities</b>				
Payables	16,387	15,393	16,387	15,393
Borrowings	3,904	4,674	3,904	4,674
	<u>20,291</u>	<u>20,067</u>	<u>20,291</u>	<u>20,067</u>

Fair value is determined as follows:

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

**NOTE 15 FINANCIAL RISK MANAGEMENT (CONTINUED)****(a) Cash and cash equivalents****Financial assets at fair value through profit and loss****Available-for-sale financial assets****Held-to-maturity investments**

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

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

Cash and investments are also subject to interest rate risk – the risk that movements in interest rates could affect returns. Another risk associated with cash and investments is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

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

	30/06/2012 \$'000	30/06/2011 \$'000
(b) Impact of a 10% <sup>(1)</sup> movement in price of investments:		
- Equity	-	-
- Income statement	-	-
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash and investments:		
- Equity	791	691
- Income statement	791	691

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.

**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.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

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>2012</b>	<b>2012</b>	<b>2011</b>	<b>2011</b>
	<b>Rates &amp; Annual Charges</b>	<b>Other Receivables</b>	<b>Rates &amp; Annual Charges</b>	<b>Other Receivables</b>
<b>(i) Ageing of Receivables</b>				
- Current (not yet overdue)	0	5,020	0	4,401
- Past due	2,288	312	2,064	498
	<b>2,288</b>	<b>5,332</b>	<b>2,064</b>	<b>4,899</b>
			<b>2012</b>	<b>2011</b>
<b>(ii) Movement in Provision for Impairment for Receivables</b>				
Balance at the beginning of the year			233	114
Plus: New provisions recognised during the year			5	119
Less: Amounts already provided for & written off			(20)	-
<b>Balance at the end of the year</b>			<b>218</b>	<b>233</b>

**NOTE 15 FINANCIAL RISK MANAGEMENT (CONTINUED)****(c) Payables  
Borrowings**

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

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

<b>2012 \$'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>	16,387	-	-	16,387	16,387
<b>Borrowings</b>	492	2,191	1,221	3,904	3,904
	<u>16,879</u>	<u>2,191</u>	<u>1,221</u>	<u>20,291</u>	<u>20,291</u>
<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
	<u>16,168</u>	<u>2,061</u>	<u>1,838</u>	<u>20,067</u>	<u>20,067</u>

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 2012</b>		<b>30 June 2011</b>	
	<b>Weighted average interest rate %</b>	<b>Balance \$'000</b>	<b>Weighted average interest rate %</b>	<b>Balance \$'000</b>
Overdraft	N/A	-	N/A	-
Bank Loans – Variable <sup>(1)</sup>	3.73%	<u>3,905</u>	5.20%	<u>4,346</u>
		<u>3,905</u>		<u>4,346</u>

Note:

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

**NOTE 16 MATERIAL BUDGET VARIATIONS**

Council's original budget was incorporated as part of the 2011/2015 Delivery Plan adopted by the Council on 14 June 2011.

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 \$1,400K 45% (F)**

Council received interest revenue of \$4,482k which was above the original budget by \$1,400k (45%). Council adopted a conservative approach to its original budget for interest, and both official interest rates and the margins offered by financial institutions on deposits were higher than originally anticipated when formulating the budget.

**Grants & Contributions provided for Operating Purposes \$2,540K 39% (F)**

The variance was due to the prepayment Financial Assistant Grant \$1,526K, additional Waste and Sustainability Improvement Grant \$194K, additional Long Service Leave Contribution \$211K from other councils and additional Block Grant Regional Roads \$71K

**Expenses****Borrowing Costs -\$394K -66% (F)**

Borrowing costs were \$394K less than originally budgeted. This was due to the budgeted interest on security deposit \$322K was included in the borrowing costs, but the actual interest on security deposit was included in the other expenses.

**Other Expenses \$1,811K 20% (U)**

Other Expenses were \$1.81M more than originally budgeted. The variances are due to the additional utilities cost \$250K, additional street lighting \$120K, additional insurance premium \$290K, additional motor vehicle registration \$153K, additional waste development tax \$310K.

**NOTE 17 STATEMENT OF DEVELOPER CONTRIBUTIONS**  
CONTRIBUTION PLAN NO. 1

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR *		INTEREST & INVESTMENT INCOME EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROWINGS (TO/FROM) *** \$'000	EXPENDITURE RECLASSIFIED \$'000	HELD AS RESTRICTED ASSET ** \$'000	WORKS PROVIDED TO DATE \$'000	PROJECTED FUTURE CONTRIBUTIONS \$'000	PROJECTED COST OF WORKS STILL OUTSTANDING \$'000	PROJECTED OVER/(UNDER) FUNDING \$'000	CUMULATIVE INTERNAL BORROWINGS due/(payable) \$'000
		CASH \$'000	NON-CASH \$'000										
Community & Culture	277	1,575	-	56	-	-	-	1,908	-	49,233	55,023	(3,882)	-
Open Space & Public Domain	-	4,985	-	14	701	(1,882)	-	2,416	701	130,347	132,527	(1,646)	-
Roads, Traffic, Carparks & Cycleways	-	1,702	-	1	305	(677)	-	721	305	32,908	34,328	(1,376)	-
Stormwater Management	3,794	213	-	324	709	2,559	-	6,181	709	2,688	7,926	(1,616)	-
Administration	482	40	-	27	-	-	-	549	-	480	959	70	-
<b>TOTAL UNDER PLANS</b>	<b>4,553</b>	<b>8,515</b>	<b>-</b>	<b>422</b>	<b>1,715</b>	<b>-</b>	<b>-</b>	<b>11,775</b>	<b>1,715</b>	<b>215,656</b>	<b>230,763</b>	<b>(8,450)</b>	<b>-</b>
Planning agreements	388	404	12,500	422	12,500	-	-	792	-	-	-	-	-
<b>TOTAL CONTRIBUTIONS</b>	<b>4,941</b>	<b>8,919</b>	<b>12,500</b>	<b>422</b>	<b>14,215</b>	<b>-</b>	<b>-</b>	<b>12,567</b>	<b>-</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.

\* Reconcilable with Note 3

\*\* Reconcilable 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 restricted in Note 6 (c) as Internal.

**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 AASB119 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 2012 was \$590,131. 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 2012 a deficit still exists. Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit. The amount of additional contributions included in the total employer contribution advised above is \$0.

The share of this deficit that can be broadly attributed to City of Ryde was estimated to be in the order of \$2,431,229 as at 30 June 2012.

**(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 2012 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.



**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.

What this means to Council is that there is a contingent asset that will become Councils at the end of the lease.

## NOTE 19 INTERESTS IN JOINT VENTURES AND ASSOCIATES

Council has no interests in joint ventures or associates.

## NOTE 20 REVALUATION RESERVES AND RETAINED EARNINGS

	2012 (\$'000)	2011 (\$'000)
<b>(a) Retained earnings</b>		
Movements in retained earnings were as follows:		
At beginning of year	1,689,889	1,712,118
Adjustment to correct prior years errors (Note 20 (d))	-	(38,216)
Net operating result for the year	23,246	15,987
At end of year	<u>1,713,135</u>	<u>1,689,889</u>
<b>(b) Revaluation reserves</b>		
Infrastructure, property, plant and equipment revaluation reserve	<u>518,376</u>	<u>518,376</u>
<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.		

## NOTE 21 RESULTS BY FUND

Council has only one consolidated fund.

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

	2012 (\$'000)	2011 (\$'000)
Operational Land	-	-
Buildings	-	-
Total	<u>-</u>	<u>-</u>

## NOTE 23 EVENTS OCCURRING AFTER BALANCE SHEET DATE

- (a) Council resolved on Tuesday, 25 September 2012 to discontinue with a redevelopment of the Civic Centre Precinct.

The costs associated with this project to date, \$4,225,485 have been charged to Work In Progress (WIP).

Due to the decision to discontinue with the redevelopment, these costs will be written off during the 2012/2013 financial year, and will affect the operating result for 2012/2013.

Any costs of the project already incurred for the 2012/2013 year will also need to be written off.

- (b) On Friday 21 September 2012 the Federal Court handed down a judgment in relation to the Lehman Brothers (Australia) Limited class action that was taken on behalf of several Councils in NSW who had purchased CDO investments through Lehmans. City of Ryde was one of the parties to this matter.

This judgment, which is yet to be finalised and may be subject to appeal, was in favour of the Councils.

At this stage it is too premature to determine what, if any, funds will be paid to Council as a result of the judgment.

Council has previously written off the value of the CDOs purchased through Lehmans.

## NOTE 24 DISCONTINUED OPERATIONS

There were no operations discontinued by Council during the year.

## NOTE 25 INTANGIBLE ASSETS

Council has no Intangible Assets to report



**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.

	<b>2012</b> <b>(\$'000)</b>	<b>2011</b> <b>(\$'000)</b>
At beginning of the year	-	-
Revised Costs	-	-
Remediation Works	-	-
At end of the Year	<u>-</u>	<u>-</u>

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Spencer Steer

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 2012, 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

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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**



**BRETT HANGER**  
Partner

Dated at Sydney this 15<sup>th</sup> day of October 2012

City of Ryde  
General Purpose Financial Statements  
Independent Auditors' Report

Hill Rogers  
Spencer Steer

15 October 2012

The Mayor  
City of Ryde  
1 Devlin Street  
RYDE NSW 2112

Mayor,

**Audit Report - Year Ended 30 June 2012**

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2012 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;

**I. RESULTS FOR THE YEAR**

**1.1 Operating Result**

The operating result for the year was a surplus of \$23.246 million as compared with \$15.987 million in the previous year.

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

	2012 \$000	% of Total	2011 \$000	% of Total	Increase (Decrease) \$000
<b>Revenues before capital items</b>					
Rates & annual charges	58,514	64%	56,338	67%	2,176
User charges, fees & other revenues	18,899	21%	16,879	20%	2,020
Grants & contributions provided for operating purposes	8,990	10%	6,903	8%	2,087
Interest & investment revenue	4,482	5%	4,429	5%	53
	<b>90,885</b>	<b>100%</b>	<b>84,549</b>	<b>100%</b>	<b>6,336</b>
<b>Expenses</b>					
Employee benefits & costs	36,471	40%	33,644	40%	2,827
Materials, contracts & other expenses	35,365	39%	31,617	38%	3,748
Depreciation, amortisation & impairment	18,387	20%	18,598	22%	(211)
Borrowing costs	202	0%	242	0%	(40)
	<b>90,425</b>	<b>100%</b>	<b>84,101</b>	<b>100%</b>	<b>6,324</b>
<b>Surplus/(Deficit) before capital items</b>	<b>460</b>		<b>448</b>		<b>12</b>
Grants & contributions provided for capital purposes	22,786		15,539		7,247
<b>Net Surplus/(Deficit) for the year</b>	<b>23,246</b>		<b>15,987</b>		<b>7,259</b>

The table above shows an overall increase over the previous year of \$7.259 million and is attributable to the increase in capital grants and contributions received.

## 1.2 Funding Result

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

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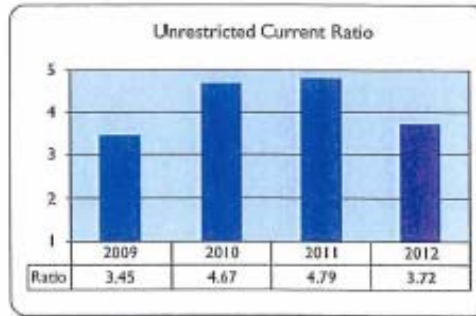
	2012	2011
	\$000	\$000
<i>Funds were provided by:-</i>		
<b>Operating Result (as above)</b>	<b>23,246</b>	<b>15,987</b>
Add back non funding items:-		
- Depreciation, amortisation & impairment	18,387	18,598
- Book value of non-current assets sold	1,444	1,433
- Non-cash Contributions of assets acquired	(12,500)	(8,340)
- (Gain)/Loss of fair value to investment properties	(75)	0
	30,502	27,678
Transfers from internal reserves (net)	10,115	159
Net Changes in current/non-current assets & liabilities	2,264	186
	42,881	28,023
<i>Funds were applied to:-</i>		
Purchase and construction of assets	(22,895)	(22,597)
Increase/Purchase in Non-current Investments	(16,607)	(3,507)
Principal repaid on loans	(442)	(427)
Transfers to externally restricted assets (net)	(1,782)	(1,836)
	(41,726)	(28,367)
<b>Increase/(Decrease) in Available Working Capital</b>	<b>1,155</b>	<b>(344)</b>

## 2. FINANCIAL POSITION

### 2.1 Unrestricted Current Ratio

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

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to \$38.281 million representing a factor of 3.72 to 1.



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

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

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At the close of the year the Available Working Capital of Council stood at \$5.360 million as detailed below;

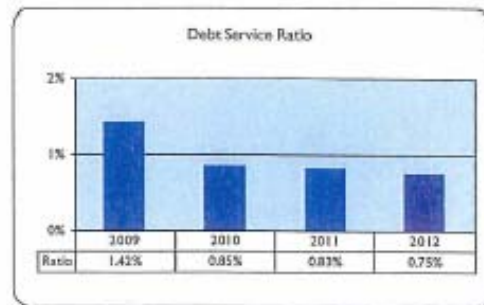
	2012	2011	Change
	\$000	\$000	\$000
<b>Net Current Assets (Working Capital) as per Accounts</b>	<b>32,904</b>	<b>42,120</b>	<b>(9,216)</b>
<b>Add:</b> Payables, provisions & inventories not expected to be realised in the next 12 months included above	11,684	10,302	1,382
<b>Adjusted Net Current Assets</b>	<b>44,588</b>	<b>52,422</b>	<b>(7,834)</b>
<b>Add:</b> Budgeted & expected to pay in the next 12 months			
- Borrowings	492	447	45
- Employees leave entitlements	3,423	2,867	556
- Deposits & retention moneys	1,774	1,719	55
<b>Less:</b> Externally restricted assets	(6,307)	(4,525)	(1,782)
<b>Less:</b> Internally restricted assets	(38,610)	(48,725)	10,115
<b>Available Working Capital as at 30 June</b>	<b>5,360</b>	<b>4,205</b>	<b>1,155</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 2012 was sound.

### 2.3 Debt

Operating revenue (excluding special purpose grants and contributions) required to service these repayments was 0.75%.

Total debt at 30 June 2012 amounted to \$3.904 million.



### 2.4 Summary

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

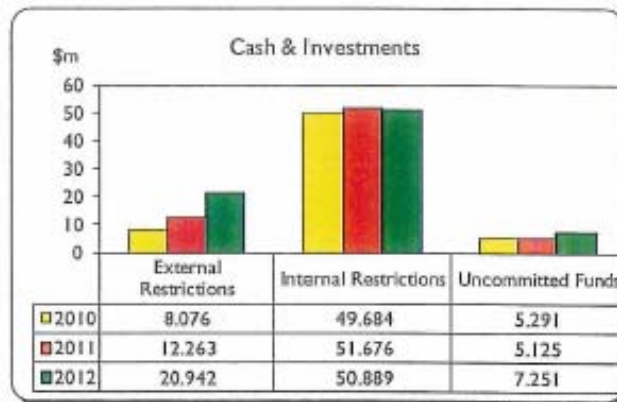
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3. CASH ASSETS

3.1 Cash & Investments

Cash and investments held at the close of the year amounted to \$79.082 million as compared with \$69.064 million and \$63.051 million at the close of financial years 2011 and 2010 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 \$11.775 million, domestic waste management charges of \$4.220 million and specific purpose grants, contributions and levies of \$4.812 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 \$50.889 million and their purposes are more fully disclosed in Note 6 of the financial statements.

**Unrestricted cash and investments** amounted to \$7.251 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 increased by \$5.769 million to \$13.973 million at the close of the year.

In addition to operating activities which contributed net cash of \$31.102 million were the proceeds from the sale of investments (\$28.545 million) and other assets (\$1.2 million). Cash outflows other than operating activities were used to purchase investments (\$32.093 million), repay loans (\$442,000) and to purchase and construct assets (\$22.543 million).



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**4. RECEIVABLES**

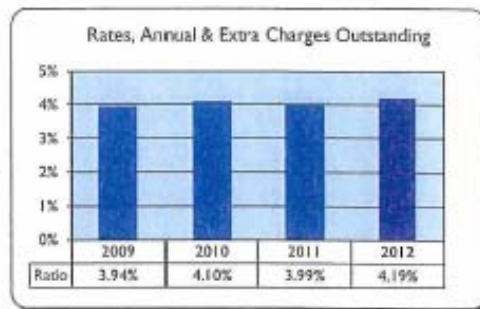
**4.1 Rates & Annual Charges (excluding interest & extra charges)**

Net rates and annual charges levied during the year totalled \$58.514 million and represented 51% of Council's total revenues.

Including arrears, the total rates and annual charges collectible was \$60.578 million of which \$58.290 million (96%) was collected.

**4.2 Rates, Annual & Extra Charges**

Arrears of rates, annual & extra charges stood at \$2.558 million at the end of the year and represented 4.19% of those receivables.



**4.3 Other Receivables**

Receivables (other than rates, annual & extra charges) totalled \$5.062 million and mainly consisted of user charges and fees (\$876,000), accrued interest on investments (\$882,000) and amounts due from government departments (\$2.491 million).

Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$218,000.

**5. PAYABLES**

**5.1 Employees Leave Entitlements**

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$9.351 million.

A cash reserve of \$2.9 million was held at year end representing 31% of this liability and was, in our opinion, sufficient to meet unbudgeted and unanticipated retirements.

**5.2 Deposits, Retentions & Bonds**

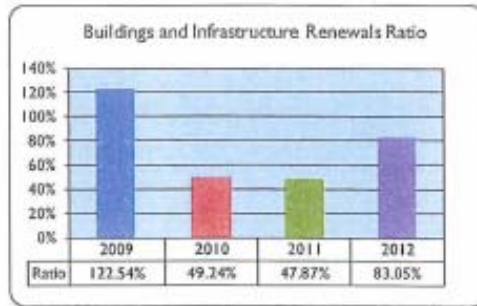
Deposits, retentions and bonds held at year end amounted to \$7.883 million which were fully funded by internally restricted cash and investments.

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 2012 represented 83% of the depreciation charges for these assets. An industry benchmark is considered to be 100%, measured annually over the long term.



## 7. MANAGEMENT LETTER

An audit management letter addressing the findings from our interim audit was issued on 14 June 2012. 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**

**BRETT HANGER**  
Partner



Lifestyle and opportunity @ your doorstep

A horizontal bar composed of various colored segments including pink, purple, blue, green, yellow, orange, and red.

# **Special Purpose Financial Statements**

Year Ended 30 June 2012



# SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2012

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# SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2012

## 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.

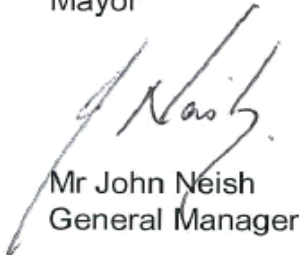
Signed in accordance with a resolution of Council made on 9 October 2012.



Councillor Ivan Petch  
Mayor



Councillor Justin Li  
Deputy Mayor



Mr John Neish  
General Manager



Mr John Todd  
Chief Financial Officer  
(Responsible Accounting Officer)

## INCOME STATEMENT OF OTHER BUSINESS ACTIVITIES

for the year ended 30 June 2012

(\$'000's)

	Ryde Aquatic Leisure Centre		Commercial Waste Management	
	(Category 1)		(Category 2)	
	2012	2011	2012	2011
<b>Income from continuing operations</b>				
Annual Charges	-	-	-	-
User Charges	4,371	4,335	787	700
Fees	-	-	-	-
Interest	-	-	-	-
Other income	8	3	-	-
Grants & Contributions provided for Non-Capital Purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
<b>Total Income From Continuing Operations</b>	<b>4,379</b>	<b>4,338</b>	<b>787</b>	<b>700</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on costs	2,526	2,505	12	29
Materials and Contracts	742	1,041	266	218
Borrowing costs	-	-	-	-
Depreciation and impairment	877	877	-	-
Loss on sale of assets	40	-	-	-
Calculated Taxation Equivalents	138	137	-	-
Other expenses	41	60	126	109
<b>Total Expenses From Continuing Operations</b>	<b>4,364</b>	<b>4,620</b>	<b>404</b>	<b>356</b>
<b>Surplus (Deficit) from Continuing Operations before capital amounts</b>	<b>15</b>	<b>(282)</b>	<b>383</b>	<b>344</b>
Grants & Contributions provided for Capital Purposes	-	-	-	-
<b>Surplus (Deficit) from Continuing Operations after capital amounts</b>	<b>15</b>	<b>(282)</b>	<b>383</b>	<b>344</b>
Surplus (Deficit) from Discontinued Operations	-	-	-	-
<b>Surplus (Deficit) from All Operations before Tax</b>	<b>15</b>	<b>(282)</b>	<b>383</b>	<b>344</b>
Less Corporate Taxation Equivalent (30%) [based on Operating result before capital]	5	-	115	103
<b>Surplus (Deficit) After Tax</b>	<b>10</b>	<b>(282)</b>	<b>268</b>	<b>241</b>
<b>Opening Retained profits *</b>	<b>31,044</b>	<b>31,285</b>	<b>200</b>	<b>200</b>
Adjustments for Amounts Unpaid:-				
Taxation Equivalent Payments	138	137	-	-
Corporate Taxation Equivalent	5	-	115	103
Plus: Subsidy from Council	-	-	-	-
Plus: Equity Contributions	365	41	-	-
Less: Equity Withdrawals	-	-	-	-
Less: TER Dividend payment (non restricted activities)	(143)	(137)	(115)	(103)
Less: Surplus Dividend payment (non restricted activities)	(10)	-	(268)	(241)
<b>Closing Retained Profits</b>	<b>31,409</b>	<b>31,044</b>	<b>200</b>	<b>200</b>
<b>RETURN ON CAPITAL (%)</b>	<b>0.0%</b>	<b>-0.6%</b>	<b>N/A</b>	<b>N/A</b>
<b>SUBSIDY FROM COUNCIL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**BALANCE SHEET OF OTHER BUSINESS ACTIVITIES**

for the year ended 30 June 2012

(\$000's)

	Ryde Aquatic Leisure Centre		Commercial Waste Management	
	(Category 1)		(Category 2)	
	2012	2011	2012	2011
<b>CURRENT ASSETS</b>				
Cash Asset and cash equivalents	1,782	618	-	-
Investments	-	-	-	-
Receivables	79	71	220	220
Inventories	12	12	-	-
Other	-	-	32	23
<b>TOTAL CURRENT ASSETS</b>	<b>1,873</b>	<b>701</b>	<b>252</b>	<b>243</b>
<b>NON-CURRENT ASSETS</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, Property, Plant & Equipment	43,753	44,574	-	-
Other	-	-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>43,753</b>	<b>44,574</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>45,626</b>	<b>45,275</b>	<b>252</b>	<b>243</b>
<b>CURRENT LIABILITIES</b>				
Payables	254	273	48	35
Interest Bearing Liabilities	-	-	-	-
Provisions	528	524	3	6
<b>TOTAL CURRENT LIABILITIES</b>	<b>782</b>	<b>797</b>	<b>51</b>	<b>41</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>44,831</b>	<b>44,466</b>	<b>199</b>	<b>200</b>
<b>EQUITY</b>				
Retained Earnings	31,409	31,044	200	200
Revaluation Reserves	13,422	13,422	-	-
<b>TOTAL EQUITY</b>	<b>44,831</b>	<b>44,466</b>	<b>200</b>	<b>200</b>



## 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

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.



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 2012, Income Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

**Responsibility of Council for the Financial Statements**

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

**Auditors' Responsibility**

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

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

**Assurance Partners**

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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**



**BRETT HANGER**

Partner

Dated at Sydney this 15<sup>th</sup> day of October 2012



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# Special Schedules

Year Ended 30 June 2012



## SPECIAL SCHEDULES for the year ended 30 June 2012

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SPECIAL SCHEDULES - Schedule No. 1

NET COST OF SERVICES

for the year ended 30 June 2012

(\$'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>	1,355		1	0		(1,354)	
		1,355			1		(1,354)
<b>ADMINISTRATION</b>							
Corporate Support	2,717		142	0		(2,575)	
Engineering & Works	7,034		802	0		(6,232)	
Other Support Services	10,104		529	0		(9,575)	
		19,854			1,472		(18,382)
<b>PUBLIC ORDER &amp; SAFETY</b>							
Statutory Contribution to Fire							
Service Levy	1,855		0	0		(1,855)	
Fire Protection - Other	0		0	0		0	
Animal Control	255		22	0		(233)	
Beach Control	0		0	0		0	
Enforcement of Local Govt Regs	630		1,373	0		742	
Emergency Services	225		0	0		(225)	
Other	1,954		3,248	0		1,295	
		4,919			4,643		(276)
<b>HEALTH</b>							
Administration & Inspection	372		333	0		(40)	
Immunisation	117		38	0		(79)	
Food Control	0		0	0		0	
Insect/Vermin Control	0		0	0		0	
Noxious Plants	3		0	0		(3)	
Health Centres	54		0	0		(54)	
Other	0		0	0		0	
		546			370		(176)
<b>COMMUNITY SERVICES &amp; EDUCATION</b>							
Administration	762		27	0		(734)	
Family Care	0		0	0		0	
Child Care	16		0	0		(16)	
Youth Services	203		21	0		(181)	
Other Families & Children	269		209	0		(61)	
Aged & Disabled	547		574	0		28	
Migrant Services	0		0	0		0	
Aboriginal Services	0		0	0		0	
Other Community Services	1,351		206	0		(1,146)	
Education	22		69	0		47	
		3,170			1,107		(2,063)



*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	5,182		2,681	404		(2,097)	
Domestic Waste Management	13,005		13,824	0		819	
Other Waste Management	1,281		962	0		(320)	
Street Cleaning	698		0	0		(698)	
Other Sanitation & Garbage	0		0	0		0	
Urban Stormwater Drainage	4,662		1,026	234		(3,402)	
Environmental Protection	1,030		156	0		(874)	
Public Cemeteries	0		0	0		0	
Public Conveniences	406		11	0		(395)	
Other Community Amenities	0		0	0		0	
		26,265			19,298		(6,967)
<b>WATER SUPPLIES</b>							
<b>SEWERAGE SERVICES</b>							
<b>RECREATION &amp; CULTURE</b>							
Public Libraries	5,042		901	0		(4,141)	
Museums	0		0	0		0	
Art Galleries	0		0	0		0	
Community Centres	299		19	12,500		12,220	
Public Halls	436		426	0		(10)	
Other Cultural Services	315		87	0		(228)	
Swimming Pools	4,605		4,523	0		(82)	
Sporting Grounds	2,840		534	136		(2,169)	
Parks & Gardens (Lakes)	6,693		278	0		(6,415)	
Other Sport & Recreation	266		236	0		(30)	
		20,495			19,641		(854)
<b>FUEL &amp; ENERGY SUPPLIES</b>							
Gas Supplies							
<b>MINING, MANUFACTURING &amp; CONSTRUCTION</b>							
Building Control	640		176	0		(464)	
Abattoirs	0		0	0		0	
Quarries & Pits	0		0	0		0	
Other	0		0	0		0	
		640			176		(464)

**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	9,428		3,440	10,728		4,739	
Urban Roads : Regional	72		137	0		65	
Sealed Rural Roads : Local	0		0	0		0	
Bridges on Urban Roads : Local	15		3	0		(13)	
Bridges on Urban Roads : Regional	0		0	0		0	
Bridges on Urban Roads : Other	0		0	0		0	
Footpaths	590		0	19		(571)	
Aerodromes	0		0	0		0	
Parking Areas	90		0	0		(90)	
Bus Shelters & Services	46		0	0		(46)	
Water Transport	0		0	0		0	
RTA Works (State)	0		0	0		0	
Street Lighting	2,004		355	0		(1,649)	
Other	313		292	0		(21)	
		12,559			14,973		2,415
<b>ECONOMIC AFFAIRS</b>							
Camping Areas	0		0	0		0	
Caravan Parks	0		0	0		0	
Tourism & Area Promotion	1		0	0		(1)	
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	621		637	0		16	
		622			637		15
<b>TOTALS - FUNCTIONS</b>		90,425			62,318		(28,107)
<b>GENERAL PURPOSE REVENUES <sup>(1)</sup></b>					51,353		51,353
<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>		90,425			113,671		23,246
<b>EXTRAORDINARY ITEMS <sup>(2)</sup></b>							
<b>SURPLUS/(DEFICIT) FROM ALL ACTIVITIES <sup>(2)</sup></b>		90,425			113,671		23,246

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

2. As reported on the Income Statement

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

for the year ended 30 June 2012

(\$,000)

Classification of Debt	Principal Outstanding at beginning of Year		New Loans Raised during the year	Debt Redemption during the year		Interest Applicable For Year	Principal Outstanding at end of Year	
	Current	Non-Current		Total	From Revenue		Sinking Funds	Current
LOANS (By Source)								
Commonwealth Bank								
Treasury Corporation								
Other State Government								
Public Subscriptions								
Financial Institutions	434	4,339	4,773	442	0	202	492	3,904
Other								
<b>TOTAL LOANS</b>	<b>434</b>	<b>4,339</b>	<b>4,773</b>	<b>442</b>	<b>0</b>	<b>202</b>	<b>492</b>	<b>3,904</b>
OTHER LONG TERM DEBT								
Ratepayer's Advances								
Government Advances								
Finance Leases								
Deferred Payments								
<b>TOTAL LONG TERM DEBT</b>	<b>434</b>	<b>4,339</b>	<b>4,773</b>	<b>442</b>	<b>0</b>	<b>202</b>	<b>492</b>	<b>3,904</b>

**STATEMENT OF INTERNAL LOANS (Section 410(3) LGA 1993)**  
**for the year ended 30 June 2012**  
**(\$'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	365	0	365
<b>TOTALS</b>			<b>365</b>

**DETAILS OF INDIVIDUAL INTERNAL LOANS**

Borrower (by purpose)	Lender (by Purpose)	Date of Minister's Approval	Date Raised	Dates of Maturity	Rate of Interest	Amount Originally Raised	Total Repaid During the Year Principal & Interest	Principal Outstanding at End of Year
RALC Surf Attraction Reserve	RALC Reserve					365	0	365
<b>TOTALS</b>						<b>365</b>	<b>0</b>	<b>365</b>

SPECIAL SCHEDULES - Schedule No. 7

CONDITION OF PUBLIC WORKS

AS AT 30 June 2012

(\$'000)

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense	Cost	Per Note 9		WDV	Asset Condition (weighted by replacement cost)	Estimated Cost to bring to a satisfactory standard	Required Annual Maintenance Expense	Current Annual Maintenance
					Valuation	Accumulated Depreciation					
		Per Note 1	Per Note 4					Per Section 428(2d)			
*Buildings		1.43%	2,420	168,801	64,436	104,365	17% of buildings are considered to be in a satisfactory condition.	31,411	1,385	3,930	
**Public Roads	Road Pavement/Rd Ancillaries	0.91%	5,435	596,103	127,043	469,060	89% of road segments are considered to be in a satisfactory condition.	13,928	7,162	7,516	
	Footpaths/Cycleways						71% of footpaths are considered to be in a satisfactory condition.	4,392	815	1,191	
	Bridges						71.9% of road bridges are considered to be in a satisfactory condition.	878	97	39	
	Kerb & Gutter						95.3% of Kerb & Gutter are considered to be in a satisfactory condition.	13,500	951	44	

**SPECIAL SCHEDULES - Schedule No. 7**  
**CONDITION OF PUBLIC WORKS**  
**AS AT 30 June 2012**  
**(\$'000)**

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense	Cost	Valuation	Accumulated Depreciation	WDV	Asset Condition (weighted by replacement cost)	Estimated Cost to bring to a satisfactory standard	Required Annual Maintenance Expense	Current Annual Maintenance
		Per Note 1	Per Note 4			Per Note 9			Per Section 428(2d)		
Drainage Works		1.02%	3,801		372,269	121,537	250,732	67.5% of conduit assets and 51.9% of pits and devices assets are considered to be in a satisfactory condition.	12,008	6,192	1,000
Other Structures		Various	2,496		105,236	35,631	69,605	60.5% of park assets are considered to be in a satisfactory condition.	2,770	5,262	1,471
<b>Totals</b>			<b>14,152</b>	<b>0</b>	<b>1,242,409</b>	<b>348,647</b>	<b>893,762</b>		<b>78,887</b>	<b>21,864</b>	<b>15,191</b>

**SPECIAL SCHEDULES - Schedule No. 7**

**CONDITION OF PUBLIC WORKS**

**AS AT 30 June 2012**

**(\$'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

Urban Roads Council has adopted the use of a Pavement Management System (PMS) and condition Rating data has been collected since 1991. Some 20% of the road network is condition rated each year. The current replacement cost of the road assets is \$395M.

Footpaths Council's footpath network has a current replacement value of \$67M. Council has designed and implemented a Footpath Management System, where every footpath is inspected and rated on a 1 to 5 rating basis.

Kerb & Gutter Council has designed and implemented a Kerb & Gutter Management System with approximately 100% of the network inspected and rated. The current replacement value is \$94M.

Bridges The current replacement cost of bridges is \$21M.

## SPECIAL SCHEDULES - Schedule No. 8

## Financial Projections

	2012(1) (\$'000)	2013 (\$'000)	2014 (\$'000)	2015 (\$'000)	2016 (\$'000)
<b>Operating Budget</b>					
Income From Continuing Operations	108,252	91,127	95,313	123,633	104,352
Expenditure From Continuing Operations	90,102	98,461	99,597	103,066	105,136
<b>Operating Result From Continuing Operations</b>	<b>18,150</b>	<b>(7,334)</b>	<b>(4,284)</b>	<b>20,567</b>	<b>(784)</b>
<b>Capital Budget</b>					
New Capital Works (2)	<b>36,181</b>	<b>20,293</b>	<b>25,967</b>	<b>49,096</b>	<b>22,573</b>
Funded By:					
Loans	-	-	-	-	-
Asset Sales	3,215	1,000	1,080	6,208	1,239
Reserves	11,477	5,643	10,713	3,499	3,093
Grants & Contributions	9,901	1,836	198	25,563	-
General Revenue	11,588	11,814	13,976	13,826	18,241
Other	-	-	-	-	-
	<b>36,181</b>	<b>20,293</b>	<b>25,967</b>	<b>49,096</b>	<b>22,573</b>

(1) From income statement

(2) New capital works are major non-recurrent projects

(3) Projections based on the adopted Delivery Plan which includes the new Civic Centre redevelopment.