

## Public Notice

### Presentation of Financial Reports For the Year Ending 30 June 2006

The City of Ryde's General & Special Purpose Financial Reports for the year ending 30 June 2006 have been completed and audited. The Statements, together with the Auditor's Report, are available for viewing at the Customer Service Centre, Ground Floor, Civic Centre, Devlin Street, Ryde and in the City of Ryde's public libraries from 11 October to 25 October 2006.

Submissions, in accordance with Section 420 of the Local Government Act 1993, from members of the public regarding any aspect of the Statements or Auditor's Report are welcome and will be received up until 31 October 2006. All submissions will be considered by Council and referred to its auditor as required by the Act.

The Statements and the Auditor's Report will be formally presented at the Ordinary Council meeting held on Tuesday 24 October 2006 and members of the public are invited to attend.

<b>Summary of Financial Statements</b>		
	<b>Current Year 2005/06 \$'000</b>	<b>Previous Year 2004/05 \$'000</b>
<b>Income Statement</b>		
Total Income from Continuing Operations	75,555	71,867
Total Expenses from Continuing Operations	65,498	61,723
Net Operating Result for the Year	10,057	10,144
Net operating result Before Grants and Contributions Provided for Capital Purposes	1,640	(83)
<b>Balance Sheet</b>		
Total Current Assets	38,659	31,588
Total Current Liabilities	19,976	17,591
Total Non Current Assets	1,299,142	1,295,049
Total Non Current Liabilities	7,453	8,731
Total Equity	1,310,372	1,300,315
<b>Other Financial Information</b>		
Current Ratio (ratio)	1.9:1	1.8:1
Unrestricted Current Ratio (ratio)	1.8:1	1.7:1
Debt Service Ratio (%)	3.2%	3.2%
Rate Coverage Ratio (%)	58.0%	57.9%
Rates & Annual Charges Outstanding Percentage (%)	2.6%	2.7%



# City of Ryde

## General and Special Purpose Financial Reports

Year Ended 30 June  
2006





**General Purpose Financial Report – Year Ended 30 June 2006**

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**General Purpose Financial Report for the Year  
Ended 30 June 2006**

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

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

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

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

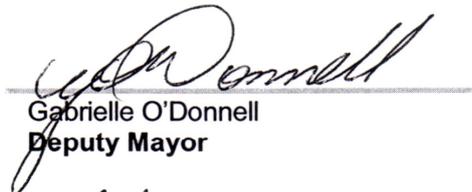
- presents fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 3 October 2006.



Ivan Petch  
Mayor



Gabrielle O'Donnell  
Deputy Mayor



Michael Whittaker  
General Manager



Roy Newsome  
Group Manager – Corporate Services  
(Responsible Accounting Officer)

Council of the City of Ryde

**INCOME STATEMENT**  
for the year ended 30 June 2006

Original Budget* 2006 (\$'000)		Notes	Actual 2006 (\$'000)	Actual 2005 (\$'000)
<b>INCOME FROM CONTINUING OPERATIONS</b>				
<b>Revenue:</b>				
43,841	Rates and Annual Charges	3(a)	43,794	41,631
9,177	User Charges and Fees	3(b)	9,370	9,163
2,815	Interest and Investment Income	3(c)	3,290	2,767
1,973	Other Revenues	3(d)	3,646	2,333
4,909	Grants & Contributions provided for operating purposes	3(e&f)	5,113	5,295
3,346	Grants & Contributions provided for capital purposes	3(e&f)	8,417	10,227
<b>Other Income:</b>				
121	Net gain from the disposal of assets	5	1,925	451
<b>66,182</b>	<b>TOTAL INCOME FROM CONTINUING OPERATIONS</b>		<b>75,555</b>	<b>71,867</b>
<b>EXPENSES FROM CONTINUING OPERATIONS</b>				
24,115	Employee Benefits and On-costs	4(a)	24,498	22,393
665	Borrowing Costs	4(b)	517	580
19,394	Materials and Contracts	4(c)	17,761	16,368
14,000	Depreciation and Amortisation	4(d)	14,339	14,784
8,312	Other Expenses	4(e)	8,383	7,598
<b>66,486</b>	<b>TOTAL EXPENSES FROM CONTINUING OPERATIONS</b>		<b>65,498</b>	<b>61,723</b>
<b>(304)</b>	<b>NET OPERATING RESULT FOR THE YEAR</b>	2(a)	<b>10,057</b>	<b>10,144</b>
<b>(3,650)</b>	<b>NET OPERATING RESULT BEFORE GRANTS AND CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES</b>		<b>1,640</b>	<b>(83)</b>

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

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

## Council of the City of Ryde

### BALANCE SHEET As at 30 June 2006

	Notes	2006 (\$'000)	2005 (\$'000)	2005 (\$'000)
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalent Assets	6(a)	10	10	
Investments	6(b)	34,665	27,227	
Receivables	7	2,911	3,185	
Inventories	8	417	497	
Other	8	378	669	
Non-Current assets held for Sale	23	278	-	
<b>Total Current Assets</b>			38,659	31,588
<b>Non-Current Assets</b>				
Investments	6(b)	17,972	20,457	
Receivables	7	325	166	
Infrastructure, Property, Plant and Equipment	9	1,278,320	1,271,906	
Investment Property	14	2,525	2,520	
<b>Total Non-Current Assets</b>			1,299,142	1,295,049
<b>TOTAL ASSETS</b>			<b>1,337,801</b>	<b>1,326,637</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	10(a)	10,851	8,611	
Interest Bearing Liabilities	10(a)	1,509	1,551	
Provisions	10(a)	7,616	7,429	
<b>Total Current Liabilities</b>			19,976	17,591
<b>Non-Current Liabilities</b>				
Interest Bearing Liabilities	10(a)	7,303	8,615	
Provisions	10(a)	150	116	
<b>Total Non-Current Liabilities</b>			7,453	8,731
<b>TOTAL LIABILITIES</b>			<b>27,429</b>	<b>26,322</b>
<b>NET ASSETS</b>			<b>1,310,372</b>	<b>1,300,315</b>
<b>EQUITY</b>				
Retained Earnings	20	1,310,372		1,300,315
<b>TOTAL EQUITY</b>			<b>1,310,372</b>	<b>1,300,315</b>

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

Council of the City of Ryde

STATEMENT OF CHANGES IN EQUITY  
for the year ending 30 June 2006

	Notes	2006 (\$'000)					2005 (\$'000)				
		Retained Earnings	Asset Revaluation Reserve	Other Reserves	Council Equity Interest	Total Equity	Accum Surplus	Asset Revaluation Reserve	Other Reserves	Council Equity Interest	Total Equity
		Balance at the beginning of the reporting period	20	1,300,315	-	-	1,300,315	1,300,315	1,290,171	-	-
Net Operating Result for the Year		10,057	-	-	10,057	10,057	10,144	-	-	10,144	10,144
Adjustments on Adoption of AASB 132 and AASB 139		-	-	-	-	-	-	-	-	-	-
Transfers to/from asset revaluation reserve		-	-	-	-	-	-	-	-	-	-
Transfers to/from other reserves		-	-	-	-	-	-	-	-	-	-
Distributions to/from Minority interests		-	-	-	-	-	-	-	-	-	-
<b>Balance at the end of the reporting period</b>	20	<b>1,310,372</b>	<b>-</b>	<b>-</b>	<b>1,310,372</b>	<b>1,310,372</b>	<b>1,300,315</b>	<b>-</b>	<b>-</b>	<b>1,300,315</b>	<b>1,300,315</b>

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

## Council of the City of Ryde

### CASH FLOW STATEMENT for the year ending 30 June 2006

Original Budget* 2006 (\$'000)	Notes	2006		2005	
		(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
43,998	Rates & Annual Charges	43,779		41,354	
10,095	User Charges & Fees	9,860		9,861	
2,815	Interest	1,410		2,752	
8,625	Grants and Contributions	11,249		15,061	
5,208	Other	4,766		3,779	
<b>Payments</b>					
(24,225)	Employee Costs	(24,258)		(21,829)	
(19,256)	Materials and Contracts	(19,292)		(16,007)	
(665)	Interest	(536)		(541)	
(10,845)	Other	(7,196)		(11,070)	
<b>15,750</b>	<b>Net cash provided by (used in) Operating Activities</b>		<b>19,782</b>		<b>23,360</b>
		11(b)			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Receipts</b>					
-	Sale of Investments	58,270		53,905	
-	Sale of Real Estate Assets	-		-	
2,463	Sale of Property, Plant and Equipment	4,191		2,787	
-	Sale of Interests in Joint Ventures/Associates	-		-	
-	Other	-		-	
<b>Payments</b>					
-	Purchase of Investments	(61,400)		(62,924)	
-	Purchase of Real Estate Assets	-		-	
(27,876)	Purchase of Property, Plant and Equipment	(19,442)		(15,714)	
-	Purchase of Interests in Joint Ventures/Associates	-		-	
-	Other	-		-	
<b>(25,413)</b>	<b>Net cash provided by (used in) Investing Activities</b>		<b>(18,381)</b>		<b>(21,946)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
-	Borrowings and Advances	-		-	
-	Other	-		-	
<b>Payments</b>					
(1,243)	Borrowings and Advances	(1,092)		(735)	
(222)	Deferred Creditor	(318)		(318)	
-	Finance Leases	(122)		(260)	
<b>(1,465)</b>	<b>Net cash provided by (used in) Financing Activities</b>		<b>(1,532)</b>		<b>(1,313)</b>
(11,128)	Net Increase (Decrease) in Cash & Cash Equivalents		(131)		101
(10)	Cash & Cash Equivalents at beginning Reporting Pd	11(a)	(10)		(111)
<b>(11,138)</b>	<b>Cash &amp; Cash Equivalents at end of Reporting Pd</b>	11(a)	<b>(141)</b>		<b>(10)</b>

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

**Note 1 Summary of significant accounting policies**

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

**1. The Local Government Reporting Entity**

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

**1.1 The Consolidated Fund**

In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in Council's Trust Fund.

**2. Basis of Preparation**

**Compliance with Australian equivalents to International Financial Reporting Standards (AIFRSs)**

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

**Compliance with International Financial Reporting Standards**

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with AIFRSs ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRSs).

**Application of AASB 1 First-time Adoption of AIFRS**

These financial statements are the first City of Ryde statements to be prepared in accordance with AIFRS. AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" has been applied in preparing these financial statements.

Financial statements of the City of Ryde until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing City of Ryde 2006 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2005 were restated to reflect these adjustments. Council has taken the exemption available under AASB 1 to only apply AASB 132 and AASB 139 from 1 January 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRSs on the Council's equity and its net income are given in Note 21.

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

**Historical Cost Convention**

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

**Critical Accounting Estimates**

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

### 3. Revenue Recognition

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

#### Rates

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

#### Grants, Contributions and Donations

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

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

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

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

### 4. Investments

#### From 1 July 2004 to 30 June 2005

Council has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 July 2005. Council has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139.

#### Adjustments on transition date: 1 July 2005

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that, with the exception of held-to-maturity investments and loans and receivables which are measured at amortised cost, fair value is the measurement basis.

#### From 1 July 2005

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

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

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

assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

*(ii) Loans and receivables*

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

*(iii) Held-to-maturity investments*

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

Council has an approved investment policy complying with Section 625 of the Local Government Act. Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Local Government Investment Order.

### **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.

## **5. Receivables**

Receivables for rates and annual charges are secured over the subject land and bear interest at rates determined in accordance with the Local Government Act 1993 (as amended) and the Regulations and Determinations made there under. Other receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate provision made for amounts the receipt of which is considered doubtful.

## **6. Inventories**

Inventories held in respect of business operations have been valued at the lower of cost or net realisable value.

### **Non-Current Assets Held for Resale**

Non-Current Assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-Current assets are not depreciated or amortised while they are held as held for resale.

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

## 7. Infrastructure, Property, Plant and Equipment

### Transitional Provisions

Except for land under roads, infrastructure assets acquired or constructed prior to January 1993 have been capitalised in the accounts on a staged basis since 30 June 1995. All assets except for drainage assets were brought to account as at 30 June 2006. Drainage assets were capitalised in 1997.

Council has elected not to recognise land under roads in accordance with the deferral arrangements under AASB 1045.

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

All infrastructure, property, plant and equipment (except for investment properties – refer below) is stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. 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.

### Materiality

Assets with an economic life which is determined to be longer than one year are only capitalised where the cost of acquisition/construction exceeds materiality thresholds established by Council for each type of asset. In determining such thresholds which are reviewed annually, regard is given to the nature of the asset and its estimated service life.

Capitalisation thresholds applied during the year under review are provided below:

Land – Operational	All Capitalised
Land – Community	All Capitalised
Roads Bridges & Footpaths	\$1,000
Construction	\$1,000
Office Equipment	\$1,000
Computers	\$1,000
Plant & Vehicles	\$1,000

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

## Depreciation of Non Current Assets

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

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

## Impairment of Assets

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

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

## 8. Investment Property

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

## 9. Payables

### Goods and Services

Payables are amounts due to external parties for the supplying of good and services and are recognised as liabilities when the goods and services are received. The amounts are usually paid within 30 days of invoice. Interest is not payable on these amounts.

### Payments received in Advance and Deposits

Amounts received from external parties in advance of service delivery and security deposits held are recognised as current liabilities until the service is delivered or the deposit is retained or refunded as the case may be.

## 10. Borrowings

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.

### **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.

## 11. Leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The asset is disclosed as assets under lease and amortised to expense over the period during which Council is expected to benefit from the use of the leased asset.

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

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

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

## 12. Employee Benefits

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

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

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities with similar maturity terms.

Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

### *(ii) Long service leave*

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

### *(iii) Retirement benefit obligations*

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

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. However, when this information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans.

The Local Government Superannuation Scheme – Pool B is a defined benefit plan that has been deemed to be a “multi-employer fund” for the purposes of AASB 119. Sufficient information is not available to account for the Scheme as a defined benefit plan because the assets of the scheme are pooled together for all Council's and the actuary has advised that it is unable to provide individual councils with an accurate split of their share of the Scheme's assets and liabilities and so no asset or liability is recognised.

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

### **13. Provisions for Site Remediation**

Operations at Council's former depot sites ceased prior to the 30 June 2004. As a consequence estimated restoration costs are provided for in the accounting period when the obligation arising from the related disturbance was identified.

Site remediation includes the removal of residual materials and remediation of disturbed areas. Council has estimated the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

### **14. Allocation between current and non-current**

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

### **15. Rounding of amounts**

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

### **16. Budget Information**

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

## NOTES TO THE FINANCIAL STATEMENTS

### Note 2(a) FUNCTIONS

INCOME, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS / ACTIVITIES. DETAILS OF THESE FUNCTIONS / ACTIVITIES ARE PROVIDED IN NOTE 2(b)													
FUNCTIONS/ACTIVITIES	INCOME FROM CONTINUING OPERATIONS			EXPENSES FROM CONTINUING OPERATIONS			OPERATING RESULTS FROM CONTINUING OPERATIONS			GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
	Original Budget 2006 \$'000	Actual 2006 \$'000	Actual 2005 \$'000	Original Budget 2006 \$'000	Actual 2006 \$'000	Actual 2005 \$'000	Original Budget 2006 \$'000	Actual 2006 \$'000	Actual 2005 \$'000	Actual 2006 \$'000	Actual 2005 \$'000	Actual 2006 \$'000	Actual 2005 \$'000
<b>COMMUNITY LIFE</b>													
Community Services	624	795	699	1,934	2,122	2,059	(1,310)	(1,327)	(1,360)	472	410	6,239	6,262
Event Management	147	153	116	1,043	1,061	925	(896)	(908)	(809)	0	0	36	21
Library Services	837	874	815	5,139	5,215	4,577	(4,302)	(4,341)	(3,762)	253	232	11,167	6,531
Parks	482	545	4,175	8,236	8,438	7,802	(7,754)	(7,894)	(3,627)	10	510	890,791	891,124
Ryde Aquatic Leisure Centre	4,136	4,613	4,191	5,641	5,668	5,178	(1,505)	(1,056)	(987)	0	0	23,127	23,708
	<b>6,225</b>	<b>6,979</b>	<b>9,996</b>	<b>21,993</b>	<b>22,505</b>	<b>20,540</b>	<b>(15,768)</b>	<b>(15,526)</b>	<b>(10,544)</b>	<b>736</b>	<b>1,152</b>	<b>931,360</b>	<b>927,646</b>
<b>CORPORATE SERVICES</b>													
Corporate Services	435	330	420	416	361	3,836	18	(31)	(3,416)	2	8	2,628	1,809
Leased Properties	533	611	614	391	443	385	142	168	229	0	0	15,001	14,936
Property Services	669	5,269	710	886	1,037	632	(217)	4,232	78	250	0	15,427	14,502
	<b>1,636</b>	<b>6,210</b>	<b>1,744</b>	<b>1,693</b>	<b>1,841</b>	<b>4,853</b>	<b>(57)</b>	<b>4,370</b>	<b>(3,109)</b>	<b>252</b>	<b>8</b>	<b>33,056</b>	<b>31,247</b>
<b>ENVIRONMENT and PLANNING</b>													
Assessment	1,293	1,050	292	2,069	2,213	576	(777)	(1,164)	(284)	0	0	114	112
Environment	34	6	31	737	613	375	(704)	(607)	(344)	2	27	24	12
Health and Building	983	949	1,744	1,548	1,513	3,688	(565)	(565)	(1,944)	0	0	90	25
Regulation	557	1,444	675	892	1,322	1,319	(334)	122	(645)	0	0	66	18
Support Services	5	0	2	370	352	383	(365)	(352)	(381)	0	0	23	12
Urban Planning	1,673	3,978	1,708	2,228	1,740	1,143	(555)	2,238	565	80	74	84	58
	<b>4,544</b>	<b>7,426</b>	<b>4,453</b>	<b>7,844</b>	<b>7,754</b>	<b>7,484</b>	<b>(3,300)</b>	<b>(328)</b>	<b>(3,031)</b>	<b>82</b>	<b>101</b>	<b>400</b>	<b>236</b>

## Note 2(a) (continued)

INCOME, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS / ACTIVITIES. DETAILS OF THESE FUNCTIONS / ACTIVITIES ARE PROVIDED IN NOTE 2(b)													
FUNCTIONS/ACTIVITIES	INCOME FROM CONTINUING OPERATIONS			EXPENSES FROM CONTINUING OPERATIONS			OPERATING RESULTS FROM CONTINUING OPERATIONS			GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT AND NON - CURRENT)	
	Original Budget 2006 \$'000	Actual 2006 \$'000	Actual 2005 \$'000	Original Budget 2006 \$'000	Actual 2006 \$'000	Actual 2005 \$'000	Original Budget 2006 \$'000	Actual 2006 \$'000	Actual 2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>PUBLIC WORKS and SERVICES</b>													
Access Facilities and Services	3,312	3,378	3,470	14,109	14,175	12,832	(10,797)	(10,796)	(9,362)	1,029	729	214,391	213,909
Plant and Fleet Management	122	92	212	122	92	105	0	0	107	0	0	6	4
Stormwater Management	126	97	3,859	5,109	4,522	4,814	(4,984)	(4,424)	(955)	0	0	94,412	94,684
Waste Management	10,259	10,269	9,346	11,745	10,047	7,972	(1,486)	222	1,375	210	201	545	15
Works	285	1,029	545	2,405	2,996	1,582	(2,120)	(1,967)	(1,037)	11	9	7,387	7,171
	<b>14,104</b>	<b>14,866</b>	<b>17,431</b>	<b>33,490</b>	<b>31,832</b>	<b>27,304</b>	<b>(19,386)</b>	<b>(16,965)</b>	<b>(9,873)</b>	<b>1,249</b>	<b>939</b>	<b>316,740</b>	<b>315,783</b>
<b>Total Functions &amp; Activities</b>	<b>26,510</b>	<b>35,482</b>	<b>33,624</b>	<b>65,021</b>	<b>63,931</b>	<b>60,181</b>	<b>(38,511)</b>	<b>(28,449)</b>	<b>(26,557)</b>	<b>2,319</b>	<b>2,200</b>	<b>1,281,556</b>	<b>1,274,911</b>
<b>General Purpose Revenues*</b>	39,673	40,073	38,243	1,465	1,568	1,542	38,208	38,505	36,701	2,894	2,816	56,244	51,726
<b>Totals</b>	<b>66,183</b>	<b>75,555</b>	<b>71,867</b>	<b>66,486</b>	<b>65,500</b>	<b>61,723</b>	<b>(303)</b>	<b>10,056</b>	<b>10,144</b>	<b>5,213</b>	<b>5,016</b>	<b>1,337,800</b>	<b>1,326,637</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 2(b) COMPONENTS OF FUNCTIONS

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

#### **COMMUNITY SERVICES**

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

#### **EVENT MANAGEMENT**

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

#### **LIBRARY SERVICES**

- Information and lending services
- Community information
- Local studies

#### **PARKS**

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

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

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

#### **CORPORATE SERVICES**

- Internal support services. eg. Councillor Services, Customer Services, Financial Services, Human Resources, Information Technology & Telecommunications, Records Management, Strategic Unit, Venue Support

#### **LEASED PROPERTIES**

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

#### **PROPERTY SERVICES**

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

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

### **ASSESSMENT**

- Assessment of development applications

### **ENVIRONMENT**

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

### **HEALTH AND BUILDING**

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

### **REGULATION**

- Animal control
- Street and Parking control

### **SUPPORT SERVICES**

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

### **URBAN PLANNING**

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

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

### **ACCESS FACILITIES AND SERVICES**

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

### **PLANT AND FLEET MANAGEMENT**

- Provide and preserve the organisation's vehicles and equipment

### **STORMWATER MANAGEMENT**

- 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 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

### **WORKS**

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

### **GENERAL PURPOSE REVENUES**

- Rates and charges collection
- Investments and borrowings

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 3 REVENUE FROM CONTINUING OPERATIONS

	2006 (\$'000)	2005 (\$'000)
<b>(a) Rates and Annual Charges</b>		
<b>Ordinary Rates</b>		
Residential	20,247	19,547
Business	8,724	8,141
Environmental Management Levy	5,292	5,284
<b>Total Ordinary Rates</b>	<u>34,263</u>	<u>32,972</u>
<b>Annual Charges (pursuant to s.496 &amp; s.501)</b>		
Domestic Waste Management Services	9,531	8,659
<b>Total Annual Charges</b>	<u>9,531</u>	<u>8,659</u>
<b>Total Rates and Annual Charges</b>	<u>43,794</u>	<u>41,631</u>
<b>(b) User Charges and Fees</b>		
<b>User Charges (pursuant to s.502)</b>		
Aquatic Centre	4,603	4,183
Sports Facility Rental	359	298
Hall Hire	283	282
Road Restorations	602	935
Gutter Crossings	252	213
Commercial Waste Service	495	456
Other	8	3
<b>Total User Charges</b>	<u>6,602</u>	<u>6,370</u>
<b>Fees</b>		
Regulatory/Statutory Fees	1,384	1,478
Discretionary		
- Section 611(1)	123	119
- Environmental Planning	881	833
- Private Works	114	102
- Vacation Care	143	144
- Home Maintenance & Modification	62	64
- Other	61	53
<b>Total Fees</b>	<u>2,768</u>	<u>2,793</u>
<b>Total User Charges and Fees</b>	<u>9,370</u>	<u>9,163</u>
<b>(c) Interest and Investment Revenue</b>		
Cash, cash equivalents and investments:		
- Externally restricted	862	644
- Internally restricted	10	9
- Unrestricted	2,326	2,038
Amortisation of discounts and premiums:		
- Investments held to maturity	11	
Overdue Rates & Charges	81	76
<b>Total Interest and Investment Revenue</b>	<u>3,290</u>	<u>2,767</u>

## Note 3 (Continued)

	2006 (\$'000)	2005 (\$'000)												
<b>(d) Other Revenue</b>														
Fair value adjustments - investment properties	5													
Fines	1,441	592												
Materials Recycling	697	264												
Rental income:														
- Investment Property	155	173												
- Other Property	539	543												
Lease - Telecommunications	86	65												
Legal Fees Recoveries	115	127												
Insurance Claims	17	13												
Staff Vehicle Leases and Other Payments	276	274												
Eastwood Plaza	55	55												
Legal Compensation	72	43												
Sundry Sales	17	25												
Other	171	159												
<b>Total Other Revenue</b>	<b>3,646</b>	<b>2,333</b>												
<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">OPERATING</th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">CAPITAL</th> </tr> <tr> <th></th> <th style="text-align: center; border-bottom: 1px solid black;">2006 (\$'000)</th> <th style="text-align: center; border-bottom: 1px solid black;">2005 (\$'000)</th> <th style="text-align: center; border-bottom: 1px solid black;">2006 (\$'000)</th> <th style="text-align: center; border-bottom: 1px solid black;">2005 (\$'000)</th> </tr> </thead> </table>						OPERATING		CAPITAL			2006 (\$'000)	2005 (\$'000)	2006 (\$'000)	2005 (\$'000)
	OPERATING		CAPITAL											
	2006 (\$'000)	2005 (\$'000)	2006 (\$'000)	2005 (\$'000)										
<b>(e) Grants</b>														
<b><u>General Purpose (Untied)</u></b>														
Financial Assistance	2,308	2,207	-	-										
Pensioner Rebate Subsidy - Rates	586	609	-	-										
<b>Total General Purpose (Untied)</b>	<b>2,894</b>	<b>2,816</b>	<b>-</b>	<b>-</b>										
<b><u>Specific Purpose</u></b>														
Pensioner Rebate Subsidy - Domestic Waste	210	201												
Vacation Care	46	45	-	-										
Macquarie Park Master Plans	80	74	-	-										
Library Subsidy	253	232	-	-										
Home Maintenance & Modification	160	155	-	-										
Child Care Assistance	78	84	-	-										
EPA	-	-	-	2										
DEET - Apprentice Rebate Scheme	13	17	-	-										
Community Staff Funding	139	82	-	-										
Storm Damage	-	347	-	-										
Roads To Recovery	-	-	753	511										
RTA Transport	-	-	225	218										
Parks Grants	-	-	10	161										
Building Construction	-	-	300	-										
Other	52	71	-	-										
<b>Total Specific Purpose</b>	<b>1,031</b>	<b>1,308</b>	<b>1,288</b>	<b>892</b>										
<b>Total Grants</b>	<b>3,925</b>	<b>4,124</b>	<b>1,288</b>	<b>892</b>										
<b>Comprising:</b>														
- Commonwealth funding	3,195	3,118	1,058	511										
- State funding	730	1,006	230	381										
- Other funding	-	-	-	-										
	<b>3,925</b>	<b>4,124</b>	<b>1,288</b>	<b>892</b>										

**Note 3 (Continued)**

	OPERATING		CAPITAL	
	2006	2005	2006	2005
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>(f) Contributions</b>				
Developer Contributions (s94)				
- Open Space	-	-	1,931	3,168
- Parking	-	-	331	195
- Drainage	-	-	1,376	3,543
- Other	-	-	128	175
- Meadowbank			19	1,443
- Section 94A levies				
Other Councils	489	472	14	-
Brush Farm House	-	-	225	425
Community Events	80	83	-	-
Other	8	25	59	88
RTA Contributions				
- Street & Traffic Lighting	307	299	-	-
- Roads & Bridges	226	221	-	-
- Other	74	67	-	-
Ex Gratia Payments in Lieu of Rates	4	4	-	-
West Ryde Library	-	-	2,918	77
Customer/Resident Contributions	-	-	128	221
<b>Total Contributions</b>	<b>1,188</b>	<b>1,171</b>	<b>7,129</b>	<b>9,335</b>
<b>Total Grants &amp; Contributions</b>	<b>5,113</b>	<b>5,295</b>	<b>8,417</b>	<b>10,227</b>

	2006 (\$'000)	2005 (\$'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	5,849	9,889
Less:		
Grants and contributions recognised in previous reporting periods which have been spent in the current reporting period	3,771	4,402
<b>Net increase/(decrease) in Restricted Grants and Contributions</b>	<b>2,078</b>	<b>5,487</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4 EXPENSES FROM CONTINUING OPERATIONS**

	2006 (\$'000)	2005 (\$'000)
<b>(a) Employee Benefits &amp; On Costs</b>		
Salaries and Wages	19,177	17,616
Employee Leave Entitlements	3,975	3,983
Superannuation	1,798	1,254
Workers' Compensation Insurance	825	834
F.B.T.	192	119
Training Costs (excluding salaries)	204	234
Other	508	371
Less: Capitalised Costs	(2,181)	(2,018)
<b>Total Employee Costs Expended</b>	<u>24,498</u>	<u>22,393</u>
<b>Number of FTE Employees</b>	<b>475</b>	<b>490</b>
<b>(b) Borrowing Costs</b>		
Interest on Overdraft	-	-
Interest on Loans	512	565
Charges on Finance Leases	5	15
<b>Total Borrowing Costs Expended</b>	<u>517</u>	<u>580</u>

## Note 4 (Continued)

	<b>2006</b> <b>(\$'000)</b>	<b>2005</b> <b>(\$'000)</b>
<b>(c) Materials and Contracts</b>		
Raw materials and consumables	4,666	3,016
Contractor and Consultancy Costs	12,257	12,617
Auditor's Remuneration:		
- Audit Services	75	40
- Other Services	-	-
Legal Expenses:		
- Planning & Development	400	397
- Other	322	298
Operating leases		
- Computers	41	-
Other	-	-
	<b>17,761</b>	<b>16,368</b>

## (d) Depreciation, Ammortisation and Impairment

	<b>Depreciation/Amortisation</b>	
	<b>2006</b> <b>(\$'000)</b>	<b>2005</b> <b>(\$'000)</b>
Plant and Equipment	1,677	1,625
Office Equipment	505	544
Furniture & Fittings	102	87
Leased Plant & Equipment	91	164
Land Improvements	813	824
Buildings	942	938
Other Structures	648	587
Infrastructure:		
- Roads, Bridges and Footpaths	6,205	6,131
- Stormwater Drainage	3,022	3,532
Other Assets:		
- Library Books	541	537
Total Depreciation Costs	<b>14,546</b>	<b>14,969</b>
Less: Capitalised Costs/Impairment reversals	<b>(207)</b>	<b>(185)</b>
<b>Total Depreciation and Total Impairment</b>	<b>14,339</b>	<b>14,784</b>

## Note 4 (Continued)

<b>(e) Other Expenses</b>	<b>2006 (\$'000)</b>	<b>2005 (\$'000)</b>
Other expenses for the year include the following:-		
Bad & Doubtful Debts	215	4
Mayoral Fee	44	45
Councillors' Fees	216	196
Councillors' (incl. Mayor) Expenses	48	30
Interest on Refundable Deposits	56	76
Insurance	938	1,045
Street Lighting	1,183	1,076
Communications Costs	399	386
Contribution to Fire Control	1,415	1,328
Contribution to Dept of Planning	198	193
Contributions & Donations - Community Grants	172	167
Waste Development Tax	811	660
Membership Fees	62	53
Valuation Fees	113	108
Electricity & Heating	650	635
Water Rates	194	186
Bank Fees & Charges	211	240
Property Lease Costs	43	32
Postage & Courier Costs	183	165
Advertising	307	246
Parking Infringement Collection	260	111
Eastwood Plaza	-	3
Other Expenses	665	613
<b>Total Other Expenses From Continuing Operations</b>	<b>8,383</b>	<b>7,598</b>

**NOTES TO THE FINANCIAL STATEMENTS**

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

	2006 (\$'000)	2005 (\$'000)
<b>GAIN (OR LOSS) ON DISPOSAL OF PROPERTY</b>		
Proceeds from disposal	2,000	284
Less: Carrying amount of assets sold/disposed	156	34
<b>Gain (or loss) on disposal</b>	<u>1,844</u>	<u>250</u>
<b>GAIN (OR LOSS) ON DISPOSAL OF INFRASTRUCTURE, PLANT &amp; EQUIPMENT</b>		
Proceeds from disposal	2,188	2,364
Less: Carrying amount of assets sold	2,107	2,163
<b>Gain (or loss) on disposal</b>	<u>81</u>	<u>201</u>
<b>NET GAIN (OR LOSS) ON DISPOSAL OF ASSETS</b>	<u>1,925</u>	<u>451</u>

## NOTES TO THE FINANCIAL STATEMENTS

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

	Notes	2006 (\$'000)	2005 (\$'000)
Cash on hand		10	10
<b>Total Cash and Cash Equivalents</b>		<u>10</u>	<u>10</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 6(b) INVESTMENTS**

	2006		2005	
	<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	31,670	-	26,227	-
Held to Maturity Investments	2,995	17,972	1,000	20,457
Available for Sale Financial Assets	-	-	-	-
<b>Total</b>	<b>34,665</b>	<b>17,972</b>	<b>27,227</b>	<b>20,457</b>
<b>Financial Assets at Fair Value</b>				
<b>    Through Profit and Loss</b>				
At beginning of year	26,227	-		
Adjustment on adoption of AASB132 & 139		-		
Revaluation to income statement	1,813	-		
Additions	57,400	-		
Disposals (Sale/Redemption)	(53,770)	-		
At end of year	31,670	-	-	-
<b>Held for Trading:</b>				
- Managed funds	31,670	-		
- CDOs	-	-		
- FRNs	-	-		
<b>Designated:</b>				
- Listed equity securities	-	-		
<b>TOTAL</b>	<b>31,670</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Held to Maturity Investments</b>				
At beginning of year	1,000	20,457		
Adjustment on adoption of AASB132 & 139	-	-		
Amortisation of discounts & premiums	4	6		
Additions		4,000		
Disposals	(1,000)	(3,500)		
Transfers from Non Current	2,991	(2,991)		
At end of year	2,995	17,972	-	-
<b>Comprising of:</b>				
- Floating Rate Notes & Colateralised Debt Obligations	2,995	17,972		
<b>TOTAL</b>	<b>2,995</b>	<b>17,972</b>	<b>-</b>	<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS

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

	Notes	2006		2005	
		<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>34,675</b>	<b>17,972</b>	<b>27,237</b>	<b>20,457</b>
External restrictions		18,671	1,966	14,918	2,841
Internal restrictions		12,417	16,006	8,314	17,616
Unrestricted		3,587	-	4,005	-
<b>Total</b>		<b>34,675</b>	<b>17,972</b>	<b>27,237</b>	<b>20,457</b>

	Notes	Opening	Transfers	Transfers	Closing
		Balance	To	From	Balance
		30 June 2005	Restriction	Restriction	30 June 2006
		\$'000	\$'000	\$'000	\$'000
<b><u>External Restrictions</u></b>					
<i>Other</i>					
Domestic Waste Management	E	3,267	9,704	8,901	4,070
Developer Contributions	A	13,220	4,647	3,093	14,774
Specific Purpose Unexpended Grants	B	1,112	2,626	2,102	1,636
Public Roads	C	-	-	-	-
External Works Drainage Contributions		134	72	49	157
RTA Contributions	D	26	-	26	-
<b>Total External Restrictions</b>		<b>17,759</b>	<b>17,049</b>	<b>14,171</b>	<b>20,637</b>

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

	Opening Balance 30 June 2005 Notes	Transfers To Restriction \$'000	Transfers From Restriction \$'000	Closing Balance 30 June 2006 \$'000
<b>Internal Restrictions</b>				
Employee Leave Entitlements	1,666	124	-	1,790
Refundable Deposits	5,278	258	-	5,536
West Ryde Child Care Centre	152	10	-	162
Construction/Remediation of Depots	676	-	501	175
Parklands Acquisition & Embellishment	285	-	285	-
North Ryde Traffic Facilities	451	-	360	91
Special Projects Reserve	2,711	273	2,418	566
Waste Recycling	89	154	-	243
Environmental Management Reserve	186	1,287	1,166	307
Asset Replacement Reserve	2,626	1,150	602	3,174
Ryde Aquatic Leisure Centre	1,061	5,181	4,693	1,549
Civic Precinct Reserve	-	3,065	137	2,928
Civic Centre Remediation/Redevelopment	7,677	1,000	975	7,702
Incompleted/Carry Over Works and Projects	1,777	2,605	1,777	2,605
Other	1,295	472	172	1,595
<b>Total Internal Restrictions</b>	<b>25,930</b>	<b>15,579</b>	<b>13,086</b>	<b>28,423</b>
<b>Total Restrictions</b>	<b>43,689</b>	<b>32,628</b>	<b>27,257</b>	<b>49,060</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7 RECEIVABLES

<u>Purpose</u>	2006		2005	
	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)
Rates and Annual Charges	721	248	829	125
Rates Interest & Extra Charges	127	68	160	27
User Charges & Fees				
Environmental & Health	15	-	16	-
Restorations	76	-	104	-
Recreational Facilities	17	-	17	-
Property & Infrastructure Works	91	-	66	-
Home Modification Service	14	-	7	-
Ryde Aquatic Leisure Centre	71	-	69	-
Interest on Investments	205	-	149	-
Contributions to Works	179	-	365	-
Government Grants & Subsidies	565	-	741	-
Commercial Waste	79	-	2	-
GST	623	-	432	-
Asset Sales	53	-	56	-
Workers Compensation	22	-	19	-
Other	313	9	208	14
<b>Total</b>	<b>3,171</b>	<b>325</b>	<b>3,240</b>	<b>166</b>
Less: <u>Provision for Doubtful Debts</u>				
- User Charges and Fees	28	-	55	-
- Government Grants & Subsidies	232	-	-	-
	<b>2,911</b>	<b>325</b>	<b>3,185</b>	<b>166</b>

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

Domestic Waste Management	249	64	211	35
<b>TOTAL RESTRICTED RECEIVABLES</b>	<b>249</b>	<b>64</b>	<b>211</b>	<b>35</b>
<b>UNRESTRICTED RECEIVABLES</b>	<b>2,662</b>	<b>261</b>	<b>2,974</b>	<b>131</b>
<b>TOTAL RECEIVABLES</b>	<b>2,911</b>	<b>325</b>	<b>3,185</b>	<b>166</b>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 8 INVENTORIES & OTHER ASSETS

	2006		2005	
	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)
<b>Inventories</b>				
Stores and Materials	417	-	497	-
<b>Total</b>	<b>417</b>	<b>-</b>	<b>497</b>	<b>-</b>
<u>Other Assets</u>				
Prepayments	378	-	669	-
<b>Total Other Assets</b>	<b>378</b>	<b>-</b>	<b>669</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

\$000's	At 30 June 2005			MOVEMENTS DURING THE YEAR						At 30 June 2006		
	Cost/ Deemed Cost	Depreciation & Impairment	Written Down Value (WDV)	Asset Purchases	Transfers From WIP	WDV of Disposals	Depreciation & Impairment	Asset Reclassification <sup>(1)</sup>		Cost/ Deemed Cost	Accumulated Depreciation	Written Down Value (WDV)
								Gross Book Value	Accumulated Depreciation			
ASSET TYPE												
Plant and Equipment	19,948	7,622	12,326	3,449	-	2,059	1,677			20,616	8,577	12,039
Office Equipment	10,752	9,074	1,678	1,649	-	48	505			12,353	9,579	2,774
Furniture and Fittings	2,486	1,609	877	532	10	-	102			3,028	1,711	1,317
Leased Plant & Equipment	424	305	119	46	-	-	91			209	135	74
Land												
- Operational Land	46,401	-	46,401	1,090	-	-	-			47,491	-	47,491
- Community Land	860,454	-	860,454	-	-	-	-			860,454	-	860,454
- Land Improvements (non-depr'n)	1,068	-	1,068	239	33	-	-			1,340	-	1,340
- Land Improvements (depr'n)	7,832	3,778	4,054	431	145	-	813			8,408	4,591	3,817
- Land Under Infrastructure	-	-	-	-	-	-	-			-	-	-
Buildings	63,161	21,842	41,319	4,983	253	-	942			68,398	22,784	45,614
Other Structures	23,041	12,142	10,899	419	-	45	648			23,380	12,756	10,624
Infrastructure												
- Roads, Bridges and Footpaths	479,418	283,067	196,351	5,345	762	111	6,205	(371)	93	485,006	289,142	195,864
- Stormwater Drainage	248,797	157,645	91,152	1,074	1,414	-	3,022			251,285	160,667	90,618
Other Assets												
- Heritage Collections	137	-	137	-	-	-	-			137	-	137
- Library Books	5,356	3,982	1,374	696	-	-	541			6,052	4,523	1,529
Capital Works in Progress	3,697	-	3,697	3,548	(2,617)	-	-			4,628	-	4,628
<b>TOTALS</b>	<b>1,772,972</b>	<b>501,066</b>	<b>1,271,906</b>	<b>23,501</b>	<b>-</b>	<b>2,263</b>	<b>14,546</b>	<b>(371)</b>	<b>93</b>	<b>1,792,785</b>	<b>514,465</b>	<b>1,278,320</b>
Includes DWM Restricted Assets	22	4	18	216	-	-	2	-	-	238	6	232

(1) Transfer of non-current assets held for sale

## NOTES TO THE FINANCIAL STATEMENTS

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

	2006		2005	
	Current (\$'000)	Non-Current (\$'000)	Current (\$'000)	Non-Current (\$'000)
<b>Payables</b>				
Goods and Services	1,977	-	1,826	-
Payments Received in Advance	278	-	275	-
Payments received in advance - Rates	133	-	82	-
Accrued Expenses	948	-	449	-
Interest Expenses	28	-	47	-
Deposits and Retentions	5,622	-	5,322	-
Staff Taxation Payments	-	-	-	-
Staff Salaries & Wages	341	-	239	-
Domestic Waste	1,304	-	209	-
Other Contributions	152	-	152	-
Other	68	-	10	-
<b>Total Payables</b>	<b>10,851</b>	<b>-</b>	<b>8,611</b>	<b>-</b>
<b>Interest Bearing Liabilities</b>				
Bank Overdraft	151	-	20	-
Loans (1)	992	6,957	1,091	7,950
Finance Leases	48	28	122	29
Olympic Construction Authority	318	318	318	636
<b>Total Interest Bearing Liabilities</b>	<b>1,509</b>	<b>7,303</b>	<b>1,551</b>	<b>8,615</b>
<b>Provisions</b>				
Annual & Other Accrued Leave	2,185	-	2,021	-
Sick Leave	310	-	377	-
Long Service Leave	3,861	150	3,790	116
Gratuities	135	-	116	-
Site Remediation (see Note 22)	1,125	-	1,125	-
Self Insurance Liabilities	-	-	-	-
Other Employee Provisions	-	-	-	-
<b>Total Provisions</b>	<b>7,616</b>	<b>150</b>	<b>7,429</b>	<b>116</b>

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

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

	2006	2005
Deposits & Retentions	4,078	3,519
Provisions	3,757	4,303

**NOTES TO THE FINANCIAL STATEMENTS**

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

<b>Class of Provision</b>	<b>Opening Balance (\$'000)</b>	<b>Increase in Provision (\$'000)</b>	<b>Payments Payments (\$'000)</b>	<b>Re-Measurement (\$'000)</b>	<b>Closing Closing Balance (\$'000)</b>
Annual & Other Accrued Leave	2,021	1,601	1,437	0	2,185
Sick Leave	377	667	734	0	310
Long Service Leave	3,906	728	623	0	4,011
Gratuities	116	19	0	0	135
Site Remediation	1,125	0	0	0	1,125
<b>Total</b>	<b>7,545</b>	<b>3,015</b>	<b>2,794</b>	<b>0</b>	<b>7,766</b>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 (c) CURRENT PAYABLES, INTEREST BEARING LIABILITIES AND PROVISIONS

	Specific Purpose DWM Current (\$'000)		General Purpose Current (\$'000)		Total Current (\$'000)	
	2006	2005	2006	2005	2006	2005
	Payables	1,304	209	9,547	8,402	10,851
Loans	-	-	992	1,091	992	1,091
Provisions	-	-	7,616	7,429	7,616	7,429
Finance Leases	-	-	48	122	48	122
Bank Overdraft	-	-	151	20	151	20
<b>Total</b>	<b>1,304</b>	<b>209</b>	<b>18,354</b>	<b>17,064</b>	<b>19,658</b>	<b>17,273</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 11 RECONCILIATION OF CASH FLOW MOVEMENTS**

**(a) Reconciliation of Cash Assets**

	Notes	2006 (\$'000)	2005 (\$'000)
Total Cash and Cash Equivalents	6(a)	10	10
Less: Bank Overdraft	10	(151)	(20)
Balances as per Statement of Cash Flows		<u>(141)</u>	<u>(10)</u>

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

		2006 (\$'000)	2005 (\$'000)
Net Operating Result from Income Statement		10,057	10,144
Add:			
Depreciation and Impairment	4	14,339	14,784
Increase in provision for doubtful debts	7	205	-
Increase in provision for leave entitlements	10	221	469
Increase in Other Provisions (Insurance)	10	-	-
Decrease in receivables	7	-	-
Decrease in inventories	8	80	-
Decrease in other current assets	8	291	-
Increase in payables	10	-	-
Increase in accrued interest payable	10	-	39
Increase in other current liabilities	10	2,108	449
Loss on sale of assets	5	-	-
Fair value adjustments to investment property		-	41
Amortisation of discounts & premiums recognised	3,4	-	-
Other	3,4	-	-
Less:			
Decrease in provision for doubtful debts	7	-	(1)
Decrease in employee leave entitlements	10	-	-
Decrease in Other Provisions - Insurance	10	-	-
Increase in receivables	7	(93)	(1,091)
Increase in inventories	8	-	(287)
Increase in other current assets	8	-	(385)
Decrease in payables	10	(736)	(351)
Decrease in accrued interest payable	10	(19)	-
Decrease in other current liabilities	10	-	-
Gain on sale of Assets	5	(1,925)	(451)
Fair Value Adjustments to Investments	6	(1,813)	-
Fair value adjustments to investment property	4	(5)	-
Amortisation of discounts & premiums recognised	3,4	(10)	-
Non Cash Capital Grants & Contributions	3	(2,918)	-
<b>Net cash provided by (used in) operating activities</b>		<u>19,782</u>	<u>23,360</u>

**Note 11 (Continued)**

	<b>2006 (\$'000)</b>	<b>2005 (\$'000)</b>
<b>(c) Non-Cash Financing and Investing Activities</b>		
Acquisition of Plant & Equipment by means of finance leases	47	-
In Kind Contribution	2,918	-
	<u>2,965</u>	<u>-</u>
<b>(d) Financing Arrangements</b>		
Unrestricted access was available at balance date to the following lines of credit:		
Bank Overdrafts Facility	-	-
Corporate credit cards	30	20
	<u>30</u>	<u>20</u>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 12 COMMITMENTS FOR EXPENDITURE

	2006 (\$'000)	2005 (\$'000)
<b>(a) Capital Commitments</b>		
Capital expenditure contracted for at the reporting date but not recognised in the financial statements as liabilities:		
Plant & Equipment	478	-
Conservation Brush Farm House	2,236	-
Landscaping Works	689	-
Vehicle Purchases (subject to trade-ins)	-	1,800
Construction of SES Depot	-	923
<b>Total</b>	<b>3,403</b>	<b>2,723</b>
These expenditures are payable:		
- Not later than one year	3,403	2,723
- Later than one year and not later than 5 years	-	-
- Later than 5 years	-	-
<b>Total</b>	<b>3,403</b>	<b>2,723</b>
<b>(b) Service Commitments</b>		
Other non-capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities include:		
- Waste Management Services	60,200	1,929
- Cleaning Services	454	385
- Audit Services	42	84
<b>Total</b>	<b>60,696</b>	<b>2,398</b>
These expenditures are payable:		
- Not later than one year	8,469	2,117
- Later than one year and not later than 5 years	34,644	281
- Later than 5 years	17,583	-
<b>Total</b>	<b>60,696</b>	<b>2,398</b>

## Note 12 Commitments for Expenditure (continued)

	2006 (\$'000)	2005 (\$'000)
<b>(c) Finance Lease Commitments</b>		
Commitments under finance leases at the reporting date are payable as follows:		
- Not later than one year	51	126
- Later than one year and not later than 5 years	30	29
- Later than 5 years	-	-
<b>Total</b>	<b>80</b>	<b>155</b>
Minimum lease payments	80	155
Less: future finance charge	5	5
<b>Lease liability</b>	<b>76</b>	<b>150</b>
Representing lease liabilities:		
- Current	48	122
<b>Total</b>	<b>48</b>	<b>122</b>
<b>(d) Operating Lease Commitments</b>		
Commitments under non-cancellable operating leases at 30 June 2006 but not recognised in the financial statements are payable as follows:		
- Not later than one year	-	-
- Later than one year and not later than 5 years	-	-
- Later than 5 years	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>(e) Repairs and Maintenance: Investment Property</b>		
Contractual obligations for future repairs and maintenance	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>(f) Remuneration commitments</b>		
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at 30 June 2006 but not recognised as liabilities. These are payable:		
- Within one year	2,326	635
- Later than one year and not later than 5 years	7,172	1,710
- Later than 5 years	-	-
<b>Total</b>	<b>9,498</b>	<b>2,345</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 13 STATEMENT OF PERFORMANCE MEASURES**

	Amounts (\$'000)	Current Year Indicators	2005	2004	2003
<b>1. CURRENT RATIO</b>					
<u>Current Assets</u>	<u>\$38,659</u>	1.9:1	1.8:1	1.9:1	
Current Liabilities	\$19,976				
<b>2. UNRESTRICTED CURRENT RATIO</b>					
<u>Current Assets Less All External Restrictions<sup>(1)</sup></u>	<u>\$19,739</u>	1.8:1	1.7:1	3.4:1	2.8:1
Current Liabilities Less Specific Purpose Liabilities <sup>(2) (3)</sup>	\$10,837				
<b>3. DEBT SERVICE RATIO</b>					
<u>Debt Service Cost (Principal &amp; Interest Payments)</u>	<u>\$2,049</u>	3.2%	3.2%	3.6%	3.7%
Revenue from continuing operations, excluding capital items and specific purpose grants/contributions	\$64,919				
<b>4. RATE COVERAGE RATIO</b>					
<u>Rates and Annual Charges</u>	<u>\$43,794</u>	58.0%	57.9%	66.1%	63.7%
Revenue from continuing operations	\$75,555				
<b>5. RATES &amp; ANNUAL CHARGES OUTSTANDING PERCENTAGE</b>					
<u>Rates and Annual Charges Outstanding</u>	<u>\$1,164</u>	2.6%	2.7%	2.1%	2.2%
Rates and Annual Charges Collectable	\$45,131				

(1) Refer to Notes 6 - 8 Inclusive

(2) Refer to Note 10(c)

(3) Excludes ELE Provisions and Deposits of \$3757 and \$4078, respectively

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 14 INVESTMENT PROPERTIES**

	2006 (\$'000)	2005 (\$'000)
<b>At Fair Value</b>		
Opening balance at July 1 2005	2,520	2,561
Acquisitions	-	
Capitalised subsequent expenditure	-	
Classified as held for disposals	-	
Net gain (loss) from fair value adjustment	5	(41)
Transfer (to) from inventories and other occupied property	-	
<b>Closing Balance at 30 June 2006</b>	<b>2,525</b>	<b>2,520</b>

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

Rental income	155	173
Net gain (loss) from fair value adjustment		
Direct operating expenses from property that generated rental income	(19)	(17)
Direct operating expenses from property that did not generate rental income	-	
<b>Total</b>	<b>136</b>	<b>156</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 2006 revaluations were based on independent assessments made by a member of the Australian Property institute.

**(c) Contractual obligations**

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

**(d) Leasing Arrangements**

The investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receiveable 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	221	155
- Later than one year and not later than 5 years	236	457
- Later than 5 years	-	
<b>Total</b>	<b>457</b>	<b>612</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 15 FINANCIAL INSTRUMENTS**

**(a) Interest Rate Risk Exposures**

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### Note 15 (continued)

#### FINANCIAL INSTRUMENTS

2005	Notes	Floating interest rate (\$'000)	Fixed interest maturing in:					Non- interest bearing (\$'000)	Total (\$'000)
			<1 year (\$'000)	1-2 Years (\$'000)	2-3 Years (\$'000)	3-4 Years (\$'000)	4-5 Years (\$'000)		
<b>Financial Assets</b>									
Cash and deposits	6a	-						10	10
Receivables	7	-	829	125				2,397	3,351
Investments	6b	47,684						-	47,684
<b>Total</b>		<b>47,684</b>	<b>829</b>	<b>125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,407</b>	<b>51,045</b>
Weighted Ave. interest rate		5.81%	9.00%	9.00%				0.00%	5.47%
<b>Financial Liabilities</b>									
Bank overdraft	10a	-						20	20
Finance Leases	10a	-	122	29				-	151
Trade and Other payables	10a	5,322	-					3,289	8,611
Loans	10a	6,681	629	671	716	344		954	9,995
<b>Total</b>		<b>12,003</b>	<b>751</b>	<b>700</b>	<b>716</b>	<b>344</b>	<b>-</b>	<b>4,263</b>	<b>18,777</b>
Weighted Ave. interest rate		4.99%	6.58%	6.58%	6.58%	6.81%		0.00%	4.07%
<b>Net Financial assets/(liabilities)</b>		<b>35,681</b>	<b>78</b>	<b>(575)</b>	<b>(716)</b>	<b>(344)</b>	<b>-</b>	<b>(1,856)</b>	<b>32,268</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 15 (continued)

#### FINANCIAL INSTRUMENTS

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

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

	2006		2005	
	Carrying Amount (\$'000)	Aggregate Net Fair Value (\$'000)	Carrying Amount (\$'000)	Aggregate Net Fair Value (\$'000)
<b>Financial Assets</b>				
Receivables	3,236	3,236	3,351	829
Cash and Investments	52,647	52,843	47,694	47,785
Other assets	-	-	-	-
<b>Total</b>	<b>55,883</b>	<b>56,079</b>	<b>51,045</b>	<b>48,614</b>
<b>Financial Liabilities</b>				
Bank loans	8,736	8,736	10,015	10,015
Finance Leases	76	76	151	151
Other liabilities	10,851	10,851	8,611	8,611
<b>Total</b>	<b>19,663</b>	<b>19,663</b>	<b>18,777</b>	<b>18,777</b>

##### (c) Credit risk

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

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

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

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

##### (d) Policies

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

##### (e) Terms and Conditions

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 16 MATERIAL BUDGET VARIATIONS

Council's original budget was incorporated as part of the Management Plan adopted by the Council in June 2005. The original projections on which the budget was based have been affected by a number of factors.

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

#### Revenues

##### **Interest and Investment Income \$475K 17% (F)**

Interest income exceeded budget due to higher than anticipated returns from investments and expenditure not being incurred in line with budgeted cash flows.

##### **Other Revenues \$1,673K 85% (F)**

Major variations for Other Revenue from Ordinary Activities are as follows:

- Council received additional income as a result of recycled material from the construction of the Chatswood to Epping Rail Link being received at 162 Wick Road North Ryde. These products are stockpiled and used for construction works undertaken by Council. The recognition of the income and inventory asset is a non-cash transaction.
- Additional Regulatory income

##### **Grants & Contributions provided for Capital Purposes \$5,071K 152% (F)**

- During 2005/2006 the West Ryde Library development was completed. This resulted in Council receiving an in kind contribution for the value of the new West Ryde Library, \$2.918M. This transaction had been budgeted for in the previous financial year.
- Section 94 Contributions were \$2.24M over budget. This increase was a result of increased development activities within Macquarie Park and Meadowbank.

##### **Net gain from the disposal of assets \$1,804K 1491% (F)**

- During 2005/2006 Council executed documents for the proposals to both sell a stratum lot and grant a lease over a roadway to Bevillesta Pty Ltd (the owners of the Top Ryde Shopping Centre). Bevillesta Pty Ltd paid Council a \$2M Call Option Fee. Exercising of the option will be subject to conditions precedent in the deed.
- Council wrote off road assets to the value of \$156K in relation to the West Ryde Library Development mentioned above

#### Expenses

##### **Borrowing Costs -\$148K -22% (F)**

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

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 17 STATEMENT OF DEVELOPER CONTRIBUTIONS

#### (A) SUMMARY OF DEVELOPER CONTRIBUTIONS

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR *		INTEREST EARNED DURING YEAR	EXPENDED DURING YEAR	EXPENDED IN ADVANCE	HELD AS RESTRICTED ASSET **	WORKS PROVIDED TO DATE
		CASH	NON-CASH					
		\$'000	\$'000					
Drainage	8,191	1,376	-	524	1,273	-	8,818	6,292
Parking	181	331	-	22	-	-	534	2,403
North Ryde Traffic Fund	1	-	-	-	-	-	1	1,554
Traffic Facilities	887	7	-	56	-	-	950	-
Open Space	2,998	1,931	-	205	1,479	-	3,655	29,696
Streetscape	449	7	-	29	-	-	485	-
Community Facilities	344	5	-	13	276	-	86	276
Other	169	128	-	13	65	-	245	239
<b>TOTAL</b>	<b>13,220</b>	<b>3,785</b>	<b>-</b>	<b>862</b>	<b>3,093</b>	<b>-</b>	<b>14,774</b>	<b>40,460</b>

#### CONTRIBUTION PLAN NO. 1

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR *		INTEREST EARNED DURING YEAR	EXPENDED DURING YEAR	EXPENDED IN ADVANCE	HELD AS RESTRICTED ASSET **	WORKS PROVIDED TO DATE
		CASH	NON-CASH					
		\$'000	\$'000					
Drainage	5,365	1,376	-	365	625	-	6,481	1,907
Parking	158	331	-	21	-	-	510	-
North Ryde Traffic Fund	1	-	-	-	-	-	1	1,554
Traffic Facilities	444	-	-	28	-	-	472	-
Open Space	2,770	1,931	-	190	1,479	-	3,412	18,746
Other	145	128	-	11	65	-	219	239
<b>TOTAL</b>	<b>8,883</b>	<b>3,766</b>	<b>-</b>	<b>615</b>	<b>2,169</b>	<b>-</b>	<b>11,095</b>	<b>22,446</b>

#### MEADOWBANK CONTRIBUTION PLAN

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR *		INTEREST EARNED DURING YEAR	EXPENDED DURING YEAR	EXPENDED IN ADVANCE	HELD AS RESTRICTED ASSET **	WORKS PROVIDED TO DATE
		CASH	NON-CASH					
		\$'000	\$'000					
Drainage	2,202	-	-	119	648	-	1,673	3,050
Traffic Facilities	443	7	-	28	-	-	478	-
Streetscape	449	7	-	29	-	-	485	-
Open Space	228	-	-	15	-	-	243	-
Community Facilities	344	5	-	13	276	-	86	276
Other	24	-	-	2	-	-	26	-
<b>TOTAL</b>	<b>3,690</b>	<b>19</b>	<b>-</b>	<b>206</b>	<b>924</b>	<b>-</b>	<b>2,991</b>	<b>3,326</b>

#### CONTRIBUTIONS NOT UNDER PLANS

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR *		INTEREST EARNED DURING YEAR	EXPENDED DURING YEAR	EXPENDED IN ADVANCE	HELD AS RESTRICTED ASSET **	WORKS PROVIDED TO DATE
		CASH	NON-CASH					
		\$'000	\$'000					
Drainage	624	-	-	40	-	-	664	1,335
Parking	23	-	-	1	-	-	24	2,403
Open Space	-	-	-	-	-	-	-	10,950
<b>TOTAL</b>	<b>647</b>	<b>-</b>	<b>-</b>	<b>41</b>	<b>-</b>	<b>-</b>	<b>688</b>	<b>14,688</b>

\* Reconcilable with Note 3

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

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 18 CONTINGENCIES

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

- (a) During 2005 Council finalised negotiations and various documents were executed for the proposed sale of a stratum lot, part of 1 Devlin Street Ryde. The purchasers may exercise their "call option" on satisfaction of the conditions precedent in the option agreement. Failing this, Council can exercise the "put option" to invoke the sale contract. Council will retain ownership of the areas above and below the stratum.
  
- (b) Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to Local Government.  
  
Membership includes the potential to share in either the net assets or liabilities of the fund dependent on its past performance. Council's share of the net assets or liabilities reflects our contributions to the pool and insurance claims within each of the fund years.  
  
Council's accounting policy regarding the measurement and disclosure of the potential liability or benefit is to book Council's share of the net asset or liability value, as advised by Statewide Mutual taking into account their audited figures for the year ended 30 June 2006.
  
- (c) Council holds a partly paid share in Statecover Mutual Limited, a company providing workers compensation insurance cover for Council. Council has a contingent liability to contribute further equity in the event of the erosion of the capital balance of the company as a result of the company's performance and/or experience.
  
- (d) Council has entered into an agreement with the Department of Corrective Services (DCS) in relation to the refurbishment of Brush Farm House. Council has received \$600,000 from the DCS and the agreement allows for them to partially occupy the top floor of the building. The total contribution from the DCS is \$800,000.

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

NIL

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 20 REVALUATION RESERVES AND RETAINED EARNINGS**

	2006 (\$'000)	2005 (\$'000)
<b>(a) Retained earnings</b>		
Movements in retained earnings were as follows:		
At beginning of year	1,300,315	1,290,171
Adjustment on adoption of AASB 132 and AASB 139		
Net operating result for the year	<u>10,057</u>	<u>10,144</u>
At end of year	<u>1,310,372</u>	<u>1,300,315</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 21 EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRS's**

(1) Reconciliation of equity reported under the previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

(a) At the date of transition to AIFRS: 1 July 2004

	Notes	Previous AGAAP \$000's	Effect of transition to AIFRS \$000's	AIFRS \$000's
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Investments		29,536	-	29,536
Receivables		2,198	-	2,198
Inventories		210	-	210
Other		284	-	284
Non-Current assets held for Sale		-	-	-
<b>Total Current Assets</b>		<b>32,228</b>	<b>-</b>	<b>32,228</b>
<b>Non-Current Assets</b>				
Investments		9,137	-	9,137
Receivables		201	-	201
Inventories		-	-	-
Infrastructure, Property, Plant and Equipment	1	1,273,641	(533)	1,273,108
Investment Property	2	-	2,560	2,560
<b>Total Non-Current Assets</b>		<b>1,282,979</b>	<b>2,027</b>	<b>1,285,006</b>
<b>TOTAL ASSETS</b>		<b>1,315,207</b>	<b>2,027</b>	<b>1,317,234</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	3	4,443	3,965	8,408
Interest Bearing Liabilities		1,587	-	1,587
Provisions	5	1,747	5,191	6,938
<b>Total Current Liabilities</b>		<b>7,777</b>	<b>9,156</b>	<b>16,933</b>
<b>Non-Current Liabilities</b>				
Payables	4	3,965	(3,965)	-
Interest Bearing Liabilities		9,992	-	9,992
Provisions	6	4,204	(4,066)	138
<b>Total Non-Current Liabilities</b>		<b>18,161</b>	<b>(8,031)</b>	<b>10,130</b>
<b>TOTAL LIABILITIES</b>		<b>25,938</b>	<b>1,125</b>	<b>27,063</b>

**Note 21 (continued)**

	Notes	Previous AGAAP \$000's	transition to AIFRS \$000's	AIFRS \$000's
<b>NET ASSETS</b>		1,289,269	902	1,290,171
<b>EQUITY</b>				
Retained Earnings	7	1,289,269	902	1,290,171
<b>TOTAL EQUITY</b>		1,289,269	902	1,290,171

## Note 21 (continued)

### Notes to the reconciliation

	\$000's
<b>1. Infrastructure, Property, Plant and Equipment</b>	
(a) Reduced by the value of Investment Properties transferred to the Investment Property classification	(533)
<b>2. Investment Property</b>	
(a) Increased by the transfer from Infrastructure, Property, Plant and Equipment as in 1(a) above	533
(b) Increased by the revaluation of Investment Properties to fair value	<u>2,027</u>
Net Change	<u>2,560</u>
<b>3. Current Payables</b>	
(a) Increase to reflect the transfer of ELE from non-current to current, representing the requirement to show liabilities as current value where there is no unconditional right to defer beyond 12 months	3,965
<b>4. Non-Current Payables</b>	
(a) Decrease due to transfer to current provisions as in 3 above	(3,965)
<b>5. Current Provisions</b>	
(a) Increase to reflect the transfer of ELE from non-current to current, representing the requirement to show liabilities as current value where there is no unconditional right to defer beyond 12 months	4,066
(b) Increase to recognise the provision for site remediation	<u>1,125</u>
	<u>5,191</u>
<b>6. Non-Current Provisions</b>	
(a) Decrease due to transfer to current provisions as in 5 above	(4,066)
<b>7. Retained Earnings</b>	
(a) Increased by the revaluation of Investment Properties to fair value	2,027
(b) Reduced by the bringing to account the Site Remediation Provision	<u>(1,125)</u>
	<u>902</u>

**Note 21 (continued)**

**(b) At the end of the last reporting period under previous AGAAP: 30 June 2005**

	Notes	Previous AGAAP \$000's	Effect of transition to AIFRS \$000's	AIFRS \$000's
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	1	33,433	(33,423)	10
Investments	2	-	27,227	27,227
Receivables		3,185	-	3,185
Inventories		497	-	497
Other		669	-	669
Non-Current assets held for Sale			-	-
<b>Total Current Assets</b>		<b>37,784</b>	<b>(6,196)</b>	<b>31,588</b>
<b>Non-Current Assets</b>				
Investments	3	14,261	6,196	20,457
Receivables		166	-	166
Infrastructure, Property, Plant and Equipment	4	1,272,430	(523)	1,271,907
Investment Property	5	-	2,519	2,519
<b>Total Non-Current Assets</b>		<b>1,286,857</b>	<b>8,192</b>	<b>1,295,049</b>
<b>TOTAL ASSETS</b>		<b>1,324,641</b>	<b>1,996</b>	<b>1,326,637</b>
<b>LIABILITES</b>				
<b>Current Liabilities</b>				
Payables	6	5,092	3,519	8,611
Interest Bearing Liabilities		1,551	-	1,551
Provisions	8	2,001	5,428	7,429
<b>Total Current Liabilites</b>		<b>8,644</b>	<b>8,947</b>	<b>17,591</b>
<b>Non-Current Liabilites</b>				
Payables	7	3,519	(3,519)	-
Interest Bearing Liabilities		8,615	-	8,615
Provisions	9	4,419	(4,303)	116
<b>Total Non-Current Liabilites</b>		<b>16,553</b>	<b>(7,822)</b>	<b>8,731</b>
<b>TOTAL LIABILITIES</b>		<b>25,197</b>	<b>1,125</b>	<b>26,322</b>

**Note 21 (continued)**

	Notes	Previous AGAAP \$000's	Effect of transition to AIFRS \$000's	AIFRS \$000's
<b>NET ASSETS</b>		1,299,444	871	1,300,315
<b>EQUITY</b>				
Retained Earnings	10	1,299,444	871	1,300,315
<b>TOTAL EQUITY</b>		1,299,444	871	1,300,315

**Notes to the reconciliation**

\$000's

**1. Cash & Cash Equivalents**

(a) Reduced by the reclassification of Cash Equivalents between Cash and Current Investments	(27,227)
(b) Reduced by the reclassification of Cash Equivalents between Cash and Non Current Investments	(6,196)
Net Change	(33,423)

**2. Current Investments**

(a) Increased by 1(a) above	27,227
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**3. Non Current Investments**

(a) Increased by 1(b) above	6,196
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**Note 21 (continued)**

**\$000's**

**4. Infrastructure, Property, Plant and Equipment**

(a) Reduced by the value of Investment Properties transferred to the Investment Property classification (523)

**5. Investment Property**

(a) Increased by the transfer from Infrastructure, Property, Plant and Equipment as in 1(a) above	533
(b) Increased by the revaluation of Investment Properties to fair value	2,027
(c) Reduced by the revaluation of Investment Properties to fair value as at 30 June 2005	<u>(41)</u>
Net Change	<u>2,519</u>

**6. Current Payables**

(a) Increase to reflect the transfer of ELE from non-current to current, 3,519

**7. Non-Current Payables**

(a) Decrease due to transfer to current provisions as in 3 above (3,519)

**8. Current Provisions**

(a) Increase to reflect the transfer of ELE from non-current to current,	4,303
(b) Increase to recognise the provision for site remediation	<u>1,125</u>
Net Change	<u>5,428</u>

**9. Non-Current Provisions**

(a) Decrease due to transfer to current provisions as in 5 above (4,303)

**10. Retained Earnings**

(a) Increased by the revaluation of Investment Properties to fair value	1,986
(b) Increased by the reversal of depreciation on Buildings transferred to	10
(c) Reduced by the bringing to account the Site Remediation Provision	<u>(1,125)</u>
Net Change	<u>871</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 21 EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRS's**

(2) Reconciliation of operating result under previous AGAAP to operating result under Australian equivalents to IFRSs (AIFRS)

(a) Reconciliation of operating result for the year ended 30 June 2005

	Notes	Previous AGAAP \$000's	Effect of transition to AIFRS \$000's	AIFRS \$000's
<b>INCOME FROM CONTINUING OPERATIONS</b>				
<b>Revenue:</b>				
Rates and Annual Charges		41,631	-	41,631
User Charges and Fees		9,163	-	9,163
Interest and Investment Income		2,767	-	2,767
Other Revenues		2,333	-	2,333
Grants & Contributions provided for operating purposes		5,295	-	5,295
Grants & Contributions provided for capital purposes		10,227	-	10,227
<b>Other Income:</b>				
Net gain from the disposal of assets		451	-	451
<b>TOTAL INCOME FROM CONTINUING OPERATIONS</b>		<b>71,867</b>	<b>-</b>	<b>71,867</b>
<b>EXPENSES FROM CONTINUING OPERATIONS</b>				
Employee Benefits and On-costs		22,393	-	22,393
Borrowing Costs		580	-	580
Materials and Contracts		16,368	-	16,368
Depreciation and amortisation	1	14,794	(10)	14,784
Other Expenses	2	7,557	41	7,598
Net loss from the disposal of assets		-	-	-
<b>TOTAL EXPENSES FROM CONTINUING OPERATIONS</b>		<b>61,692</b>	<b>31</b>	<b>61,723</b>
<b>OPERATING RESULT FROM CONTINUING OPERATIONS</b>		<b>10,175</b>	<b>(31)</b>	<b>10,144</b>
Operating result from discontinued operations		-	-	-
<b>NET OPERATING RESULT FOR THE YEAR</b>		<b>10,175</b>	<b>-31</b>	<b>10,144</b>
<b>NET OPERATING RESULT BEFORE GRANTS AND CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES</b>	3	<b>(52)</b>	<b>(31)</b>	<b>(83)</b>

## **Note 21 (continued)**

### **Notes to the reconciliation**

#### **1. Depreciation and Amortisation**

Decreased by \$10K for the reversal of Depreciation on Buildings transferred to Investment Properties.

#### **2. Other Expenses**

Increased by \$41K being the revaluation of Investment Properties to fair value in the 2005 period.

#### **3. Total impact on net operating result**

Reduced by \$31K calculated from 1 and 2 above

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 21 EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRS's**

(3) Reconciliation of cash flow statement for the year ended 30 June 2005

	Notes	Previous AGAAP \$000's	Effect of transition to AIFRS \$000's	AIFRS \$000's
<b>Cash Flows from Operating Activities</b>				
<b><u>Receipts</u></b>				
Rates & Annual Charges		41,354	-	41,354
User Charges & Fees		9,861	-	9,861
Interest		2,752	-	2,752
Grants and Contributions		15,061	-	15,061
Other		3,779	-	3,779
<b><u>Payments</u></b>				
Employee Costs		(21,829)	-	(21,829)
Materials and Contracts		(16,007)	-	(16,007)
Interest		(541)	-	(541)
Other		(11,070)	-	(11,070)
<b>Net Cash Provided by (used in) Operating Activities</b>		<b>23,360</b>	<b>-</b>	<b>23,360</b>
<b>cash Flows from Investing Activities</b>				
<b><u>Receipts</u></b>				
Sale of Investments		-	53,905	53,905
Sale of Real Estate Assets		-	-	-
Sale of Property, Plant and Equipment		2,787	-	2,787
Sale of Interests in Joint Ventures/Associates		-	-	-
Other		-	-	-
<b><u>Payments</u></b>				
Purchase of Investments		-	(62,924)	(62,924)
Purchase of Real Estate Assets		-	-	-
Purchase of Property, Plant and Equipment		(15,714)	-	(15,714)
Purchase of Interests in Joint Ventures/Associates		-	-	-
Other		-	-	-
<b>Net Cash Provided by (used in) Investing Activities</b>		<b>(12,927)</b>	<b>(9,019)</b>	<b>(21,946)</b>

**Note 21 (continued)**

	Notes	Previous AGAAP \$000's	Effect of transition to AIFRS \$000's	AIFRS \$000's
<b>Cash Flows from Financing Activities</b>				
<b><u>Receipts</u></b>				
Borrowings and Advances		-		-
Other		-		-
<b><u>Payments</u></b>				
Borrowings and Advances		(735)		(735)
Deferred Creditor		(318)		(318)
Finance Leases		(260)		(260)
<b>Net Cash Provided by (used in) Financing Activities</b>		<b>(1,313)</b>	-	<b>(1,313)</b>
<b>Net Increase (Decrease) in Cash Assets Held</b>		9,120	(9,019)	101
<b>Cash Assets at beginning of Reporting Period</b>		<b>38,553</b>	<b>(38,664)</b>	<b>(111)</b>
<b>Cash Assets at end of Reporting Period</b>		<b>47,673</b>	<b>(47,683)</b>	<b>(10)</b>

**Notes to the reconciliation**

Transfer of investments from cash and cash equivalents to investing activities

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 21 EXPLANATION OF TRANSITION TO AUSTRALIAN  
EQUIVALENTS TO IFRS's**

**(4) Adjustment on Transition to AASB 132 Financial Instruments: Disclosure and Presentation and  
AASB 139 Financial Instruments: Recognition and Measurement: 1 July 2005**

**Notes to the reconciliation**

No adjustment required as all Fair value assets (Managed Funds) and held to maturity  
assets (CDO's at a premium or discount) were previously held at fair value

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 22 REINSTATEMENT, REHABILITATION AND RESTORATION LIABILITIES**

**Site Remediation**

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

	<b>2006</b> <b>(\$'000)</b>	<b>2005</b> <b>(\$'000)</b>
At beginning of the year	1,125	1,125
Amounts capitalised to remediation site assets	-	-
Amortisation of discount - expensed to borrowing costs		
At end of the Year	<u>1,125</u>	<u>1,125</u>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 23 NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	2006 (\$'000)	2005 (\$'000)
Roads	278	-
Total	<u>278</u>	<u>-</u>

Council has two (2) roads which it has made a decision to dispose of. Negotiations for sale are currently being undertaken.



**SPENCER STEER**  
CHARTERED ACCOUNTANTS  
CITY OF RYDE

**GENERAL PURPOSE FINANCIAL REPORT**

**INDEPENDENT AUDITORS' REPORT**

**SCOPE**

We have audited the *general purpose financial report* of the City of Ryde for the year ended 30 June 2006, comprising the Statement by Councillors and Management, Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying Notes to the Financial Statements. The financial statements include the consolidated accounts of the economic entity comprising the Council and the entities it controlled at the year's end or from time to time during the year. The Council is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Council. In respect of the original budget figures disclosed in the Income Statement, Cash Flow Statement and Note 2(a), we have not examined the underlying basis of their preparation. Similarly, we have not examined the variations from the adopted budget disclosed in Note 16 and therefore express no opinion on them.

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

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

**AUDIT OPINION**

In our opinion,

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

**SPENCER STEER**  
Chartered Accountants

**N. MAH CHUT**  
Partner

Dated at Sydney this 5th day of October 2006



SPENCER STEER  
CHARTERED ACCOUNTANTS

5 October 2006

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

Mayor,

**Audit Report - Year Ended 30 June 2006**

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2006 and that all information required by us was readily available. We have signed and attached our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General and Special Purpose Financial Reports.

Our audit has been conducted in accordance with Australian Auditing Standards so as to express an opinion on both the General and Special Purpose Financial Reports of the Council. We have ensured that the accounts have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) and the Local Government Code of Accounting Practice and Financial Reporting.

Australian equivalents to International Financial Reporting Standards (AIFRS) were applied for the first time in the preparation of Council's financial statements. The basis of the preparation is outlined in Note 1.2 of the financial statements. Reconciliations and explanations of the effect of the transition to AIFRS regarding the recognition, measurement and disclosure of assets and liabilities are disclosed in Note 21.

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



## 1. RESULTS FOR THE YEAR

### 1.1 Operating Result

The operating result for the year was a Surplus of \$10.057 million as compared with \$10.144 million in the previous year. The following table sets out the results for the year and the extent (%) that each category of revenue and expenses contributed to the total.

	2006	% of Total	2005	% of Total	Increase (Decrease)
	\$000		\$000		\$000
<b>Revenues before capital items</b>					
Rates & annual charges	43,794	65%	41,631	68%	2,163
User charges, fees & other revenues	14,941	22%	11,947	19%	2,994
Grants & contributions provided for operating purposes	5,113	8%	5,295	9%	(182)
Interest & investment revenue	3,290	5%	2,767	4%	523
	<b>67,138</b>	<b>100%</b>	<b>61,640</b>	<b>100%</b>	<b>5,498</b>
<b>Expenses</b>					
Employee benefits & costs	24,498	37%	22,393	36%	2,105
Materials, contracts & other expenses	26,144	40%	23,966	39%	2,178
Depreciation, amortisation & impairment	14,339	22%	14,784	24%	(445)
Borrowing costs	517	1%	580	1%	(63)
	<b>65,498</b>	<b>100%</b>	<b>61,723</b>	<b>100%</b>	<b>3,775</b>
<b>Surplus(Deficit) before capital items</b>	<b>\$ 1,640</b>		<b>\$ (83)</b>		<b>\$ 1,723</b>
Grants & contributions provided for capital purposes	8,417		10,227		(1,810)
<b>Net Surplus(Deficit) for the year</b>	<b>\$ 10,057</b>		<b>\$ 10,144</b>		<b>\$ (87)</b>

The table above shows an overall decline over the previous year of \$87,000. Fluctuations of note consisted of;

- o rates levied increased by \$1.291 million to \$34.263 million.
- o domestic waste management charges increased by \$872,000 to \$9.531 million.
- o increases in user charges and other revenues of was mainly attributable to increases in fines (up \$849,000 to \$1.441 million), materials recycling (up \$433,000 to \$697,000) and aquatic centre operations (up \$420,000 to \$4.603 million).
- o the main reasons for the decrease in revenue from capital grants and contributions was a decline in Section 94 contributions (down \$4.739 million to \$3.785 million) - offset by the recognition of a non cash contribution of \$2.918 million in respect to the West Ryde redevelopment project.

### 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.

	2006	2005
	\$000	\$000
<b>Funds were provided by:-</b>		
<b>Operating Result (as above)</b>	<b>10,057</b>	<b>10,144</b>
Add back non funding items:-		
- Depreciation, amortisation & impairment	14,339	14,784
- Book value of non current assets sold	2,263	2,197
- (Gain)Loss of fair value to investment properties	(5)	41
	<u>26,654</u>	<u>27,166</u>
Decrease/Redemption in Non Current Investments	2,485	0
Finance Leases	47	0
Transfers from internal reserves (net)	0	12,281
Net Changes in current/non current assets & liabilities	640	368
	<u>29,826</u>	<u>39,815</u>
<b>Funds were applied to:-</b>		
Purchase and construction of assets	(23,294)	(15,780)
Increase/Purchase in Non Current Investments	0	(11,320)
Principal repaid on loans	(1,410)	(1,053)
Finance lease instalments	(122)	(260)
Transfers to externally restricted assets (net)	(2,696)	(12,975)
Transfers to internal reserves (net)	(4,103)	0
	<u>(31,625)</u>	<u>(41,388)</u>
<b>Increase(Decrease) in Available Working Capital</b>	<b>(1,799)</b>	<b>(1,573)</b>

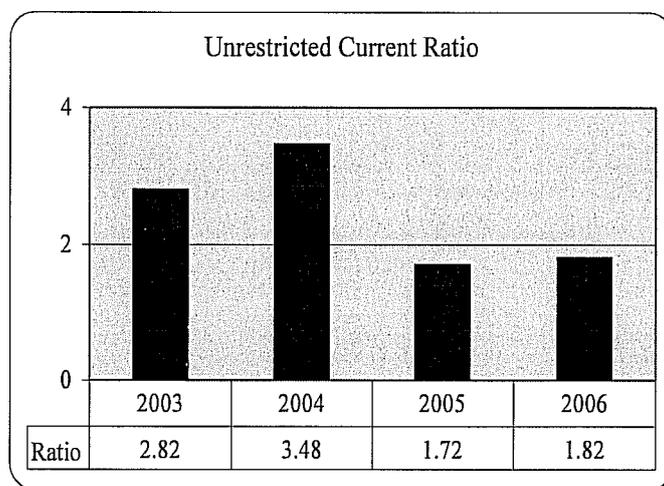
## 2. FINANCIAL POSITION

### 2.1 Current Ratios

**Current Ratio** is a good indicator of the ability of a business to meet its debts and obligations as they fall due. Current assets exceeded current liabilities by \$18.683 million representing a factor of 1.94 to 1.

The **Unrestricted Current Ratio** is a more specific financial indicator used in local government. Current assets & liabilities that are not expected to be paid/realised within the following 12 months & externally restricted assets are excluded from the above measure of liquidity.

The **Unrestricted Current Ratio** at the close of the year was **1.82 to 1** and it in fact represents the general funds of Council.





Investment of internally restricted funds maturing beyond 12 months after the close of the 2006 year amounted to \$16.006 million (2005 - \$17.616 million) is the reason this measure slipping below the 3 to 1 mark for the past 2 years.

## 2.2 Available Working Capital – (Working Funds)

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

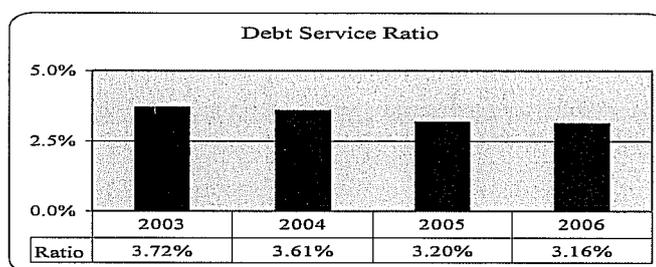
At the close of the year the Available Working Capital of Council stood at \$3.246 million as detailed below;

	2006	2005	Change
	\$000	\$000	\$000
<b>Net Current Assets (Working Capital) as per Accounts</b>	<b>18,683</b>	<b>13,997</b>	<b>4,686</b>
<i>Add:</i> Payables & provisions not expected to be realised in the next 12 months included above	7,835	7,822	13
Adjusted Net Current Assets	26,518	21,819	4,699
<i>Add:</i> Budgeted & expected to pay in the next 12 months			
- Borrowings	1,358	1,531	(173)
- Employees leave entitlements	2,734	2,001	733
- Site remediation	1,125	1,125	0
- Deposits & retention moneys	1,544	1,803	(259)
<i>Less:</i> Externally restricted assets	(17,616)	(14,920)	(2,696)
<i>Less:</i> Internally restricted assets	(12,417)	(8,314)	(4,103)
<b>Available Working Capital as at 30 June</b>	<b>\$ 3,246</b>	<b>\$ 5,045</b>	<b>\$ (1,799)</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 2006 was sound.

## 2.3 Debt

Operating revenue (excluding special purpose grants and contributions) required to service debt (loan repayments) was 3.16%.



## 2.4 Summary

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

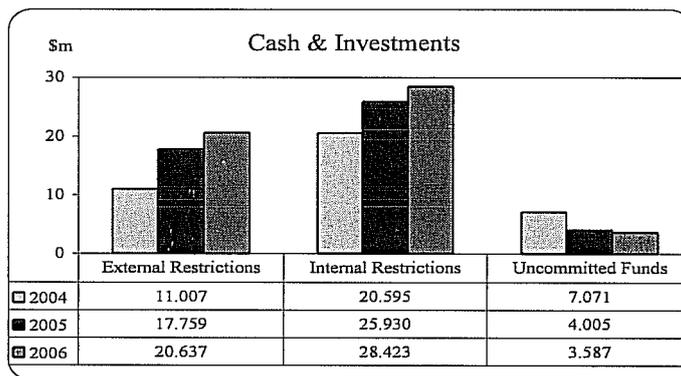


### 3. CASH ASSETS

#### 3.1 Cash & Investments

Highly liquid cash (\$10,000) and investments including those held with maturity dates beyond 12 months (\$52.637 million) totalled \$52.647 million at the close of the year as compared with \$47.694 million in 2005 and \$38.673 million in 2004.

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



*Externally restricted cash and investments* are restricted in their use by externally imposed requirements and consist of unexpended development contributions under Section 94 of \$14.774 million, domestic waste management charges of \$4.070 million and specific purpose grants and contributions of \$1.793 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 \$28.423 million and their purposes are more fully disclosed in Note 6 of the financial statements.

*Unrestricted cash and investments* amounted to \$3.587 million, which are available to provide liquidity for day to day operations.

#### 3.2 Cash Flows

The Cash Flow Statement illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that Cash decreased by \$131,000 to an overdrawn position of \$141,000 at the close of the year. In addition to operating activities which contributed net cash of \$19.782 million were the proceeds from the sale of investments (\$58.270 million) and assets (\$4.191 million). Cash outflows other than operating activities were used to purchase investments (\$61.400 million), repay loans and deferred payment creditors (\$1.532 million) and to purchase and construct assets (\$19.442 million).

### 4. RECEIVABLES

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

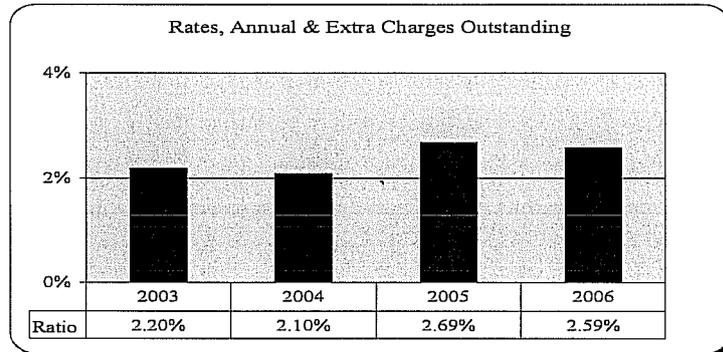
Net rates and annual charges levied during the year totalled \$43.794 million and represented 57.96% of Council's total revenues.



Including arrears, the total rates and annual charges collectible was \$44.748 million of which \$43.779 million (97.83%) was collected.

#### 4.2 Rates, Annual & Extra Charges

Arrears of rates, annual & extra charges stood at \$1.164 million at the end of the year & represented 2.59% of those receivables.



#### 4.3 Other Receivables

Receivables (other than rates, annual & extra charges) totalled \$2.332 million of which amounts due from government departments amounted to \$1.188 million. Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$260,000.

### 5. PAYABLES

#### 5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$6.641 million. A cash reserve of \$1.790 million was held at year end representing 26.95% 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 \$5.622 million and were fully funded by cash and investments.

### 6. CONCLUSION

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

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

**N. MAH CHUT**  
Partner



**Special Purpose Financial Reports for the  
Year Ended 30 June 2006**

**Statement by Councillors and Management  
made pursuant to the Local Government Code of Accounting Practice and  
Financial Reporting**

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

- NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- Department of Local Government Guidelines "Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting
- The Department of Energy, Utilities and Sustainability Best Practice Management of Water Supply and Sewerage Guidelines.

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

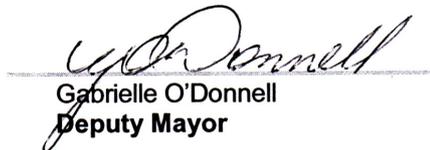
- Present fairly the operating result and financial position for each of Council's declared Business Activities for the year, and
- accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 3 October 2006.



Ivan Petch  
Mayor



Gabrielle O'Donnell  
Deputy Mayor



Michael Whittaker  
General Manager



Roy Newsome  
Group Manager – Corporate Services  
(Responsible Accounting Officer)

## Council of the City of Ryde

### INCOME STATEMENT OF OTHER BUSINESS ACTIVITIES for the year ended 30 June 2006 (\$'000's)

	Domestic Waste Management		Hyde Aquatic Leisure Centre		Property Leasing		Ryde Certification Service		Commercial Waste Management		Enviroserve Commercial Works	
	(Category 1)		(Category 1)		(Category 2)		(Category 2)		(Category 2)		(Category 2)	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
<b>Income from continuing operations</b>												
Annual Charges	9,531	8,649	-	-	-	-	-	-	-	-	-	-
User Charges	-	-	4,603	4,183	-	-	-	-	495	456	-	-
Fees	-	-	-	-	-	-	240	276	-	-	114	102
Interest	20	19	-	-	-	-	-	-	-	-	-	-
Other income	13	11	5	8	611	614	9	16	-	-	-	-
Grants & Contributions provided for Non-Capital Purposes	210	201	-	-	-	-	-	-	-	-	-	-
Profit from sale of assets	-	-	5	-	-	-	-	-	-	-	-	-
<b>Total Income From Continuing Operations</b>	<b>9,774</b>	<b>8,880</b>	<b>4,613</b>	<b>4,191</b>	<b>611</b>	<b>614</b>	<b>249</b>	<b>292</b>	<b>495</b>	<b>456</b>	<b>114</b>	<b>102</b>
<b>Expenses from continuing operations</b>												
Employee benefits and on costs	574	340	2,439	2,261	97	51	339	308	25	12	35	31
Materials and Contracts	8,249	6,540	1,792	1,455	173	136	368	212	206	213	57	40
Borrowing costs	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and impairment	2	3	851	850	101	106	-	-	-	-	-	-
Loss on sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
Taxation Equivalent Payments	-	-	161	147	193	218	-	-	-	-	-	-
Other expenses	957	832	587	612	78	93	1	57	33	32	-	1
<b>Total Expenses From Continuing Operations</b>	<b>9,782</b>	<b>7,715</b>	<b>5,830</b>	<b>5,325</b>	<b>642</b>	<b>604</b>	<b>708</b>	<b>577</b>	<b>264</b>	<b>257</b>	<b>92</b>	<b>72</b>
<b>Surplus (Deficit) from Continuing Operations before capital amounts</b>	<b>(8)</b>	<b>1,165</b>	<b>(1,217)</b>	<b>(1,134)</b>	<b>(31)</b>	<b>10</b>	<b>(459)</b>	<b>(285)</b>	<b>231</b>	<b>199</b>	<b>22</b>	<b>30</b>
Grants & Contributions provided for Capital Purposes	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus (Deficit) from Continuing Operations after capital amounts</b>	<b>(8)</b>	<b>1,165</b>	<b>(1,217)</b>	<b>(1,134)</b>	<b>(31)</b>	<b>10</b>	<b>(459)</b>	<b>(285)</b>	<b>231</b>	<b>199</b>	<b>22</b>	<b>30</b>
Surplus (Deficit) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus (Deficit) from All Operations before Tax</b>	<b>(8)</b>	<b>1,165</b>	<b>(1,217)</b>	<b>(1,134)</b>	<b>(31)</b>	<b>10</b>	<b>(459)</b>	<b>(285)</b>	<b>231</b>	<b>199</b>	<b>22</b>	<b>30</b>
Corporate Taxation Equivalent (30%) [based on Operating result before capital]	-	350	-	-	-	3	-	-	69	60	7	9
<b>Surplus (Deficit) After Tax</b>	<b>(8)</b>	<b>815</b>	<b>(1,217)</b>	<b>(1,134)</b>	<b>(31)</b>	<b>7</b>	<b>(459)</b>	<b>(285)</b>	<b>162</b>	<b>139</b>	<b>15</b>	<b>21</b>
<b>Opening Retained profits</b>	<b>3,146</b>	<b>1,981</b>	<b>22,461</b>	<b>23,427</b>	<b>9,918</b>	<b>8,205</b>	<b>-</b>	<b>-</b>	<b>199</b>	<b>-</b>	<b>30</b>	<b>-</b>
Adjustments for Amounts Unpaid:-												
Taxation Equivalent Payments	-	-	161	147	193	218	-	-	-	-	-	-
Corporate Taxation Equivalent	-	350	-	-	-	3	-	-	69	60	7	9
Plus: Subsidy from Council	-	-	-	-	-	-	459	285	-	-	-	-
Plus: Equity Contributions	173	-	215	21	603	1,485	-	-	-	-	-	-
Less: Equity Withdrawals	-	-	-	-	-	-	-	-	-	-	-	-
Less: TER Dividend payment (non restricted activities)	-	-	(161)	-	(193)	-	-	-	(69)	-	(7)	-
Less: Surplus Dividend payment (non restricted activities)	-	-	-	-	-	-	-	-	(162)	-	(15)	-
<b>Closing Retained Profits</b>	<b>3,311</b>	<b>3,146</b>	<b>21,459</b>	<b>22,461</b>	<b>10,490</b>	<b>9,918</b>	<b>-</b>	<b>-</b>	<b>199</b>	<b>199</b>	<b>30</b>	<b>30</b>
<b>RETURN ON CAPITAL (%)</b>	<b>4%</b>	<b>1260%</b>	<b>-5%</b>	<b>-6%</b>	<b>-0%</b>	<b>0%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>SUBSIDY FROM COUNCIL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>459</b>	<b>285</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Calculation of Dividend Payable

Surplus (Deficit) after tax	(8)	815	(1,217)	(1,134)	(31)	7	(459)	(285)	162	139	15	21
Less: Capital grants & contributions	-	-	-	-	-	-	-	-	-	-	-	-
Surplus for dividend calculation purposes	(8)	815	(1,217)	(1,134)	(31)	7	(459)	(285)	162	139	15	21
<b>Dividend calculated from surplus</b>	<b>-</b>	<b>815</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>162</b>	<b>139</b>	<b>15</b>	<b>21</b>

Council of the City of Ryde

**BALANCE SHEET OF OTHER BUSINESS ACTIVITIES**  
for the year ending 30 June 2006  
(\$000's)

	Domestic Waste Management (Category 1)		Ryde Aquatic Leisure Centre (Category 1)		Property Leasing (Category 2)		Ryde Certification Service (Category 2)		Commercial Waste Management (Category 2)		Enviroserve Commercial Works (Category 2)	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	<b>CURRENT ASSETS</b>											
Cash Asset and cash equivalents	4,070	3,267	-	-	285	228	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	249	35	71	69	32	19	-	-	79	2	4	-
Inventories	-	-	11	24	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	86	85	157	223	35	39
<b>TOTAL CURRENT ASSETS</b>	<b>4,319</b>	<b>3,302</b>	<b>82</b>	<b>93</b>	<b>317</b>	<b>247</b>	<b>86</b>	<b>85</b>	<b>236</b>	<b>225</b>	<b>39</b>	<b>39</b>
<b>NON-CURRENT ASSETS</b>												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	64	35	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	232	18	23,068	23,704	10,197	9,684	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>296</b>	<b>53</b>	<b>23,068</b>	<b>23,704</b>	<b>10,197</b>	<b>9,684</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>4,615</b>	<b>3,355</b>	<b>23,150</b>	<b>23,797</b>	<b>10,514</b>	<b>9,931</b>	<b>86</b>	<b>85</b>	<b>236</b>	<b>225</b>	<b>39</b>	<b>39</b>
<b>CURRENT LIABILITIES</b>												
Payables	1,304	209	351	233	-	-	2	8	29	23	-	-
Interest Bearing Liabilities	-	-	733	508	-	-	-	-	-	-	-	-
Provisions	-	-	593	185	24	4	82	19	8	1	9	3
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,304</b>	<b>209</b>	<b>1,677</b>	<b>926</b>	<b>24</b>	<b>4</b>	<b>84</b>	<b>27</b>	<b>37</b>	<b>24</b>	<b>9</b>	<b>3</b>
<b>NON-CURRENT LIABILITIES</b>												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Interest Bearing Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Provisions	-	-	14	410	1	9	2	58	0	2	-	6
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>410</b>	<b>1</b>	<b>9</b>	<b>2</b>	<b>58</b>	<b>0</b>	<b>2</b>	<b>-</b>	<b>6</b>
<b>NET ASSETS</b>	<b>3,311</b>	<b>3,146</b>	<b>21,459</b>	<b>22,461</b>	<b>10,490</b>	<b>9,918</b>	<b>-</b>	<b>-</b>	<b>199</b>	<b>199</b>	<b>30</b>	<b>30</b>
<b>EQUITY</b>												
Retained Earnings	3,311	3,146	21,459	22,461	10,490	9,918	-	-	199	199	30	30
Revaluation Reserves	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EQUITY</b>	<b>3,311</b>	<b>3,146</b>	<b>21,459</b>	<b>22,461</b>	<b>10,490</b>	<b>9,918</b>	<b>-</b>	<b>-</b>	<b>199</b>	<b>199</b>	<b>30</b>	<b>30</b>

**NOTES TO THE SPECIAL PURPOSE FINANCIAL REPORTS**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

**National Competition Policy**

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

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

**Declared Business Activities**

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

**Category 1**

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

## Category 2

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

## Taxation Equivalent Payments

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

Tax	Notional Rate Applied %
Corporate Tax Rate	30%
Land Tax	0.4% of property value to \$400,000
	\$1,600 plus 0.6% of value in excess of \$400,000 up to \$500,000
	\$2,200 plus 1.4% of the value in excess of \$500,000
Payroll Tax	6.0% of total labour payments for the individual business activity in excess of \$600,000
Stamp Duty	Statutory rates as published by the Office of State Revenue.

## Income Tax

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

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

## Local Government Rates & Charges

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

## Subsidies

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

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

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

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

## Trading Surplus

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

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

## Return on Investments (Rate of Return)

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

## Dividends

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

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

## Corporate Overheads

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



**SPENCER STEER**  
CHARTERED ACCOUNTANTS

**CITY OF RYDE**

**SPECIAL PURPOSE FINANCIAL REPORT**

**INDEPENDENT AUDITORS' REPORT**

**SCOPE**

We have audited the *special purpose financial report* of the City of Ryde for the year ended 30 June 2006, comprising the Statement by Councillors and Management, Income Statement of Business Activities, Balance Sheet of Business Activities, and accompanying Notes to the Financial Statements. The financial statements include the accounts of the declared business activities of the Council. The Council is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Council.

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

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

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

**AUDIT OPINION**

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

**SPENCER STEER**  
Chartered Accountants

**N. MAH CHUT**  
Partner

Dated at Sydney this 5th day of October 2006



**Council of the City of Ryde**

**General Purpose Financial Statements**

**For the Year Ended**

**30 June 2006**

**Special Schedules**

Council of the City of Ryde

SPECIAL SCHEDULES - Schedule No. 1

NET COST OF SERVICES

for the year ended 30 June 2006

(\$'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>	1,183		7	0		1,177	
		1,183			7		1,177
<b>ADMINISTRATION</b>							
Corporate Support	1,132		3	0		1,129	
Engineering & Works	2,463		87	77		2,299	
Other Support Services	9,339		159	2,565		6,615	
		12,934			2,891		10,044
<b>PUBLIC ORDER &amp; SAFETY</b>							
Statutory Contribution to Fire Service Levy	1,415		0	0		1,415	
Fire Protection - Other	0		0	0		0	
Animal Control	127		23	0		104	
Beach Control	0		0	0		0	
Enforcement of Local Govt Regs	142		0	0		142	
Emergency Services	83		0	0		83	
Other	1,017		1,421	0		(404)	
		2,783			1,444		1,340
<b>HEALTH</b>							
Administration & Inspection	328		94	0		234	
Immunisation	115		60	0		55	
Food Control	0		0	0		0	
Insect/Vermin Control	57		0	0		57	
Noxious Plants	0		0	0		0	
Health Centres	55		0	0		55	
Other	444		2	0		442	
		999			156		843
<b>COMMUNITY SERVICES &amp; EDUCATION</b>							
Administration	0		0	0		0	
Family Care	0		0	0		0	
Child Care	0		0	0		0	
Youth Services	110		6	0		103	
Other Families & Children	465		289	0		176	
Aged & Disabled	278		223	0		55	
Migrant Services	0		0	0		0	
Aboriginal Services	0		0	0		0	
Other Community Services	706		217	0		489	
Education	0		0	0		0	
		1,558			735		823

**NET COST OF SERVICES (CONT)**

Function or Activity	OPERATING EXPENSES		OPERATING REVENUES			NET COST OF SERVICES	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
<b>HOUSING &amp; COMMUNITY AMENITIES</b>							
Housing	0		0	0		0	
Town Planning	4,523		2,095	147		2,281	
Domestic Waste Management	8,275		9,637	0		(1,362)	
Other Waste Management	701		1,484	0		(783)	
Street Cleaning	699		0	0		699	
Other Sanitation & Garbage	0		0	0		0	
Urban Stormwater Drainage	3,861		13	1,461		2,388	
Environmental Protection	0		6	0		(6)	
Public Cemeteries	0		0	0		0	
Public Conveniences	156		0	0		156	
Other Community Amenities	0		0	0		0	
		18,215			14,843		3,372
<b>WATER SUPPLIES</b>							
<b>SEWERAGE SERVICES</b>							
<b>RECREATION &amp; CULTURE</b>							
Public Libraries	4,109		856	2,936		317	
Museums	0		0	0		0	
Art Galleries	0		0	0		0	
Community Centres	110		0	0		110	
Public Halls	305		287	0		19	
Other Cultural Services	0		0	0		0	
Swimming Pools	4,922		4,613	0		309	
Sporting Grounds	3,394		483	0		2,911	
Parks & Gardens (Lakes)	3,683		0	1,984		1,699	
Other Sport & Recreation	0		0	0		0	
		16,524			11,158		5,365
<b>FUEL &amp; ENERGY SUPPLIES</b>							
Gas Supplies							
<b>MINING, MANUFACTURING &amp; CONSTRUCTION</b>							
Building Control	0		0	0		0	
Abattoirs	0		0	0		0	
Quarries & Pits	0		0	0		0	
Other	0		0	0		0	
		0			0		0

## NET COST OF SERVICES (CONT)

Function or Activity	OPERATING EXPENSES		OPERATING REVENUES			NET COST OF SERVICES	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
<b>TRANSPORT &amp; COMMUNICATION</b>							
Urban Roads : Local	8,374		2,139	993		5,242	
Urban Roads : Regional	98		0	0		98	
Sealed Rural Roads : Local	0		0	0		0	
Bridges on Urban Roads : Local	11		0	0		11	
Bridges on Urban Roads : Regional	0		0	0		0	
Bridges on Urban Roads : Other	0		0	0		0	
Footpaths	895		0	0		895	
Aerodromes	0		0	0		0	
Parking Areas	100		0	331		(230)	
Bus Shelters & Services	36		0	0		36	
Water Transport	0		0	0		0	
RTA Works (State)	0		0	0		0	
Street Lighting	1,183		0	0		1,183	
Other	132		0	0		132	
		10,829			3,463		7,366
<b>ECONOMIC AFFAIRS</b>							
Camping Areas	0		0	0		0	
Caravan Parks	0		0	0		0	
Tourism & Area Promotion	0		0	0		0	
Industrial Development & Promotion	0		0	0		0	
Saleyards & Markets	0		0	0		0	
Real Estate Development	0		0	0		0	
Commercial Nurseries	0		0	0		0	
Other Business Undertakings	474		785	0		(311)	
		474			785		(311)
<b>TOTALS - FUNCTIONS</b>		65,500			35,482		30,018
<b>GENERAL PURPOSE REVENUES <sup>(1)</sup></b>					40,073		(40,073)
<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>		65,500			75,555		(10,056)
<b>EXTRAORDINARY ITEMS <sup>(2)</sup></b>							
<b>SURPLUS/(DEFICIT) FROM ALL ACTIVITIES <sup>(2)</sup></b>		65,500			75,555		(10,056)

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

2. As reported on the Income Statement

**Council of the City of Ryde**

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

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

for the year ended 30 June 2006

(\$,000)

Classification of Debt	Principal Outstanding at beginning of Year			New Loans Raised during the year	Debt Redemption during the year		Interest Applicable For Year	Principal Outstanding at end of Year		
	Current	Non-Current	Total		From Revenue	Sinking Funds		Current	Non-Current	Total
LOANS (By Source)										
Commonwealth Bank										
Treasury Corporation										
Other State Government										
Public Subscriptions										
Financial Institutions *	1,091	7,950	9,041	0	1,092	0	512	992	6,957	7,949
Other										
<b>TOTAL LOANS</b>	<b>1,091</b>	<b>7,950</b>	<b>9,041</b>	<b>0</b>	<b>1,092</b>	<b>0</b>	<b>512</b>	<b>992</b>	<b>6,957</b>	<b>7,949</b>
OTHER LONG TERM DEBT										
Ratepayer's Advances										
Government Advances										
Finance Leases	122	29	151	47	122	0	5	48	28	76
Deferred Payments	318	636	954	0	318	0	0	318	318	636
<b>TOTAL LONG TERM DEBT</b>	<b>1,531</b>	<b>8,615</b>	<b>10,146</b>	<b>47</b>	<b>1,532</b>	<b>0</b>	<b>517</b>	<b>1,358</b>	<b>7,303</b>	<b>8,661</b>

**Council of the City of Ryde**

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

**STATEMENT OF INTERNAL LOANS (Section 410(3) LGA 1993)  
for the year ended 30 June 2006  
(\$'000)**

**SUMMARY OF INTERNAL LOANS**

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

**DETAILS OF INDIVIDUAL INTERNAL LOANS**

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

## Council of the City of Ryde

### SPECIAL SCHEDULES - Schedule No. 7

#### CONDITION OF PUBLIC WORKS

AS AT 30 June 2006

(\$'000)

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense	Cost	Valuation	Accumulated Depreciation	WDV	Asset Condition	Estimated Cost to bring to a satisfactory standard	Required Annual Maintenance Expense	Current Annual Maintenance
		Per Note 1	Per Note 3	Per Note 9			Per Section 428(2d)				
<b>*Buildings</b>		1.00%	942	68,398	0	22,784	45,614				
Amenities/Toilets								Satisfactory	-	255	175
Early Childcare Centres								Satisfactory	-	35	12
Kindergarten/Childhood Centres								Unsatisfactory	250	97	54
Community Aid Centres								Satisfactory	-	35	6
Residences								Satisfactory	-	125	16
Public Halls								Satisfactory	-	205	55
Senior Citizens Centres								Satisfactory	-	17	6
Womens Rest Centres								Satisfactory	-	8	2
Town Centre Toilets								Satisfactory	-	4	4
Civic Centre								Unsatisfactory	1,500	300	425
Libraries								Unsatisfactory	2,900	80	106
Ryde Aquatic Centre								Satisfactory	-	800	253
EnviroServe Operation Centre								Unsatisfactory	100	100	196
Public Buildings								Satisfactory	-	80	366
Commercial Buildings								Satisfactory	-	30	2
Other Community Buildings								Unsatisfactory	3,500	50	62
<b>Total</b>									<b>8,250</b>	<b>2,221</b>	<b>1,740</b>
<b>**Public Roads</b>		1.25%	6,205	485,006	0	289,142	195,864				
Bridges								Satisfactory	50	8	5
Footpaths								Unsatisfactory	14,970	1,400	704
Kerb & Gutter								Unsatisfactory	19,550	1,900	55
Urban Roads								Satisfactory	-	6,948	5,765
<b>Total</b>									<b>34,570</b>	<b>10,256</b>	<b>6,529</b>
<b>Drainage Works</b>		1.25%	3,022	251,285	0	160,667	90,618	Unsatisfactory	328,000	6,650	3,191
<b>Totals</b>			<b>10,169</b>	<b>804,689</b>	<b>0</b>	<b>472,593</b>	<b>332,096</b>		<b>370,820</b>	<b>19,127</b>	<b>11,460</b>

**Notes:**

*Satisfactory refers to estimated cost to bring the asset to a satisfactory condition as deemed by Council. It does not include any planned 'enhancements' to the asset.*

*Required Annual Maintenance is what should be spent to maintain assets in a satisfactory standard.*

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

Council is undertaking a major review of its Asset Management Systems and Asset Management Plans for Buildings and Drainage Assets in 2006/2007. As such the estimated cost to bring these assets to a satisfactory standards in 2005/2006 remains unchanged from the previous reporting period.

**\*Buildings**

By grouping and categorising buildings the ability to accurately quantify required costs to bring to a satisfactory standard is difficult. When a category is noted as satisfactory, this should be interpreted that the majority of assets in that category are satisfactory, however there may be a minor number that are unsatisfactory and cost estimates have been incorporated for these. Council is currently preparing an Asset Management Plan to inspect and establish the need to upgrade and refurbish buildings.

**\*\*Public Roads**

Bridges	Council has eight bridges & culvert structures. The bridges are considered to be in a satisfactory condition and maintenance is on an as-needs basis.
Footpaths	Council's footpath network has a current replacement value of \$65.2M. Council has designed and implemented a Footpath Management System, where every footpath is inspected and rated on a 1(new) to 5 (replacement required) rating basis. Footpaths with a condition rating of 1,2 or 3 are considered to be in a satisfactory condition.
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 \$82.4M. Kerb and gutter with condition rating 1, 2, or 3 is considered to be in a satisfactory condition As well, considerable lengths will require construction of additional street drainage systems as part of the work.
Urban Roads	Council has adopted the use of a Pavement Management System (PMS) and condition Rating data has been collected since 1991. Some 15% of the road network is condition rated each year. The current replacement cost of road pavement is \$438M. The aim of the maintenance strategy is to maintain the current condition of the road network. Innovative road pavement rehabilitation techniques have been investigated and adopted to reduce maintenance costs. These include recycling of concrete, asphalt and road pavement materials, the adoption of cement stabilisation and bitumen stabilisation pavement rehabilitation processes, the use of bitumen rejuvenators and the use of different asphalt types to extend the life of road pavements and surfaces.

Council of the City of Ryde

SPECIAL SCHEDULES - Schedule No. 8

Financial Projections

	2006 <sup>(1)</sup> (\$'000)	2007 (\$'000)	2008 (\$'000)	2009 (\$'000)
<b>Operating Budget</b>				
Income From Continuing Operations	66,182	75,950	78,194	80,358
Expenditure From Continuing Operations	66,486	72,360	73,786	76,313
<b>Operating Result From Continuing Operations</b>	<b>(304)</b>	<b>3,590</b>	<b>4,408</b>	<b>4,045</b>
<b>Capital Budget</b>	<b>25,700</b>	<b>24,833</b>	<b>24,335</b>	<b>25,022</b>
Funded By:				
New Borrowings	-	-	-	-
Reserves	9,826	7,255	6,744	7,775
Grants & Contributions	2,040	2,397	530	422
General Revenue	13,834	15,181	17,061	16,825
	<b>25,700</b>	<b>24,833</b>	<b>24,335</b>	<b>25,022</b>

(1) From income statement