



ANNUAL STATEMENTS

of

ACCOUNTS

for year ended

30th June 2006



WAVERLEY COUNCIL
General Purpose Financial Reports
for the year ended 30th June 2006

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WAVERLEY COUNCIL

ANNUAL FINANCIAL STATEMENTS 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 there under.
- The Australian Accounting Standards and professional pronouncements.
- The Financial Statements Guidelines for NSW Councils.

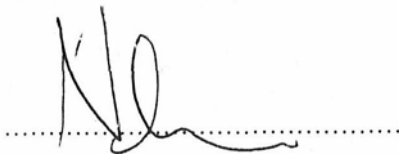
To the best of our knowledge and belief, these reports

- Present fairly the Council's operating result and financial position 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.

The General Purpose Financial Report was completed by the 31 August, 2006 and was ready for audit.

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



MAYOR



COUNCILLOR



GENERAL MANAGER
PRINCIPAL ACCOUNTING OFFICER

WAVERLEY COUNCIL

INCOME STATEMENT

for the year ended 30th June 2006

Budget 2006 \$'000		Notes	Actual 2006 \$'000	Actual 2005 \$'000
	INCOME			
	Revenue:			
31,551	Rates & Annual Charges	3	32,534	31,179
19,119	User Charges & Fees	3	20,875	19,531
1,980	Investment Revenues	3	2,381	2,243
8,453	Other Revenues	3	18,624	14,268
5,724	Grants & Contributions - Operating	3	5,663	5,407
2,430	Grants & Contributions - Capital	3	4,113	2,043
	Other Income:			
-	Profit from Disposal of Assets	5	210	623
	Profit from interests in Joint Ventures & Associates	19		109
69,257	Revenues from Ordinary Activities before Capital Amounts		84,400	75,403
	EXPENSES			
35,450	Employee Costs	4	35,020	32,795
15,654	Materials & Contracts		18,997	16,165
700	Borrowing Costs	4	661	660
7,500	Depreciation & Amortisation	4	7,378	6,906
7,863	Other Expenses	4	10,295	14,192
-	Loss from Disposal of Assets	5	-	
-	Loss from interests in Joint Ventures & Associates	19	34	
67,167	Total Expenses from Ordinary Activities		72,385	70,718
2,090	OPERATING RESULT FROM CONTINUING OPERATIONS		12,015	4,685
	Operating result from discontinued operations	25		
	Gain (loss) on restructure	27	-	
2,090	NET OPERATING RESULT FOR YEAR		12,015	4,685
(340)	Net operating result before capital grants and contributions		\$ 7,902	\$ 2,642

This Statement is to be read in conjunction with the attached Notes.

WAVERLEY COUNCIL

BALANCE SHEET as at 30th June 2006

	Notes	Actual 2006 \$'000	Actual 2005 \$'000
CURRENT ASSETS			
Cash & cash equivalents	6	10,013	14,336
Investments	6	13,792	17,634
Receivables	7	5,757	3,395
Inventories	8	122	115
Other	8	418	847
Non-current assets held for sale	19, 22	1,172	-
TOTAL CURRENT ASSETS		31,274	36,327
NON-CURRENT ASSETS			
Investments	6	14,164	4,980
Receivables	7	1,513	1,041
Investments accounted for using the equity method	10		1,256
Infrastructure, Property, Plant & Equipment	9	982,488	977,897
Investment Property	14	83,482	80,310
TOTAL NON-CURRENT ASSETS		1,081,647	1,065,484
TOTAL ASSETS		1,112,921	1,101,811
CURRENT LIABILITIES			
Payables	10	7,628	7,316
Borrowings	10	1,557	2,089
Provisions	10	15,070	15,161
TOTAL CURRENT LIABILITIES		24,255	24,566
NON-CURRENT LIABILITIES			
Payables	10		
Borrowings	10	8,054	8,648
Provisions	10		
TOTAL NON CURRENT LIABILITIES		8,054	8,648
TOTAL LIABILITIES		32,309	33,214
NET ASSETS		\$ 1,080,612	1,068,597
EQUITY			
Accumulated Surplus	20	1,080,612	1,068,597
Council Equity Interest		1,080,612	1,068,597
Minority Equity Interest	10		
TOTAL EQUITY		\$ 1,080,612	1,068,597

This Statement is to be read in conjunction with the attached Notes

WAVERLEY COUNCIL

STATEMENT OF CHANGES IN EQUITY for the year ended 30th June 2006

	2006 \$'000			2005 \$'000				
	Accum Surplus	Council Equity Interest	Minority Interest	Total	Accum Surplus	Council Equity Interest	Minority Interest	Total
Balance at beginning of the reporting period	1,068,597	1,068,597	-	1,068,597	1,063,912	1,063,912	-	1,063,912
Net movements recognised directly in equity	-	-	-	-	-	-	-	-
Change in Net Assets recognised in the Statement of Financial Performance	12,015	12,015	-	12,015	4,685	4,685	-	4,685
Balance at end of the reporting period	1,080,612	1,080,612	-	1,080,612	1,068,597	1,068,597	-	1,068,597

Note

Balance at beginning of the reporting period
Net movements recognised directly in equity
Change in Net Assets recognised in the Statement of Financial Performance
Balance at end of the reporting period

This Statement is to be read in conjunction with the attached Notes

WAVERLEY COUNCIL

CASH FLOW STATEMENT

for the year ended 30th June 2006

Budget 2006 \$'000		Actual 2006 \$'000	Actual 2005 \$000
	CASH FLOWS FROM OPERATING ACTIVITIES	Notes	
	<u>Receipts</u>		
31,600	Rates & Annual Charges	32,391	31,231
20,500	User Charges & Fees	21,405	20,498
2,100	Investments Income	1,376	2,311
8,050	Grants & Contributions	7,981	8,265
8,500	Other operating receipts	12,563	15,438
	<u>Payments</u>		
(35,300)	Employee Costs	(34,911)	(30,326)
(17,300)	Materials & Contracts	(16,758)	(14,234)
(750)	Borrowing Costs	(682)	(832)
(7,500)	Other operating payments	(12,538)	(20,641)
9,900	Net Cash provided by (or used in) Operating Activities	11 10,827	11,710
	CASH FLOWS FROM INVESTING ACTIVITIES		
	<u>Receipts</u>		
-	Proceeds from sale of Infrastructure, Property, Plant & Equipment	284	630
-	Proceeds from sale of Investment Securities	8,600	-
-	Repayments from Deferred Debtors	-	-
-	Distribution received from associated entities	19 50	-
	<u>Payments</u>		
(10,290)	Purchase of Infrastructure, Property, Plant & Equipment	(9,774)	(13,096)
-	Purchase of Investment Securities	(13,184)	-
-	Loans to Deferred Debtors	-	-
(10,290)	Net Cash provided by (or used in) Investing Activities	(14,024)	(12,466)
	CASH FLOWS FROM FINANCING ACTIVITIES		
	<u>Receipts</u>		
1,000	Proceeds from Borrowings & Advances	1,000	2,000
	<u>Payments</u>		
(2,124)	Repayments of Borrowings & Advances	(2,126)	(1,797)
(1,124)	Net Cash provided by (or used in) Financing Activities	(1,126)	203
(1,514)	Net Increase (Decrease) in cash held	(4,323)	(553)
14,336	Cash Assets at beginning of reporting period	11 14,336	14,889
12,822	Cash Assets at end of reporting period	11 10,013	14,336

This Statement is to be read in conjunction with the attached Notes

NOTES TO THE FINANCIAL STATEMENTS

Note 1

SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

Application of AASB 1 First-time Adoption of Australian Equivalents to *International* Financial Reporting Standards

These financial statements are the first NSW Council financial 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 NSW Council 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 NSW Council 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.

NSW Council 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.

(b) Revenue recognition

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

(i) Rates, annual charges, grants and contributions

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

The following S94 contributions plan has been adopted by council and are available for public inspection free of cost:

COUNCIL POLICY

Section 94 should only be levied for those facilities "normally" provided by Local Government. The section 94 Contributions Plans Manual (Department of Planning, 1992) highlights several factors which need to be considered in the provision of services and amenities.

These include:

1. Council's responsibility for the provision of public services and amenities. Through such documents as the Corporate Plan, levels of service and responsibility have come to be more clearly defined in the recent past.
2. The capacity (or incapacity) of current services and facilities to meet the existing and future needs within the municipality. The underlying purpose of such documents as the Housing Policy, Council's Social Atlas, Community Profile and Draft Open Space Plan, is to identify more conclusively the needs within the LGA and the basis upon which Council can most efficiently and effectively provide for them.
3. The needs generated by the new development and the benefits which accrue to the development from the provision of the proposed facility.

The Council also holds contributions obtained prior to the requirement to have contribution plans in place. These moneys must be applied only for purposes for which they were obtained.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates. A provision for doubtful debts on rates has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

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

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

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

(ii) User charges and fees

User charges and fees (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs. A provision for doubtful debt is recognised when collection in full is no longer probable.

(iii) Sale of plant, property, infrastructure and equipment

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

(iv) Interest and rents

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

(c) Principles of consolidation

(i) The Consolidated Fund

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

In the process of reporting on the local government as a single unit, all transactions and balances between those funds and entities (for example, loans and transfers between funds) have been eliminated.

The Council is required under the Local Government Act to maintain a separate and distinct Trust Fund to account for all moneys and property received by the council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those moneys.

(ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those monies. Trust monies and property subject to Council's control have been included in these reports. Trust monies and property held by Council but not subject to the control of Council, have been excluded from these reports.

A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

(iii) Joint venture entities

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

(d) Leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

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

(e) Acquisition of assets

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

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

(f) Impairment of assets

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

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

(g) Cash and cash equivalents

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

(h) Receivables

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

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

(i) Inventories

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

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

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

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred. Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

(j) Non-current assets held for sale

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

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

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

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

(k) Investments and other financial assets

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 (refer below), fair value is the measurement basis. Fair value is inclusive of transaction costs. Changes in fair value are either taken to the income statement or an equity reserve (refer below). At the date of transition (1 July 2005) changes to carrying amounts are taken to retained earnings or reserves.

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.

(iv) Available-for-sale financial assets

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

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

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

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.

(l) Fair value estimation

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

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

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

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

(m) Infrastructure, property, plant and equipment

All infrastructure, property, plant and equipment [except for investment properties – refer Note 1(n)] is stated at cost (or deemed 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.

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:

Office equipment	5 – 10 years	Pumps and telemetry	15 – 20 years
Office furniture	10 – 20 years	Drains	80 – 100 years
Vehicles and road making equipment	5 – 8 years	Culverts	50 – 80 years
Other plant and equipment	5 – 15 years	Flood control structures	80 – 100 years
Buildings – Masonry	50 – 100 years	Sealed roads – Surface	20 years
– Other	20 – 40 years	– Structure	50 years
Playground equipment	5 – 15 years	Unsealed roads	20 years
Benches, seats etc	10 – 20 years	Bridge – Concrete	100 years
Bores	20 – 40 years		
– Other	25 – 75 years		

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

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

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

(n) Investment property

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

(o) Payables

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

(p) Borrowings

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

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

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

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

(r) Provisions

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

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

(s) Employee benefits

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

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

(ii) Long service leave

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

(iii) Sick Leave

In accordance with State Government legislation accrued sick leave entitlements were frozen as at 15 February 1993. Effective from 6 January, 1997 Council's employees employed prior to 15 February, 1993 were eligible to accrue sick leave as from that date until the 31st May, 2005 in accordance with current enterprise agreement. Such accruals are assessed as at each reporting date, having regard to current rates of pay and other factors including experience of employee departures and their periods of service. As at 31st May, 2005 under the current enterprise agreement employees who were employed with Council prior to February, 1993 were eligible to transfer three weeks sick leave to bank "C" from bank "A" if they had enough sick leave in that bank. The sick leave in bank "C" was then frozen at the current rate of ordinary pay as at 31st May, 2005 and was paid out to those employees during the 2005/2006 financial year in lieu of foregoing accruing future sick leave.

(iv) Gratuities

Under the current enterprise agreement Gratuities are accrued at two weeks per year of service for each employee who has attained nineteen or more years service. Those employees who have been with Council between ten to nineteen years service have accrued on a pro-rata basis a number of weeks based on the number of full years service multiplied by one tenth, these accrued weeks are then paid out once an employee retires or resigns after serving fifteen years service.

(v) 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.

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 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.

"The Local Government Superannuation Scheme – Pool B (the Scheme) is a defined benefit plan that has been deemed to be a 'multi-employer fund' for the purposes of AASB 119. Sufficient information is not

available to account for the Scheme as a defined benefit plan because the assets to the Scheme are pooled together for all Councils. The amount of employer contributions recognised as an expense for the year ending 30 June, 2006 was \$439,454.28. The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 18th March, 2004 and covers the period ended 30 June 2003. This valuation found that the Scheme's assets were \$2,453.7 million and its past service liabilities \$2,251.7 million, giving it a surplus of \$202 million. The existence of this surplus has resulted in Councils contributing in 2005/2006 at half the normal level of contributions. The financial position is monitored annually."

(t) Rounding of amounts

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

(u) Land under roads

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

(v) Insurance Pools

The Council is a partner in an insurance pool known as Premsure. The Pool has disclosed a future actuary liability and this liability is shown in Note 19.

(w) Allocation between current and non-current

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

(x) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2006 reporting periods. Council's assessment of the impact of these new standards and interpretations is set out below.

(i) UIG 4 Determining whether an Asset contains a Lease

UIG 4 is applicable to annual periods beginning on or after 1 January 2006. Council has not elected to adopt UIG 4 early. It will apply UIG 4 in its 2007 financial statements and the UIG 4 transition provisions. Council will therefore apply UIG 4 on the basis of facts and circumstances that existed as of 1 July 2006. Implementation of UIG 4 is not expected to change the accounting for any of Council's current arrangements.

(ii) UIG 5 Rights to Interests arising from *Decommissioning*, Restoration and Environmental Rehabilitation Funds

Council does not have interests in decommissioning, restoration and environmental rehabilitation funds. This interpretation will not affect the Council's financial statements.

(iii) AASB 2005-9 Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]

AASB 2005-9 is applicable to annual reporting periods beginning on or after 1 January 2006. The amendments relate to the accounting for financial guarantee contracts. Council has not entered into any financial guarantee contracts and there will be no effect on the Council's financial statements.

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

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The Council has not adopted the standards early. Application of the standards will not affect any of the

amounts recognised in the financial statements, but will impact the type of information disclosed in the financial instruments.

(M) UIG 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic

Equipment

UIG 6 is applicable to annual reporting periods beginning on or after 1 December 2006. Council has not sold any electronic or electrical equipment on the European market and has not incurred any associated liabilities.

This interpretation will not affect the Council's financial statements.

(vi) AASB 2005-6 Amendments to Australian Accounting Standards [AASB 121]

AASB 2005-6 is applicable to annual reporting periods ending on or after 31 December 2006. The amendment relates to monetary items that form part of a reporting entity's net investment in a foreign operation. It removes the requirement that such monetary items had to be denominated either in the functional currency of the reporting entity or the foreign operation. Council does not have any monetary items

forming part of a net investment in a foreign operation. The amendment to AASB 121 will therefore have no impact on the financial statements.

(y) Land

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

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 2 - FUNCTIONS

REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES												
Income from continuing operations				Expenses from continuing operations			Operating result from continuing operations			GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)
ORIGINAL BUDGET	ACTUAL	ACTUAL	2006 \$'000	ORIGINAL BUDGET	ACTUAL	ACTUAL	2006 \$'000	ORIGINAL BUDGET	ACTUAL	ACTUAL	2006 \$'000	
2006 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2006 \$'000	2006 \$'000	2005 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
-	-	-	658	643	613	643	(658)	(643)	(613)	-	-	-
1,719	1,253	6,387	12,339	12,806	16,865	12,806	(10,620)	(11,553)	(10,478)	4	16	62,063
1,009	1,360	902	3,226	3,325	3,111	3,325	(2,217)	(1,965)	(2,209)	-	-	21,898
222	218	217	1,305	1,355	1,181	1,355	(1,083)	(1,137)	(964)	2	1	2,107
4,857	5,573	4,728	6,342	7,339	6,362	7,339	(1,485)	(1,766)	(1,634)	1,897	1,883	22,908
13,796	17,537	14,656	19,276	19,086	18,915	19,086	(5,480)	(1,549)	(4,259)	163	188	184,741
1,627	1,926	1,886	11,862	12,564	11,792	12,564	(10,235)	(10,638)	(9,906)	244	632	568,063
533	389	394	433	451	450	451	100	(62)	(56)	-	14	-
16,141	23,731	17,830	11,250	14,432	10,991	14,432	4,891	9,299	6,839	714	741	235,342
2,705	5,682	2,618	476	384	438	384	2,229	5,298	2,180	-	-	4,689
42,609	57,669	49,618	67,167	72,385	70,718	72,385	(24,558)	(14,716)	(21,100)	3,024	3,461	1,101,811
26,648	26,731	25,785					26,648	26,731	25,785	2,049	1,927	
69,257	84,400	75,403	67,167	72,385	70,718	72,385	2,090	12,015	4,685	5,073	5,388	1,101,811

The above functions conform to those used by the Australian Bureau of Statistics and provide a basis for comparison with other Councils.

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 3 - REVENUES

RATES & ANNUAL CHARGES	2006 \$'000	2005 \$'000
<u>Ordinary Rates</u>		
Residential	15,995	15,269
Business	6,436	6,446
	<u>22,431</u>	<u>21,715</u>
<u>Special Rates</u>		
Environmental Levy	470	452
	<u>470</u>	<u>452</u>
<u>Annual Charges</u>		
Domestic Waste Management	9,633	9,012
	<u>9,633</u>	<u>9,012</u>
Total Rates & Annual Charges	<u>32,534</u>	<u>31,179</u>
 USER CHARGES & FEES		
<u>User Charges</u>		
Other Waste Management	1,543	1,390
Park Rentals	586	310
Child Care Fees	1,577	1,425
Staff Vehicle Fees	66	56
Bus Shelter Fees	896	1,178
Private Works - Road Opening Fees	64	138
Other	326	313
	<u>5,058</u>	<u>4,810</u>
<u>Fees</u>		
Planning & Building	1,540	1,553
Cemeteries	709	853
Rent & Hire of Non-Investment Property	2,677	2,566
Rent & Hire of Investment Property	1,824	1,832
Admission & Service Fees	225	227
Hoarding/Crane Permits	332	598
Car Parking Fees	3,542	2,416
Parking Meter Fees	4,640	4,383
Other	328	293
	<u>15,817</u>	<u>14,721</u>
Total User Charges & Fees	<u>20,875</u>	<u>19,531</u>

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 3 - REVENUES (cont)

	2006 \$'000	2005 \$'000
INVESTMENT REVENUES		
Interest on overdue rates & charges	70	69
Interest on cash assets & investments		
externally restricted	130	100
internally restricted	1,779	1,753
unrestricted	402	321
Gross Investment Revenues	2,381	2,243
Total Investment Revenues	2,381	2,243
OTHER REVENUES		
Ex gratia payments in lieu of Rates	13	12
Fair value adjustments - investment property	3,172	1,903
Fines	12,883	6,329
Insurance Claims	207	4,542
Legal Fees Recovery (Rates)	21	18
Recycling Income (Non domestic)	373	350
Sales - General	9	-
Adjust interest in associated entities	-	-
Training & Employment - Waverley Works	1,331	633
Other	615	481
Total Other Revenues	18,624	14,268

Note 19

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 3 - REVENUES (cont)

	<u>Notes</u>	OPERATING		CAPITAL	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$000
GRANTS					
General Purpose (Untied)					
Financial Assistance		1,830	1,701	-	-
Pensioner Rates Subsidies (General)		219	226		
Specific Purpose					
Pensioner Rates Subsidies					
Domestic Waste Management		143	146	-	-
Roads & Bridges		-	-	570	569
Employment & Training Programs		6	10	-	-
Heritage & Cultural Services		20	-	-	-
Community Care Services		504	529	-	-
Recreational & Cultural Services		36	89	17	399
Library		189	172	-	-
Child Care		1,393	1,354	-	-
Street Lighting		144	140	-	-
Environmental Protection		-	42	-	-
Other		2	11	-	-
Total Grants & Subsidies		4,486	4,420	587	968
Comprising:					
- Commonwealth funding		3,019	2,883	434	433
- State funding		1,467	1,537	153	505
- Other funding					
		4,486	4,420	587	938
CONTRIBUTIONS & DONATIONS					
Developer Contributions					
Section 94	17	-	-	146	488
Section 94A levies	17	-	-	220	-
Planning agreements	17	-	-	140	339
Other Councils - Joint Works		278	292	-	-
Car Parking		207	212	-	200
Road Restorations		466	254	27	47
Recreational & Cultural		6	31	443	-
Housing		-	-	2,550	-
Other		220	198	-	1
Total Contributions & Donations		1,177	987	3,526	1,075
TOTAL GRANTS & CONTRIBUTIONS		5,663	5,407	4,113	2,043

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 3 - REVENUES (cont)

CONDITIONS OVER GRANTS & CONTRIBUTIONS

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

	2006 \$'000		2005 \$'000	
	<u>Grants</u>	<u>Contrib</u>	<u>Grants</u>	<u>Contrib</u>
Unexpended at the close of the previous reporting period	378	2,265	193	1,775
Less: expended during the current period from revenues recognised in previous reporting periods				
Section 94/64 Developer Contributions	0	568	0	408
Roads Infrastructure	0	0	0	0
Heritage & Cultural Services	20	0	0	0
Community Care Services	1,879	0	1,832	0
Housing & Community Amenities	155	0	189	0
Recreational & Cultural	210	0	560	0
Transport & Communication	396	0	661	0
Other	8	0	34	0
Subtotal	2,668	568	3,276	408
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions				
Section 94/64 Developer Contributions	0	636	0	898
Roads Infrastructure	0	0	0	0
Heritage & Cultural Services	20	0	0	0
Community Care Services	1,897	0	1,883	0
Housing & Community Amenities	143	0	188	0
Recreational & Cultural	242	0	660	0
Transport & Communication	714	0	709	0
Other	8	0	21	0
Subtotal	3,024	636	3,461	898
Unexpended at the close of this reporting period and held as restricted assets	734	2,333	378	2,265
Net increase (decrease) in restricted assets in the	356	68	185	490

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 4 - EXPENSES

	2006 \$'000	2005 \$'000
EMPLOYEE COSTS		
Salaries and Wages	26,657	24,029
Travelling	112	84
Employee Leave Entitlements	3,542	5,180
Superannuation	2,288	1,527
Workers' Compensation Insurance	1,742	1,477
Fringe Benefits Tax	207	188
Training Costs (excluding Salaries)	472	310
Total Operating Employee Costs	35,020	32,795
Total Number of Employees	451	438
(Full time equivalent at end of reporting period)		
BORROWING COSTS		
Interest on Overdraft	-	-
Interest on Loans	661	660
Gross Interest Charges	661	660
Total Interest Charges	661	660
MATERIALS & CONTRACTS		
Raw materials & consumables	9,206	7,783
Contractor and consultancy costs	7,634	6,115
Auditor's Remuneration		
- Audit Services	41	41
- Other Services	2	-
Legal Expenses		
- Planning & Development	606	618
- Other Legal Expenses	258	423
Operating Lease Rentals - non-cancellable		
- minimum lease payments	1,250	1,185
Total Materials & Contracts	18,997	16,165

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 4 - EXPENSES (cont)

	2006 \$'000	2005 \$'000
DEPRECIATION, AMORTISATION & IMPAIRMENT		
Plant and Equipment	1,097	754
Office Equipment	430	394
Land	35	35
Buildings	993	959
Other Structures	1,381	1,419
- roads, bridges & footpaths	2,205	2,166
- stormwater drainage	631	632
Other assets		
- library books	229	225
- other	377	323
Total Depreciation, Amortisation & Impairment	7,378	6,906

Allocation between Depreciation & Amortisation, and Impairment is shown in Note 9.

OTHER EXPENSES

Advertising	511	389
Abandonment Fines by Office State Debt Recovery	1,360	211
Bad and Doubtful Debts	50	88
Donations & Contributions to Local & Regional Bodies	376	334
Insurances	1,238	6,775
Land Tax - Crown Lands	110	-
Light, Power & Heating	503	465
Mayoral Allowance	29	28
Members' Fees & Allowances	161	154
Members' Expenses	249	234
Payments to other levels of Government	1,018	979
Street Lighting	642	586
Subscriptions & Publications	166	178
Telephone & Communications	386	371
Water Rates & Charges	144	116
Waste Disposal Charges	2,586	2,774
Car Park Levy	90	86
Other	676	424
Total Other Expenses	10,295	14,192

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 5 - GAIN OR LOSS ON DISPOSAL OF ASSETS

	2006 \$'000	2005 \$'000
DISPOSAL OF PROPERTY		
Proceeds from disposal	95	25
Less: Carrying amount of assets sold	-	
Gain (Loss) on disposal	95	25
DISPOSAL OF INFRASTRUCTURE, PLANT & EQUIPMENT		
Proceeds from disposal	131	663
Less: Carrying amount of assets sold	16	65
Gain (Loss) on disposal	115	598
TOTAL GAIN (LOSS) ON DISPOSAL OF ASSETS	210	623

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 6 - CASH ASSETS & INVESTMENT SECURITIES

	2006 \$'000		2005 \$'000	
	Current	Non-Current	Current	Non-Current
CASH ASSETS				
Cash on Hand and at Bank	1,887		5,261	
Deposits at Call	5,126		6,075	
Short Term Deposits & Bills, etc	3,000		3,000	
Other				
Total Cash Assets	10,013		14,336	

Cash Assets comprise highly *liquid* investments with short periods to *maturity subject* to insignificant risk of changes of value. Cash Assets subject to *external* restrictions that are not expected to be *discharged* during the *next* reporting period are classified as Non-Current.

INVESTMENT SECURITIES

Summary

Financial assets at fair value through profit and loss	13,792	2,264	15,634	2,080
Held to maturity investments	-	11,900	2,000	2,900
Available for sale financial assets				
Total	13,792	14,164	17,634	4,980

Financial assets at fair value through profit and loss

At beginning of year	15,634	2,080		
Adjustment on adoption of AASB 132 & AASB 139	-	-		
Revaluation to income Statement	758	-		
Additions	4,000	184		
Disposals	(6,600)			
Transfers Current/Non-current	-	-		
At end of year	13,792	2,264	-	-

Held for trading:

- Managed Funds	13,792	-		
- CDOs	-	-		
- FRNs	-	-		
- Equity linked notes	-	2,264		
	13,792	2,264		

Held to Maturity Investments

At beginning of year	2,000	2,900		
Adjustment on adoption of AASB 132 & AASB 139	-	-		
Amortisation of discounts and premiums	-	-		
Additions	-	9,000		
Disposals	(2,000)			
Transfers Current/Non-current	-	-		
At end of year	-	11,900	-	-

Comprising:

- Government Bonds				
- Term Deposits				
- Bank Bills				
- Other	-	11,900		
	-	11,900	-	-

The permitted forms of investment in financial instruments of the Council are defined in an order made by the Minister of Local Government on 15 July 2005, and may broadly be described as "Trustee Securities". Accordingly, credit risk is considered to be insignificant. Deposits and Bills are with, or have been accepted by, banks and credit unions and bear various rates of interest between 5.46% and 5.8% (2005 - 5.46% and 5.76%). NCDs, CDOs, FRNs and Managed Funds are all with organisations with credit ratings that comply with the Minister's Order and bear various rates of rates of return between 5.28% and 7% (2005 - 5.76% and 6.01%).

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 6 - CASH ASSETS & INVESTMENT SECURITIES (cont)

RESTRICTED CASH ASSETS & INVESTMENT SECURITIES

	2006 \$'000	2005 \$'000
	Non-Current	Non-Current
Cash Assets	10,013	14,336
Investment Securities	13,792	17,634
TOTAL CASH ASSETS & INVESTMENT SECURITIES	23,805	31,970
External Restrictions	2,006	2,959
Internal Restrictions	18,872	28,859
Unrestricted	2,927	152
	23,805	31,970

DETAILS OF MOVEMENTS OF RESTRICTED CASH ASSETS & INVESTMENT SECURITIES

	Opening Balance 30 June 2005	Movements		Closing Balance 30 June 2006
		Transfers To Restriction	Transfers From Restriction	
	\$'000	\$'000	\$'000	\$'000
External Restrictions				
Included in liabilities				
Unexpended Loans	-	-	-	-
RTA Advances	-	-	-	-
Self Insurance Claims	-	-	-	-
Other	-	-	-	-
Other				
Developer Contributions	2,265	636	568	2,333
RTA Contributions	-	-	-	-
Unexpended Grants	378	714	358	734
Domestic Waste Management	2,931	1,249	244	3,936
Environmental Levy	116	470	583	3
	5,690	3,069	1,753	7,006
Total External Restrictions	5,690	3,069	1,753	7,006

External Restrictions arise pursuant to section 409(3) of the Local Government Act, the Local Government (Financial Management) Regulation 1999 and other applicable legislation. Further information relating to Developer Contributions is provided in Note 17 and Unexpended Grants in Note 3. Amounts raised by special rates (eg. Water & Sewer) or for Domestic Waste Management may only be used for those purposes.

Internal Restrictions

Employee Leave Entitlements	3,599	3,580	4,093	3,086
Replacement - Plant & Vehicles	2,058	436	169	2,325
Office Equipment	1,042	55	552	545
Sinking Funds	142	9	-	151
Other	2,271	2,447	1,022	3,696
Deposits & Bonds	4,174	1,908	1,686	4,396
Sale of Properties	865	163	272	756
Future Loan Repayments	199	183	211	171
Insurance Claims	463	-	-	463
Parking Meters	2,928	268	30	3,166
Capital Works S94 Recovered	1,050	170	258	962
Property Maintenance	2,193	467	768	1,892
Street Tree (Sewer) Aerial Bundling	281	40	84	237
Affordable Housing	74	219	140	153
Drains Condition/Construction	526	97	-	623
Infrastructure	2,511	622	880	2,253
Unexpended Loans	3,099	1,000	2,287	1,812
Urban & Local Roads	230	302	476	56
Workers Compensation	60	130	-	190
Cemetery Funds	1,094	798	789	1,103
Total Internal Restrictions	28,859	12,894	13,717	28,036

Internal Restrictions arise pursuant to resolutions of Council to set aside reserves of cash resources either relating to liabilities recognised in these reports or to fund future expenditure for the stated purpose. Such reserves are not permitted to exceed the amounts of cash assets and cash investments not otherwise

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 7 - RECEIVABLES

	2006 \$'000		2005 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
Rates & Annual Charges	710	160	554	173
Interest & Extra Charges	90	60	89	58
User Charges & Fees	454	-	480	-
Accrued Revenues - User Charges	281	-	273	-
Accrued Revenues - Interest	255	-	78	-
Accrued Revenues - Other	1,199	-	1,033	-
Other levels of Government	76	-	108	-
Parking Fines	2,623	2,268	766	1,421
Other	253	-	154	-
Total	5,941	2,488	3,535	1,652
Less: Allowance for Doubtful Debts				
User Charges & Fees	184	-	140	-
Parking Fines	-	975	-	611
	5,757	1,513	3,395	1,041

Rates, Annual Charges, Interest & Extra Charges

Overdue rates and annual charges (being amounts not paid on or before the due date determined in accordance with the Local Government Act) are secured over the relevant land and are subject to simple interest at a rate of 9.00% (2005: 9.00%). Although Council is not materially exposed to any individual ratepayer, credit risk exposure is concentrated within the Council boundaries in the State of New South Wales.

Other levels of Government

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Government of New South Wales and the Government of Australia.

Parking Fines

Parking Fines issued by Council's Officers are accrued on a yearly basis. There is a provision allowed for as Doubtful Debts based on previous years history. Council does not itself collect these fines as they are processed by the Office of State Debt Recovery, who may write off a number of fines without notifying council, these fines are accounted for as bad debt write offs.

Other Receivables

Amounts due (other than User Charges which are secured over the relevant land) are unsecured and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State of New South Wales.

RESTRICTED RECEIVABLES

Domestic Waste Management	470	-	377	-
Environmental Levy	10	-	9	-
Total Restrictions	480	-	386	-
Unrestricted Receivables	5,277	1,513	3,009	1,041
Total Receivables	5,757	1,513	3,395	1,041

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 8 - INVENTORIES & OTHER ASSETS

	2006 \$'000		2005 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
INVENTORIES				
Stores & Materials	122	-	115	-
Total Inventories	122	-	115	-

Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical inaccuracies during stores operations.

OTHERASSETS				
Prepayments	418	-	847	-
Total Other Assets	418	-	847	-

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 9 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2005 \$'000			CARRYING AMOUNT MOVEMENTS DURING YEAR \$000				2006 \$'000		
	AT COST	ACCUM DEPN	CARRYING AMOUNT	Asset Purchases	Asset Disposals	Depreciation	Impairment	AT COST	ACCUM DEPN	CARRYING AMOUNT
Plant & Equipment	9,377	(4,424)	4,953	1,039	(14)	(1,097)		9,992	(5,111)	4,881
Office Equipment	7,943	(5,892)	2,051	1,000	(2)	(430)		8,119	(5,500)	2,619
Land										
- Operational	25,319		25,319	722				26,041		26,041
- Community	684,924	(155)	684,769			(35)	-	684,924	(190)	684,734
Buildings	70,538	(6,616)	63,922	3,910		(993)		74,448	(7,609)	66,839
Other Structures	16,174	(10,813)	5,361	408		(1,381)		16,582	(12,194)	4,388
Infrastructure										
- Roads, bridges, footpaths	219,865	(74,765)	145,100	4,159		(2,205)	-	224,025	(76,971)	147,054
- Bulk earthworks (non-deprec.)										
- Stormwater drainage	63,148	(23,648)	39,500	161		(631)		63,309	(24,279)	39,030
Other Assets										
- Library Books	4,727	(3,538)	1,189	212		(229)		4,940	(3,768)	1,172
- Other	7,558	(1,825)	5,733	374		(377)		7,931	(2,201)	5,730
Totals	1,109,573	(131,676)	977,897	11,985	(16)	(7,378)	-	1,120,311	(137,823)	982,488

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 9 (cont) - RESTRICTED PROPERTY, PLANT & EQUIPMENT

	2006 \$'000			2005 \$'000		
	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT COST	ACCUM DEPN	CARRYING AMOUNT
Domestic Waste Management						
Plant & Equipment	6,787	2,920	3,867	5,995	2,104	3,891
Total Domestic Waste	6,787	2,920	3,867	5,995	2,104	3,891
TOTAL RESTRICTIONS	6,787	2,920	3,867	5,995	2,104	3,891

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 10 - LIABILITIES

	2006 \$'000		2005 \$'000	
	Current	Non-Current	Current	Non-Current
PAYABLES				
Goods & Services	1,689	-	1,438	-
Goods & Services - Capital	456	-	795	-
Payments received in advance	483	-	520	-
Accrued Expenses - Wages & Salaries	293	-	205	-
Accrued Expenses - Interest on Loans	148	-	169	-
Accrued Expenses - Other	162	-	15	-
Builders Deposits	4,071	-	3,718	-
Deposits, Retentions & Bonds	326	-	456	-
Total Payables	7,628	-	7,316	-
BORROWINGS				
Bank Overdraft	-	-	-	-
Loans	1,557	8,054	2,089	8,648
Total Borrowings	1,557	8,054	2,089	8,648

All interest bearing liabilities are secured over the future revenues of the Council.

PROVISIONS				
Annual Leave	3,135	-	2,684	-
Sick Leave	3,105	-	3,770	-
Long Service Leave	4,979	-	4,814	-
Gratuities	3,851	-	3,893	-
Total Provisions	15,070		15,161	

The following Liabilities, although classified as current, are not expected to be paid within the next twelve months after balance date.

Deposits, Retentions & Bonds	2,804	2,266
Employee Leave Provisions	11,584	11,990
	14,388	14,256

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

NOTE 10 - LIABILITIES (cont)

		2006 \$'000		2005 \$'000	
		<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
LIABILITIES relating to RESTRICTED ASSETS					
<u>Domestic Waste Management</u>					
Payables		470	-	377	-
	Subtotal	470	-	377	-
<u>Environmental Levy</u>					
Payables		10	-	9	-
	Subtotal	10	-	9	-
	TOTAL	480	-	386	-

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note ■■ - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2006 \$'000	2005 \$'000
Total Cash Assets (Note 6)	10,013	14,336
Less: Bank Overdraft (Note 10)		
Balances per Statement of Cash Flows	<u>10,013</u>	<u>14,336</u>

(b) Reconciliation of Change in Net Assets to Cash from Operating Activities

Net Operating Result from Income Statement	12,015	4,685
Add: Depreciation and Amortisation	7,378	6,906
Unwinding of present value discounts & premiums		-
Increase in provision for doubtful debts	408	230
Increase in employee benefits provisions		2,375
Increase in other provisions		
Decrease in receivables		1,052
Decrease in inventories		-
Decrease in other assets	429	280
Increase in trade creditors	214	-
Increase in accrued expenses payable	214	46
Increase in other payables	223	-
Loss on Sale of Assets		-
Equity share of loss in Associates	34	-
Equity adjustment in Associates (decrease)		-
Decrements from Revaluations		-
Loss on Council restructure		-
	<u>20,915</u>	<u>15,574</u>
Less: Decrease in provision for doubtful debts		-
Present value discounts & premiums recognised		-
Decrease in employee benefits provisions	91	-
Decrease in other provisions		-
Increase in receivables	3,300	-
Increase in inventories	7	4
Increase in other assets		-
Decrease in trade creditors		1,197
Decrease in accrued expenses payable		-
Decrease in other payables		28
Gain on Sale of Assets	210	623
Equity share of profit in Associates		-
Equity adjustment in Associates (increase)		109
Fair value adjustments to Investment Properties	3,172	1,903
Fair value adjustments to Financial Assets	758	-
Non-cash Capital Grants and Contributions	2,550	-
Net Cash provided by (or used in) operations	<u>10,827</u>	<u>11,710</u>

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 11 (cont) - RECONCILIATION TO CASH FLOW STATEMENT

	2006 \$'000	2005 \$'000
(c) Non-Cash Financing and Investing Activities		
Acquisition of assets by means of:		
- Developer Contributions received in kind		-
- Other		-
	<u>2,550</u>	<u>-</u>
	<u>2,550</u>	<u>-</u>

(d) Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

Bank Overdrafts		
Total Facilities	250	250
Corporate Credit Cards	20	20

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Interest rates on overdrafts are variable while the rates for loans are fixed for the period of the loan.

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 12 - COMMITMENTS FOR EXPENDITURE

	2006 \$'000	2005 \$'000
(a) Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Roads	-	1,800
Construction of Investment Property	-	-
Buildings	2,922	-
Plant & Equipment	-	663
	<u>2,922</u>	<u>2,463</u>
These expenditures are payable:		
Not later than one year	2,922	-
Later than one year and not later than 5 years	-	2,463
Later than 5 years	-	-
	<u>2,922</u>	<u>2,463</u>

Commitments for Capital Expenditures relating to Joint Ventures and Partnerships are set out in Note 19.

(b) Other Expenditure Commitments

Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

Audit Services	45	80
Waste Management Services	-	-
Repairs & maintenance - Investment Property	-	-
Other	-	-
	<u>45</u>	<u>80</u>
These expenditures are payable:		
Not later than one year	45	38
Later than one year and not later than 5 years	-	42
Later than 5 years	-	-
	<u>45</u>	<u>80</u>

Commitments for other Expenditures relating to Joint Ventures and Partnerships are set out in Note 19.

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 12 (CONT) - COMMITMENTS FOR EXPENDITURE

	2006 \$'000	2005 \$'000
(d) Operating Lease Commitments (Non-Cancellable)		
Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows:		
<u>Total Future Minimum Lease Payments</u>		
Not later than one year	1,513	1,543
Later than one year and not later than 5 years	2,664	2,361
Later than 5 years	-	-
	<u>4,177</u>	<u>3,904</u>

Council has entered into non-cancellable operating leases for various items of computer and other plant and equipment.

Contingent rental payments exist in relation to the lease of one grader if utilisation exceeds 250 hours during any month. No contingent rentals were paid during the current or previous reporting periods.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased. No lease contains any escalation clause.

Commitments for Operating Lease Expenditures relating to Joint Ventures and Partnerships are set out in Note 19.

(e) Remuneration Commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities payable:

Not later than one year	1,030	1,159
Later than one year and not later than 5 years	4,145	4,103
Later than 5 years	-	-
	<u>5,175</u>	<u>5,262</u>

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 13 -STATEMENT OF PERFORMANCE MEASUREMENT

	<u>Amounts</u>	<u>2006 Indicators</u>	2005	2004	2003
Current Ratio					
<u>Current Assets</u>	\$31,274	1.29:1	1.48:1	1.9:1	
Current Liabilities	\$24,255				
Unrestricted Current Ratio					
<u>Unrestricted Current Assets*</u>	\$27,616	2.94:1	3.32:1	3.62:1	3.54:1
Current Liabilities not relating to Restricted Assets	\$9,387				
Debt Service Ratio					
<u>Net Debt Service Cost</u>	\$2,787	3.63%	3.52%	4.23%	4.15%
Operating Revenue	\$76,673				
Rate & Annual Charges Coverage Ratio					
<u>Rates & Annual Charges Revenues</u>	\$32,534	38.55%	41.35%	44.37%	43.99%
Total Revenues	\$84,400				
Rates & Annual Charges Outstanding Percentage					
<u>Rates & Annual Charges Outstanding</u>	\$1,020	3.05%	2.74%	3.44%	2.75%
Rates & Annual Charges Collectible	\$33,478				

Detailed methods of calculation of these indicators is defined in the Code.

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 14 - INVESTMENT PROPERTY

	2006 \$'000	2005 \$'000
At fair value		
Opening balance at 1 July	80,310	78,407
Acquisitions	0	0
Capitalised subsequent expenditure	0	0
Classified as held for sale	0	0
Net gain (loss) from fair value adjustment	3,172	1,903
Transfer (to) from inventories or infrastructure, property, plant & equipment	0	0
Carrying value of disposals	0	0
Closing balance at 30 June	<u>83,482</u>	<u>80,310</u>
Amounts recognised in profit and loss		
Rental income	4,299	3,578
Outgoings recouped	0	0
Net gain (loss) from fair value adjustment	3,172	1,903
	<u>7,471</u>	<u>5,481</u>
Repairs, maintenance & other operating expenses		
- property generating rental income	-1,336	-1,226
- property not generating rental income	0	0
	<u>6,135</u>	<u>4,255</u>

Valuation basis

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction and reflects market conditions at the reporting date.

The 2005 and 2006 valuations were made by Scott Fullarton Valuations Pty Ltd. ACN 003 683 878

Contractual arrangements - see Note 12.

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 15 - FINANCIAL INSTRUMENTS

Interest Rate Risk Exposures

2006	Floating Interest Rate '000	Fixed interest maturing in ≤ 1 year '000	> 1 year ≥ 5 years '000	> 5 years '000	Non- interest bearing '000	Total '000
Financial Assets						
Cash Assets	10,013	-	-	-	-	10,013
Investment Securities	13,792	2,000	9,664	2,500	-	27,956
Receivables						
Rates & Annual Charges	-	710	160	-	-	870
User Charges & Fees	-	-	-	-	270	270
Deferred Debtors	-	-	-	-	-	-
Other levels of Govt.	-	-	-	-	76	76
Retirement Home Contribs.	-	-	-	-	-	-
Other	-	-	-	-	4,319	4,319
Other Financial Assets	-	-	-	-	-	-
Total	23,805	2,710	9,824	2,500	4,665	43,504
Weighted Average Interest Rate	6	6	7	7		
Financial Liabilities						
Payables						
Goods & Services	-	-	-	-	2,145	2,145
Payments in advance	-	-	-	-	483	483
Advances	-	-	-	-	-	-
Retirement Home Contribs.	-	-	-	-	-	-
Deposits, Retentions, Bonds	-	-	-	-	4,071	4,071
Other	-	-	-	-	326	326
Interest Bearing Liabilities	-	1,557	5,968	2,086	-	9,611
Finance Lease Liabilities	-	-	-	-	-	-
Total	-	1,557	5,968	2,086	7,025	16,636
Weighted Average Interest Rate	-	6	6	6		
NET FINANCIAL ASSETS (LIABILITIES)	23,805	1,153	3,856	414	(2,360)	26,868

2005 Comparatives

In accordance with AASB 1.36A, comparative figures are not presented for the first year of adoption of Australian equivalents to International Financial Reporting Standards.

Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any provision for doubtful debts. Except as detailed in Note 7 in relation to individual classes of financial assets, exposure is concentrated within the Council's boundaries within the State of New South Wales, and there is no material exposure to any individual debtor.

Reconciliation of Financial Assets & Liabilities

	2006 \$'000	2005 \$'000
Net financial assets from previous page		
Financial Assets	43,504	40,002
Financial Liabilities	16,636	17,664
	<u>26,868</u>	<u>22,338</u>
Non-financial assets and liabilities		
Accrued Revenues	1,735	1,384
Inventories	122	115
Property, Plant & Equipment	982,488	977,897
Investment Property	83,482	80,310
Interest in Associated Bodies	1,172	1,256
Other Assets	418	847
Accrued Expenses	-603	-389
Provisions	-15,070	-15,161
	<u>1,053,744</u>	<u>1,046,259</u>
Net Assets per Statement of Financial Position	<u>1,080,612</u>	<u>1,068,597</u>

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. With the exception of investments, there is no recognised market for the financial assets of the Council.

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 16 Material Budget Variations

Council's original budget was incorporated as part of the Management Plan adopted by Council in June, 2005. The original projections on which the budget was based have been affected by a number of factors. These include State and Federal Government decisions including new grant programs, changing economic activity, the weather, and by decisions made by Council.

This Note sets out the details of material variations between the original budget and actual results for the Statements of Financial Performance. Material favourable (F) and unfavourable (U) variances amounts of 105 or more of the budget amount.

Revenues

1. Interest on Investment

The actual amount of interest received was above budget by some \$0.366M (F). This was due to under estimating the amount of funds being invested for the year a flow on from the previous year when final estimates were not available, better than expected rates of return and funds being invested for longer periods. Also council does not estimate for Developers Contribution interest as it goes directly into the Developers Contribution Fund and not into Council's General Fund.

2. Other Revenue

Additional revenue on Parking Meter Fines was achieved through the raising of parking fine debtors as a change in council accounting policy, this has resulted in an increase of \$6.5M (F) on the original budget, Waverley Works was up \$0.7M (F) this was due to an expansion of service which came online after the estimates were approved. Also there is an amount of \$3.172M (F) associated with Fair Value adjustments on Investment Property which was not originally estimated for.

3. Grants & Contributions - Capital

A non cash amount of \$2.55M (F) was received for Affordable Housing in the form of several units being given to Council for increased floor space ratio in accordance with Council's planning agreement.

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 16 Material Budget Variations

Expenses

AIFR's changes to Note 4 with regard to what constitutes Materials & Contractors and Other Expenses the budgeted forecast figures have been altered from those submitted to the Department of Local Government at the commencement of the Financial Year to reflect those changes, however the overall bottom line has not changed.

1. Materials & Contracts

Variations to this item is primarily due to GST compliance with Christmas/New Year contractor \$0.23M (U), also an increase in Temporary Staff of \$0.09M (U) not originally budgeted for.

2. Borrowing Costs.

The original estimate was based on greater borrowing than actually occurred.

3. Other Expenses

Variations to this item was primarily due to a change in accounting principles for Accruing Parking Fines which saw provision and write off of Parking Fines as a bad debt \$1.36M (U). Also an increase in Advertising Expenses \$0.08M and Family Day Care Subsidy Payments \$0.145M (U).

In addition to the above mentioned items, minor favourable and unfavourable variations occurred throughout the year in a number of revenue and expense items. All variations were monitored and were reported to Council on a quarterly basis.

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 17 - STATEMENT OF CONTRIBUTION PLANS

SUMMARY OF CONTRIBUTIONS

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENSE DURING YEAR	INTERNAL BORROW- INGS (to)/from	HELD AS RESTR- ICTED ASSET
		CASH	NON-CASH				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Roads	27			1	(4)		24
Traffic Facilities	1,024	18		55	(213)		884
Parking	272	2		15			289
Open Space		6			(6)		
Community facilities	252	114		15	(195)		186
Housing	174			9	(1)		182
Other	8	6		1	(15)		
Subtotal S94 under plans	1,757	146		96	(434)		1,565
Sec 94 not under plans	198			10	(68)		140
Sec 94A levies		221		1	(66)		156
Planning Agreements	310	139		23			472
Sec 64 Contributions							
Total Contributions	2,265	506		130	(568)		2,333

Note: The above summary of contribution plans represents the total of Council's individual contribution plans. Individual plan details are shown below.

CONTRIBUTION PLAN - 1992

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENSE DURING YEAR	INTERNAL BORROW- INGS (to)/from	HELD AS RESTR- ICTED ASSET
		CASH	NON-CASH				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Roads							
Traffic Facilities							
Parking							
Open Space							
Community facilities	173			9			182
Housing							
Other							
Total	173			9			182

CONTRIBUTION PLAN - 1998

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENSE DURING YEAR	INTERNAL BORROW- INGS (to)/from	HELD AS RESTR- ICTED ASSET
		CASH	NON-CASH				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Roads	22			1	-4		19
Traffic Facilities	1,001			53	-213		841
Parking	88			5			93
Open Space							
Community facilities	3	1					4
Housing	174			9	-1		182
Other							
Total	1,288	1		68	(218)		1,139

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 17 -STATEMENT OF CONTRIBUTION PLANS (cont)

CONTRIBUTION PLAN - 2004

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENSE DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000
		CASH \$'000	NON-CASH \$'000				
Roads	5						5
Traffic Facilities	23	18		2			43
Parking	184	2		10			196
Open Space		6			-6		
Community facilities	76	113		6	-195		
Housing							
Other	8	6		1	-15		
Total	296	145		19	(216)		244

CONTRIBUTIONS NOT UNDER PLANS

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENSE DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000
		CASH \$'000	NON-CASH \$'000				
Roads							
Traffic Facilities							
Parking	198			10	-68		140
Open Space							
Community facilities							
Housing							
Other							
Total	198			10	(68)		140

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 18 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

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

STATECOVER MUTUAL Ltd

Council holds a partly paid share in State Cover 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 base of the company as a result of the company's past performance and/or claims experience.

Statecover has issued shares with no par value and may make calls on its members to meet trading losses and to comply with prudential requirements. There is no recognised market for the sale of Statecover shares.

LEGAL EXPENSES

Council is the planning consent authority for its area under the Environmental Planning & Assessment Act (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal to the Land & Environment Court. It is the Court's normal practice that parties bear their own legal costs. At the date of these reports, all known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

Affordable Housing

Under Council's Development Consent Policy ■ (DCP1) developers can if they wish so gain increased floor space ratio. To offset the increased floor space ratio the developer makes available to council Affordable Housing for low to moderate income persons. Council and the applicant enter into a Deed of Agreement to offer council a unit or units in either perpetuity or fixed periods of time. These units are managed by a Community Organisation identified by Council. Affordable Housing units offered to council in perpetuity are recognised as an asset while those fixed for periods of time are not recognised in council's accounts.

Waverley Woollahra Processing Plant

Waverley and Woollahra Councils have resolved to sell the Process Plant site. The site requires remediation. The remediation costs for the site have been estimated to be in the order of \$1.7 million. Council believes, based on expert estimate, that the site is worth significantly more than the cost of remediation.

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 19 - JOINT VENTURES & ASSOCIATED ENTITIES

Council participates in a number of cooperative arrangements with other Councils and other bodies. Depending on the extent of Council's interest and "control", these are set out in the following parts to this Note.

- Note 19 (a) - Council's interest and "control" exceeds 50% of the cooperative organisation.
- Note 19 (b) - Entities of which no one member has "control".
- Note 19 (c) - Entities of which another member has "control".
- Note 19 (d) - Joint venture operations not comprising an entity.
- Note 19 (e) - Joint ventures not recognised.

(a) - Cooperative Organisations "Controlled" by Council

Not applicable to Council.

(b) - Entities not "Controlled" by any member

Council participates in the following cooperative organisations, the activities of which are not controlled by any one member:

Waverley/Woollahra Process Plant

Established by Waverley and Woollahra Council's this organisation was responsible for the incineration of and disposal of waste within the Sydney Metropolitan area.

In late November, 1996 the plant ceased operations and is now under care and maintenance. The plant owners are now finalising the remediation of the site prior to disposing of the asset.

Premature Insurance Pool

Premature is an insurance pool consisting of Manly, Waverley and Woollahra Council's.

Waverley/Woollahra Process Plant

Council's respective interests are:

- interest in outputs of the joint operation
- ownership interest in the joint operation
- the proportion of voting power in the joint operation

	2006	2005
<u>Movements in Investment in Joint Operation</u>	<u>\$'000</u>	<u>\$'000</u>
Opening Balance	1,238	1,325
Amount recognised on adoption of AAS19		
New Capital Contributions		
Share in Operating Result	-46	-37
Distributions Received	-50	-50
Adjustment to Equity Share		
Share in Equity of Joint Operation	1,142	1,238

In accordance with the Code of Accounting Practice, reserves other than Asset Revaluation Reserve have been treated as internal restrictions of cash and investments, and are included in the Share in Equity of the Joint Operation.

Expenditure Commitments

Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

Capital Expenditures payable

- Not later than one year
- Later than one year and not later than 5 years
- Later than 5 years

0	0

Operating Expenditures payable

- Not later than one year
- Later than one year and not later than 5 years
- Later than 5 years

0	0

Contingent Liabilities

Each member of the operation is jointly and severally liable for the debts of the operation

- arising from Council's share of the joint operation
- arising from joint and several liability of all members

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 19 (b) (cont) - Entities not "Controlled" by any member

Premature Insurance	2006	2005
Council's respective interests are:		
- interest in outputs of the joint operation	24%	24%
- ownership interest in the joint operation	24%	24%
- the proportion of voting power in the joint operation	33%	33%
Movements in Investment in Joint Operation	\$'000	\$'000
Opening Balance	18	-128
Amount recognised on adoption of AAS19		
New Capital Contributions		
Share in Operating Result	12	146
Distributions Received		
Adjustment to Equity Share		
Share in Equity of Joint Operation	30	18

In accordance with the Code of Accounting Practice, reserves other than Asset Revaluation Reserve have been treated as internal restrictions of cash and investments, and are included in the Share in Equity of the Joint Operation.

Expenditure Commitments

Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

Capital Expenditures payable

Not later than one year
Later than one year and not later than 5 years
Later than 5 years

0	0

Operating Expenditures payable

Not later than one year
Later than one year and not later than 5 years
Later than 5 years

0	0

Contingent Liabilities

Each member of the operation is jointly and severally liable for the debts of the operation

- arising from Council's share of the joint operation
- arising from joint and several liability of all members

Revenues, expenses, assets and liabilities of these operations included within these reports in accordance with Australian Accounting Standard AAS 19 "Accounting for Interests in Joint Ventures" are summarised below. Reporting periods and accounting policies adopted by both joint operations conform to those adopted by Council. No events have occurred after balance date the financial effects of which may materially affect the financial or operating performance of the joint operations for the next reporting period.

	2006	2005
	\$'000	\$'000
Operating Statement		
Share of joint venture revenues in operating revenues	70	270
Share of joint venture costs in operating expenses	104	161
Net Contribution	-34	109
Statement of Financial Position		
Current Assets	393	601
Non-Current Assets	858	858
Share of Assets employed in Joint Ventures	1,251	1,459
Current Liabilities	79	203
Non-Current Liabilities	0	0
Share of Liabilities incurred in Joint Ventures	79	203
NET INTEREST IN JOINT VENTURES	1,172	1,256

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

Note 19 (cont) - JOINT VENTURES & ASSOCIATED ENTITIES

(c) - Entities "controlled" by another member

Not applicable to Council.

(d) -Joint venture operations not comprising an entity

Not applicable to Council.

(e) -Joint venture operations not recognised

Not applicable to Council.

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

NOTE 21 - IMPACTS OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

As a result of the adoption of Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005, the amounts shown in the comparative 2005 figures in these financial statements differ from the amounts shown in Council's 2005 Annual Financial Statements prepared under the then generally accepted accounting principles (GAAP). The amounts shown in the 2005 comparatives are reconciled to Council's 2005 GAAP financial statements as follows:

	\$'000
(a) Reconciliation of Equity at 1 July 2004	
Equity 1 July 2004 in accordance with GAAP	1,032,715
1. Investment Property (AASB 140)	
Council has identified certain properties as Investment Properties and, pursuant to AASB 140.30 has elected to adopt the fair value model.	
Under GAAP these assets were recorded at cost.	
Net increase (decrease) in carrying value of Investment Property	29,818
2. Employee Benefits Provisions (AASB 117)	
Liabilities for employee benefits (other than long service leave) payable more than 12 months beyond reporting date, were measured under GAAP at nominal values, but are measured under AIFRS as the present value of the future cash outflows.	
Net (increase) decrease in provision for Employee Benefits	46
3. Change in Accounting Policy - Parking Fines (AASB 108)	
Council decided to account for Parking Fines on an accrual basis other than on a cash basis and is required to retrospectively adjust opening balances in accordance with AASB 108.	
Net increase (decrease) in Receivables	1,438
4. Change in Accounting Policy - StateCover Capital Levy (AASB 108)	
Council has decided to no longer capitalise Capital Levy paid to StateCover on the basis that it is non refundable upon leaving the scheme. Council is therefore required to retrospectively adjust opening balances in accordance with AASB 108.	
Net increase (decrease) in Other assets	(105)
Net change in opening Equity	31,197
Equity 1 July 2004 in accordance with AIFRS	1,063,912

(b) Reconciliation of 2005 Statement of Financial Position (GAAP) with 2005 comparative Balance Sheet (AIFRS)

5. Investment Property (AASB 140)	
Consequent on the decision in 1. above, the identified investment properties have been removed from Infrastructure, Property, Plant & Equipment and separately disclosed in the Balance Sheet. Subsequent movements include recognition at fair value at 1 July 2004, the reversal of depreciation charged in 2005 under GAAP and the change in fair value during the 2005 reporting period.	
Carrying value of Investment Property at 1 July 2004 removed from Infrastructure, Property, Plant & Equipment	(48,589)
Net fair value of Investment Property at 1 July 2004	78,407
Net increase (decrease) in fair value of Investment Property during year	1,903
Depreciation charged under GAAP now reversed	(291)
6. Employee Benefits Provisions (AASB 117)	
Liabilities for employee benefits (other than long service leave) payable more than 12 months beyond reporting date, were measured under GAAP at nominal values, but are measured under AIFRS as the present value of the future cash outflows.	
Net (increase) decrease in provision at 1 July 2004	46
Net (increase) decrease in 2005 reporting period expense	15

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

NOTE 21 (cont) - Transition to AIFRS

7. Change in Accounting Policy - Parking Fines (AASB 108)

As explained in notes 3. above and 11. below, the following adjustments have been made in relation to this item:

Net increase (decrease) in Receivables 1,576

8. Change in Accounting Policy - StateCover Capital Levy (AASB 108)

As explained in notes 4. above and 13 below, the following adjustments have been made in relation to this item.

Net increase (decrease) in Other assets (218)

9. Reallocation - Non-current/Current

Change in the definition of current assets and current liabilities has resulted in a transfer of amounts of cash and investments and provisions from non-current to current.

Transfer from current to non-current asset 2,249

Transfer from non-current to current liability 14,249

	Notes	GAAP \$'000	Adjustments \$'000	AIFRS \$'000
Current Assets				
Cash & Cash Equivalents		34,219	(19,883)	14,336
Investment Securities		-	17,634	17,634
Receivables		2,629	766	3,395
Inventories		115		115
Other		847		847
Non-current Assets held for sale				
Non-current Assets				
Cash & Cash Equivalents		2,731	(2,731)	
Investment Securities			4,980	4,980
Receivables		231	810	1,041
Inventories				
Investments accounted for using the equity method		1,256		1,256
Infrastructure, Property, Plant & Equipment		1,026,195	(48,298)	977,897
Investment Property		-	80,310	80,310
Intangible Assets				
Other Non-current Assets		218	(218)	
Total Assets		1,068,441	33,370	1,101,811
Current Liabilities				
Payables		5,050	2,266	7,316
Borrowings		2,089		2,089
Provisions		3,239	11,922	15,161
Non-current Liabilities				
Payables		2,266	(2,266)	
Borrowings		8,648		8,648
Provisions		11,983	(11,983)	
Total Liabilities		33,275	(61)	33,214
NET ASSETS		1,035,166	33,431	1,068,597
EQUITY				
Accumulated Surplus		1,035,166	33,431	1,068,597
Asset Revaluation Reserves				
Minority Interest				
TOTAL EQUITY		1,035,166	33,431	1,068,597

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

NOTE 21 (cont) - Transition to AIFRS

(c) Reconciliation of **2005** Statement of Financial Performance (GAAP)
with **2005 comparative Income Statement (AIFRS)**

10. Investment Property (AASB 140)

Consequent on the decision in 1. above, recognises the net change in fair value of investment properties in the Income Statement (recognised through Asset Revaluation Reserve under GAAP), and does not charge depreciation on Investment Property carried at fair value.

Net increase (decrease) in fair value of Investment Property
Depreciation charged under GAAP now reversed.

1,903
291

11. Change in Accounting Policy - Parking Fines (AASB 108)

Refer to above note 3.

Net increase (decrease) in Parking Fines Revenue
Net (increase) decrease in Parking Fine abandonments

349
(211)

12. Employee Benefits Provisions (AASB 117)

Liabilities for employee benefits (other than long service leave) payable more than 12 months beyond reporting date, were measured under GAAP at nominal values, but are measured under AIFRS as the present value of the future cash outflows. Unwinding of present value discounts are to be separately disclosed where material.

Net (increase) decrease in employee benefit expense
Unwinding of present value discount (borrowing expense)

15

13. Change in Accounting Policy - StateCover (AASB 108)

Refer to above 4.

Net (increase) decrease in Workers Compensation Expenses

(113)

	Notes	GAAP \$'000	Adjustments \$'000	AIFRS \$'000
REVENUES				
Rates & Annual Charges		31,179		31,179
User Charges & Fees		19,531		19,531
Investment Revenues		2,243		2,243
Other Revenues		12,066	2,252	14,318
Grants & Contributions - Operating		5,357		5,357
Grants & Contributions - Capital		2,043		2,043
Profit from Disposal of Assets		623		623
Profit from interests in Joint Ventures & Associates		109		109
Total Revenues		73,151	2,252	75,403
EXPENSES				
Employee Costs		32,697	98	32,795
Materials & Contracts		12,260	-	12,260
Borrowing Costs		660		660
Depreciation & Amortisation		7,197	(291)	6,906
Other Expenses		17,886	211	18,097
Loss from Disposal of Assets				
Loss from interests in Joint Ventures & Associates				
Total Expenses		70,700	18	70,718
Operating Result from continuing operations		2,451	2,234	4,685
Operating result from discontinued operations				
Gain (loss) on restructure				
NET OPERATING RESULT FOR YEAR		2,451	2,234	4,685

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

NOTE 21 (cont) - Transition to AIFRS

(d) Reconciliation of Statement of Cash Flows

The adoption of AIFRS has not resulted in any material adjustments to the Statement of Cash Flows.

These adjustments affect asset & liability balances as follows:

Net increment (decrement) to Cash & Cash Equivalents	(19,883)
Net increment (decrement) to Investment Securities	19,883
Net increment (decrement) to Receivables	
Net (increment) decrement to Borrowings	

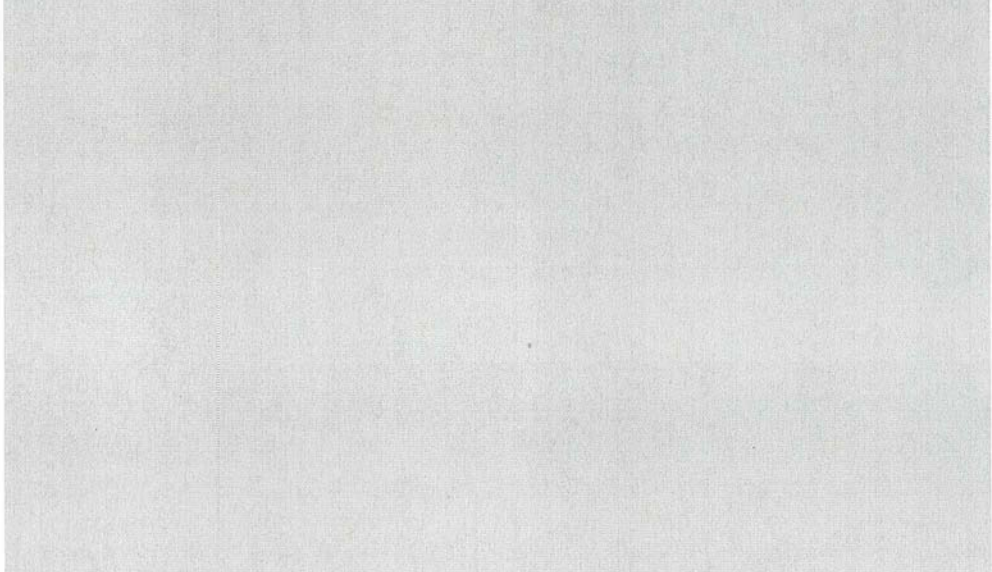
	AIFRS 30/6/2005 \$'000	Adjustments \$'000	AIFRS 1/7/2005 \$'000
Notes			
Accumulated Surplus	1,068,597		1,068,597
Asset Revaluation Reserves			
Other Reserves			
Minority Interest		-	-
TOTAL EQUITY	1,068,597	-	1,068,597

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2006

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

The owners Waverley and Woolahra Council's have resolved to dispose of their Joint Venture operation (Waverley Woollahra Process Plant). The plant ceased operations in November 1996 and has been under care and maintenance since. The land is currently available for sale.





WAVERLEY COUNCIL
GENERAL PURPOSE FINANCIAL REPORT
INDEPENDENT AUDITORS' REPORT

SCOPE

We have audited the *general purpose financial report* of Waverley Council 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 nor the projected future developers contributions and costs disclosed in Note 17 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.

INHERENT UNCERTAINTY REGARDING JOINT VENTURE

Without qualification to the opinion expressed above, attention is drawn to the disclosure in Notes 18 & 22 relating to the Waverley Woollahra Process Plant Joint Committee. The as yet unaudited accounts of the Joint Venture have been prepared on the going concern basis and have been consolidated as a current asset. As the Plant ceased operations in November 1996 and the Councils have resolved to sell the site as disclosed in Notes 18 & 22, we are unable to form an opinion on whether the going concern basis is appropriate and whether or not any provision should be made for site restoration.

SPENCER STEER
Chartered Accountants



N. MAH CHUT
Partner

Dated at Sydney this 18th day of October 2006



SPENCER STEER
CHARTERED ACCOUNTANTS

18 October 2006

The Mayor
Waverley Council
PO Box 9
BONDI JUNCTION NSW 2022

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(a) 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 \$12.015 million as compared with a Surplus of \$4.685 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 \$000	% of Total	2005 \$000	% of Total	Increase (Decrease) \$000
Revenues before capital items					
Rates & annual charges	32,534	41%	31,179	43%	1,355
User charges, fees & other revenues	39,709	49%	34,531	47%	5,178
Grants & contributions provided for operating purposes	5,663	7%	5,407	7%	256
Interest & investment revenue	2,381	3%	2,243	3%	138
	80,287	100%	73,360	100%	6,927
Expenses					
Employee benefits & costs	35,020	48%	32,795	46%	2,225
Materials, contracts & other expenses	29,326	41%	30,357	43%	(1,031)
Depreciation, amortisation & impairment	7,378	10%	6,906	10%	472
Borrowing costs	661	1%	660	1%	1
	72,385	100%	70,718	100%	1,667
Surplus(Deficit) before capital items	\$ 7,902		\$ 2,642		\$ 5,260
Grants & contributions provided for capital purposes	4,113		2,043		2,070
Net Surplus(Deficit) for the year	\$ 12,015		\$ 4,685		\$ 7,330

The table above shows an overall increase over the previous year of \$7.330 million. Fluctuations of note consisted of;

- rates levied for the year increased by \$734,000 to \$22.901 million.
- domestic waste management charges increased by \$621,000 to \$9.633 million.
- the net increase in other ordinary revenues - \$5.178 million included;
 - increased fines (up \$6.554 million to \$12.883 million), increased car parking and parking meter fees (up \$1.383 million to \$8.182 million) and the value of investment properties which increased by \$3.172 million (\$1.903 million in 2005).
 - offset by a decrease in insurance claims (in the previous year a reimbursement of the settlement in regard to the Swain case from Council's insurers was received amounting to \$4.227 million).
- employee costs rose by \$2.225 million and can be attributed to award increases and restructuring.



- the net decrease in other operating expenses of \$1.031 million included;
 - increases in materials and contracts of \$2.832 million and abandonment of fines of \$1.149 million.
 - offset by the High Court settlement in regard to the Swain case which amounted to \$5.255 million (\$4.227 million reimbursed) in the previous year.

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
Funds were provided by:-		
Operating Result (as above)	12,015	4,685
Add back non funding items:-		
Depreciation, amortisation & impairment	7,378	6,906
- Book value of non current assets sold	16	65
- (Gain)Loss of fair value to investment properties	(3,172)	(1,903)
- (Surplus)Deficit in joint ventures	34	(109)
	<u>16,271</u>	<u>9,644</u>
New loan borrowings	1,000	2,000
Transfers from externally restricted assets (net)	953	4,899
Transfers from internal reserves (net)	9,987	0
Distributions from joint ventures	50	50
Net Changes in current/non current assets & liabilities	0	2,526
	<u>28,261</u>	<u>19,119</u>
Funds were applied to:-		
Purchase and construction of assets	(11,985)	(13,465)
Increase/Purchase in Non Current Investments	(9,184)	(4,980)
Principal repaid on loans	(2,126)	(1,797)
Transfers to internal reserves (net)	0	(1,222)
Net Changes in current/non current assets & liabilities	(340)	0
	<u>(23,635)</u>	<u>(21,464)</u>
Increase(Decrease) in Available Working Capital	4,626	(2,345)

2. FINANCIAL POSITION

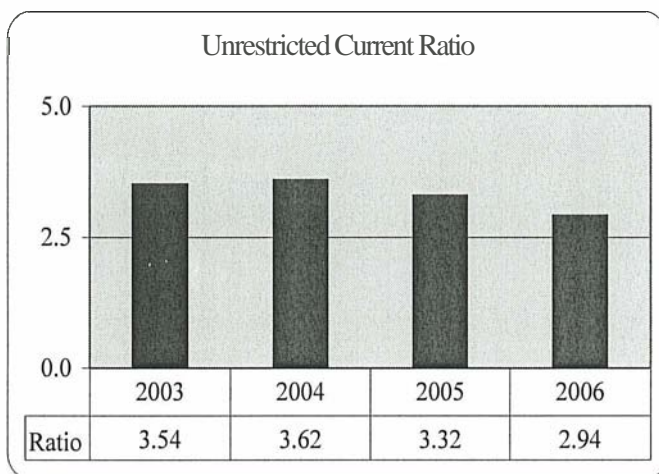
2.1 Current Ratios

The **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 \$7.019 million representing a factor of 1.29 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 **2.94 to 1** and it in fact represents the general funds of Council.



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.

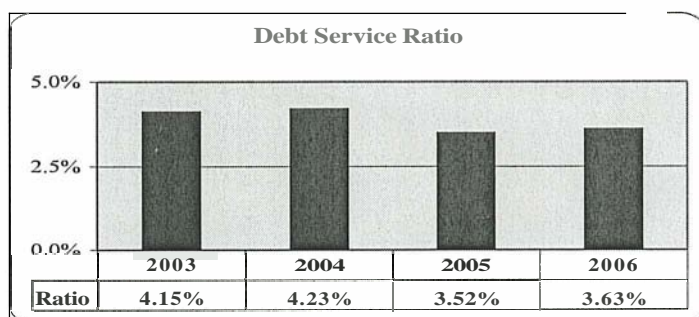
At the close of the year Available Working Capital stood at \$5.993 million as detailed below;

	2006	2005	Change
	\$000	\$000	\$000
Net Current Assets (Working Capital) as per Accounts	7,019	13,017	(5,998)
<i>Add:</i> Payables, provisions & receivables not expected to be realised in the next 12 months included above	13,216	13,000	216
Adjusted Net Current Assets	20,235	26,017	(5,782)
<i>Add:</i> Budgeted & expected to pay & receive in the next 12 months			
- Borrowings	1,557	2,089	(532)
- Employees leave entitlements	3,486	3,171	315
- Deposits & retention moneys	1,593	1,908	(315)
<i>Less:</i> Externally restricted assets	(2,006)	(2,959)	953
<i>Less:</i> Internally restricted assets	(18,872)	(28,859)	9,987
Available Working Capital as at 30 June	\$ 5,993	\$ 1,367	\$ 4,626

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 3.63%.



2.4 Summary

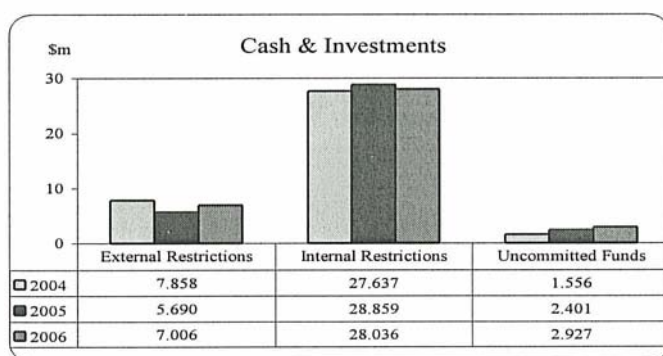
Council's overall financial position, when taking into account the above financial indicators is, in our opinion, sound.

3. CASH ASSETS

3.1 Cash & Investments

Highly liquid cash (\$10.013 million) and investments (\$27.956 million) totalled \$37.969 million at the close of the year as compared with \$36.950 million in 2005 and \$37.051 million in 2004.

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



Externally restricted cash and investments are restricted in their use by externally imposed requirements and consisted of unexpended development contributions under Section 94 of \$2.333 million, domestic waste management charges of \$3.936 million and specific purpose grants and environmental levies of \$737,000.

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 "**Resewes**". These Reserves totalled \$28.036 million and their purposes are more fully disclosed in Note 6 of the financial statements.

Unrestricted cash and investments amounted to \$2.927 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 Assets decreased by \$4.323 million to \$10.013 million at the close of the year.

In addition to operating activities which contributed net cash of \$10.827 million were the proceeds from the redemption of investment securities (\$8.6 million), sale of assets (\$284,000), new loans (\$1 million) and distributions from joint ventures (\$50,000). Cash outflows other than operating activities were used to repay loans (\$2.126 million), purchase investment securities (\$13.184 million) and to purchase and construct assets (\$9.774 million).

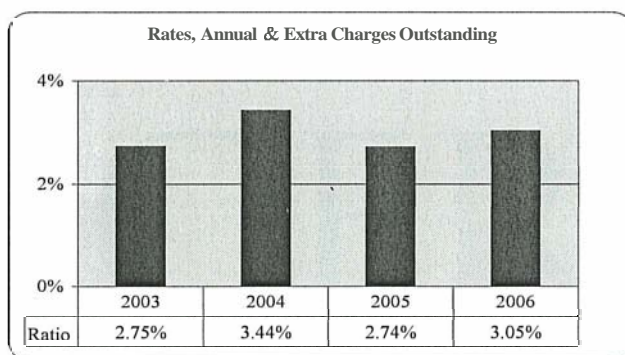
4. RECEIVABLES

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

Net rates and annual charges levied during the year totalled \$32.534 million. Including arrears, the total rates and annual charges collectible was \$33.261 million of which \$32.391 million (97.38%) was collected.

4.2 *Rates, Annual & Extra Charges*

Arrears of rates, annual & extra charges stood at \$1.020 million at the end of the year & represented 3.05% of those receivables.



4.3 *Other Receivables*

Receivables (other than rates & annual charges) totalled \$7.409 million and included parking fines of \$5.876 million. Those considered to be uncertain of collection have been provided for as doubtful debts amounting to \$1.159 million of which unpaid parking fines accounted for \$975,000.

5. PAYABLES

5.1 *Employees Leave Entitlements*

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$15.070 million. Internally restricted cash and investments of \$3.086 million was held representing 20.48% of this liability and was, in our opinion, adequate to enable Council to meet unbudgeted and unanticipated retirements.



SPENCER STEER
CHARTERED ACCOUNTANTS

5.2 *Deposits, Retentions & Bonds*

Deposits, retentions and bonds held at year end amounted to \$4.397 million and were fully funded by internally restricted cash and investments.

6. CONCLUSION

We wish to record our appreciation to your General Manager and her 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

WAVERLEY COUNCIL
Special Purpose Financial Reports
for the year ended 30th June 2006

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WAVERLEY COUNCIL

SPECIAL PURPOSE FINANCIAL STATEMENTS 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 drawn up 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".
- Financial Statement Guidelines for NSW Councils.

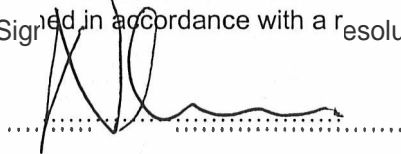
To the best of our knowledge and belief, these reports

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

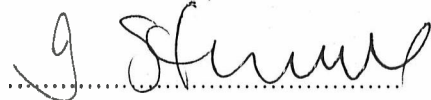
We are not aware of any matter that would render the reports false or misleading in any way.

The Special Purpose Financial Reports were completed by the 31 August, 2006 and were ready for audit.

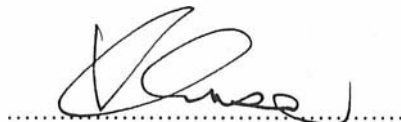
Signed in accordance with a resolution of Council made on 3rd October, 2006.



MAYOR



COUNCILLOR



**GENERAL MANAGER
PRINCIPAL ACCOUNTING OFFICER**

WAVERLEY COUNCIL

INCOME STATEMENT BY BUSINESS ACTIVITIES
for the year ended 30th June 2006

	Notes	BUSINESS ACTIVITIES							
		Property '000		Commercial Waste '000		Printing '000		Cemetery '000	
		2006	2005	2006	2005	2006	2005	2006	2005
REVENUE FROM CONTINUING OPERATIONS									
Rates & Annual Charges	A4	5,114	4,473	1,844	1,487	197	201	730	882
User Charges & Fees	A4							67	74
Interest Received	A4							1	2
Grants & Contributions - Operating	A4								
Gain on Disposal of Assets	A5								
Other Operating Revenues	A4	3,172	1,903						
TOTAL		8,286	6,376	1,844	1,487	197	201	798	958
EXPENSES FROM CONTINUING OPERATIONS									
Employee Costs	A3	57	102	921	895	62	51	446	475
Materials & Contracts	A3	963	893	143	205	33	46	243	115
Borrowing Costs	A3								
Depreciation & Amortisation	A3	80	92	43	43	3	3	37	30
Other Operating Expenses	A3	693	661	470	433	75	51	100	251
Loss on Disposal of Assets	A5								
NCP Imputation Payments	2	1,793	1,748	1,577	1,576	173	151	826	871
TOTAL									
CONTINUING OPERATIONS RESULT		6,493	4,628	267	(89)	24	50	(28)	87
BEFORE CAPITAL AMOUNTS									
Grants & Contributions - Capital	A4		200						
RESULT FROM ORDINARY ACTIVITIES		6,493	4,828	267	(89)	24	50	(28)	87
Discontinued Operations									
SURPLUS (DEFICIT) BEFORE TAX		6,493	4,828	267	(89)	24	50	(28)	87
Corporate Taxation Equivalent	2	1,948	1,388	80	-	7	15	-	26
SURPLUS (DEFICIT) FOR YEAR		4,545	3,440	187	(89)	17	35	(28)	61
Add: Accumulated Profits brought forward		99,007	97,871	(46)	43	17	(8)	137,355	137,297
NCP Imputation Payments retained	1	996	730	80	-	7	15	-	26
Less: Dividends Paid - TER		(4,200)	(3,034)	(308)	-	(24)	(25)	36	(29)
ACCUMULATED SURPLUS	2	100,348	99,007	(87)	(46)	17	17	137,363	137,355
RATE OF RETURN ON CAPITAL	2	39.48%	25.46%	210.24%	NIL	133.33%	277.78%	NIL	0.06%
NOTIONAL SUBSIDY FROM COUNCIL	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This Statement is to be read in conjunction with the attached Notes.

WAVERLEY COUNCIL

STATEMENT OF FINANCIAL POSITION by BUSINESS ACTIVITIES
for the year ended 30th June 2006

		BUSINESS ACTIVITIES							
		Property '000		CommercialWaste '000		Printing '000		Cemetery '000	
		2006	2005	2006	2005	2006	2005	2006	2005
CURRENT ASSETS	Notes								
Cash & cash equivalents	A6	516	416					113	96
Investments	A6							989	996
Receivables	A7	69	245	98	77			2	2
Inventories	A8								
Other	A8								
TOTAL CURRENT ASSETS		585	661	98	77			1,104	1,094
NON-CURRENT ASSETS									
Investments	A6								
Receivables	A7								
Inventories	A8								
Property, Plant & Equipment	A9	16,448	18,177	127	170	18	18	136,548	136,585
Equity accounted investments	A19								
Investment Property		83,482	80,310						
Other	A8								
TOTAL NON-CURRENT ASSETS		99,930	98,487	127	170	18	18	136,548	136,585
TOTAL ASSETS		100,515	99,148	225	247	18	18	137,652	137,679
CURRENT LIABILITIES									
Payables	A10	83	97	20	20			12	74
Interest bearing liabilities	A10								
Provisions	A10	84	44	292	273	1	1	277	250
TOTAL CURRENT LIABILITIES		167	141	312	293	1	1	289	324
NON-CURRENT LIABILITIES									
Payables	A10								
Interest bearing liabilities	A10								
Provisions	A10								
TOTAL NON CURRENT LIABILITIES									
TOTAL LIABILITIES		167	141	312	293	1	1	289	324
NET ASSETS		\$ 100,348	99,007	(87)	(46)	17	17	137,363	137,355
EQUITY									
Accumulated Surplus		100,348	99,007	(87)	(46)	17	17	137,363	137,355
Asset Revaluation Reserve									
TOTAL EQUITY		\$ 100,348	99,007	(87)	(46)	17	17	137,363	137,355

This Statement is to be read in conjunction with the attached Notes

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL REPORTS

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

1. The Special Purpose Financial Reports

These financial statements are a Special Purpose Financial Report prepared for use by the Council and the Department of Local Government. They have been prepared to report the results of Business Units determined by Council in accordance with the requirements of National Competition Policy guidelines.

In preparing these reports, each Business Unit has been viewed as a separate unit, and accordingly transactions between different Business Units, and between Business Units and other Council operations, have not been eliminated.

2. Basis of Accounting

2.1 Compliance

The financial reports comply with the Local Government Code of Accounting Practice and Financial Reporting and the Local Government Asset Accounting Manual, and with the principles of the June 1996 NSW Government Policy Statement "Application of National Competition Policy to Local Government" and the Department of Local Government's July 1997 guidelines "Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality".

Except where directed to the contrary by the above documents, the financial report also complies with all applicable Australian Accounting Standards, and is based on information consistent with that forming the basis of Council's Annual Financial Statements for the year.

2.2 Basis

The financial report have been prepared on the accrual basis of accounting and, except where specifically indicated in these Notes or in the Notes to the Annual Financial Statements, in accordance with the historical cost convention.

3. National Competition Policy

In accordance with the framework set out in the June 1996 NSW Government Policy Statement "Application of National Competition Policy to Local Government" and other guidelines and documentation in relation to this matter, Council has declared that the following are to be considered as Business Units:

Waverley Council Property Services

Comprising the whole of the operations and assets of the property services, commercial properties controlled by Waverley Council. As the total annual operating revenues exceed \$2,000,000, it is defined as a "Category 1" Business Unit.

Waverley Council Trade Waste Services

Comprising the whole of the operations and assets of the commercial waste services which service the area of Waverley. This service collects and disposes of waste collected from commercial premises. As the total annual operating revenues are less than \$2,000,000, it is defined as a "Category 2" Business Unit.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1 - Significant Accounting Policies (cont)

Waverley & South Head Cemeteries

Comprising the whole of the operations and assets of both the Waverley & South Head Cemeteries. This business operates from offices located at Waverley Cemetery dealing with maintenance, sales and burials. As the total annual operating revenues are less than \$2,000,000, it is defined as a "Category 2 Business Unit."

Waverley Council Print Shop

Comprising the whole of the operations and assets of the Waverley Council in house print shop. This business supplies printing requirements throughout the council operations. As the total annual operating revenues are less than \$2,000,000, it is defined as a "Category 2 Business Unit."

The Department of Local Government's July 1997 guidelines *"Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality"* 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, rate of return on investments in Business Units and dividends paid.

3.1 Taxation Equivalent Payments

Council does not pay certain taxes and duties that are paid by equivalent private sector operations, but is liable for others. The Special Purpose Financial Reports disclose the effect of imputing these taxes to the declared Business Units at the several rates that would have applied to equivalent private sector operations.

Details of the rates of each tax or duty applicable to each different business unit are set out in Note 2. The narration "applies" indicates that the tax or duty has in fact been paid to the taxing authority by the Business Unit, and that these costs have been included in actual Operating Expenses, and the narration "various" indicates that Council has based the calculation of imputed tax on the differing rates of tax or duty applicable to different purchases.

3.2 Council Rates, Charges & Fees

Council rates have been *imputed* in relation to all non-rateable land, and *applied* in relation to all rateable land, owned or exclusively used by all Business Units. Annual and User Charges, and Regulatory and Other Fees, have been *applied* in relation to all services supplied to Business Units by Council or other Business Units.

3.3 Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that Council's Business Units face equivalent commercial borrowing costs to private sector competitors. In order to calculate the debt guarantee fees, Council has determined the average differential between actual and commercial borrowing rates for each Business Unit.

3.4 Corporate Taxation Equivalent

In accordance with the Code of Local Government Accounting Practice and Financial Reporting, income taxation has been calculated on the Operating Result before capital Amounts disclosed in the Operating Statement of the Special Purpose Financial Reports. No allowance has been made for non-deductible items, timing differences or carried forward losses. Australian Accounting Standard AAS 3 "Accounting for Income Tax (Tax Effect Accounting)" has not been applied.

3.5 Dividends Paid

In accordance with National Competition Policy guidelines, it is expected that Business Units will pay dividends to its owner, Council, equivalent to those paid by private sector competitors. In accordance with the Code of Local Government Accounting Practice and Financial Reporting, the rate of dividend paid has been expressed as a percentage of the Change in Net Assets Resulting from Operations after Taxation.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1 - Significant Accounting Policies (cont)

3.6 Return on Investments (Rate of Return)

The Policy statement states that Category 1 businesses "would be expected to generate a rate of return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field." In accordance with the Code of Accounting Practice, the rate of return on monopoly businesses such as water and sewerage services has been set at an amount sufficient to cover costs and replace assets needed to maintain services. For competitive markets, the rate of return has been set equal to or better than the return on Commonwealth 10 year bonds.

In accordance with the Code of Accounting Practice, the rate of return has been calculated as the Operating Result before Capital Amounts plus Interest Expense expressed as a percentage of the carrying value of Property, Plant & Equipment at the reporting date.

3.7 Notional Subsidy from Council

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, or accepts a lower rate of return on its investment in the Business Unit than would be acceptable to a private sector competitor.

In accordance with the Code of Accounting Practice, this amount has been calculated as the dollar difference between the required and actual rates of return.

4. Special Rate Funds

The Local Government Act 1993 (as amended) requires that moneys raised by way of Special Rates (or for Domestic Waste Management) be used only for those purposes, and accordingly *imputed* amounts have been retained in those funds, and added back to Accumulated Surplus.

For Business Units not involving Special Rate Funds, *imputed* amounts have been transferred to Council's General Fund and are available to Council for utilisation for other purposes.

All such amounts have been eliminated in the course of preparation of the Council's Annual Financial Statements.

5. Other Accounting Policies and Notes

Other accounting policies relating to the determination of revenues and expenses, and assets and liabilities, not specifically referred to above are reported in Note 1 to the Council's Annual Financial Statements, and should be read in conjunction with this Note. Note references in the Operating Statement of Business Activities and the Statement of Financial Position of Business Activities that are prefixed "A" refer to the Notes to the Annual Financial Statements.

6. Rounding

In accordance with the Code of Accounting Practice all amounts shown in the Financial Statements have been rounded to the nearest thousand dollars.

WAVERLEY COUNCIL

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL REPORTS

NOTE 1 Table - NATIONAL COMPETITION POLICY NOTIONAL PAYMENTS
for the year ended 30th June 2006

BUSINESS ACTIVITIES							
Property		Commercial Waste		Printing		Cemetery	
2006	2005	2006	2005	2006	2005	2006	2005
category							

TAXATION EQUIVALENT PAYMENTS

Land Tax
Stamp Duty
Payroll Tax
Fringe Benefits Tax

Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate
Applies	Applies	Applies	Applies	Applies	Applies	Applies	Applies

COUNCIL RATES, CHARGES & FEES

See Note 1, Item 3.2

LOAN & DEBT GUARANTEE FEES

--	--	--	--	--	--	--	--

CORPORATE TAXATION EQUIVALENT

30%	30%	30%	30%	30%	30%	30%	30%
-----	-----	-----	-----	-----	-----	-----	-----

DIVIDENDS PAID

-141.18%	-71.43%	N/A	-47.54%	N/A	N/A	N/A	N/A
----------	---------	-----	---------	-----	-----	-----	-----

RATE OF RETURN ON CAPITAL

Required Rate of Return
Actual Rate of Return

133.33%	277.78%	NIL	0.06%	NIL	NIL	NIL	NIL
---------	---------	-----	-------	-----	-----	-----	-----



SPENCER STEER
CHARTERED ACCOUNTANTS

WAVERLEY COUNCIL

SPECIAL PURPOSE FINANCIAL REPORT

INDEPENDENT AUDITORS' REPORT

SCOPE

We have audited the *special purpose financial report* of Waverley Council 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 18th day of October 2006

WAVERLEY COUNCIL

Special Schedules

for the year ended 30th June 2006

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Special Schedule 8 - Financial Projections	SS - 8
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WAVERLEY COUNCIL

SPECIAL SCHEDULE NO 1 NET COST OF SERVICES for the year ended 30th June 2006

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			NET COST OF SERVICES	
	Expenses	Group Totals	Non-capital revenues	Capital revenues	Group Totals	Net Cost	Group Totals
GOVERNANCE	643		-	-		643	
		643			-		643
ADMINISTRATION							
Corporate Support	10,303		578	-		9,725	
Engineering & Works	2,503		406	-		2,097	
Other Support Services						-	
		12,806			984		11,822
PUBLIC ORDER & SAFETY							
Statutory Contribution - Fire Service Levy	891					891	
Fire Protection - Other	75		19			56	
Animal Control	153		35			118	
Beach Control	1,549		5	443		1,101	
Enforcement of Local Govt Regulations	588		857			(269)	
Emergency Services	69		1			68	
Other						-	
		3,325			1,360		1,965
HEALTH							
Administration & Inspection	1,231		210			1,021	
Immunisations	2		2			-	
Food Control						-	
Insect/Vermin Control						-	
Noxious Plants	61		5			56	
Health Centres	61		1			60	
Other						-	
		1,355			218		1,137
COMMUNITY SERVICES & EDUCATION							
Administration	971		111			860	
Family Day Care	800		710			90	
Child Care	2,564		2,369			195	
Youth Services	282		49			233	
Other Families & Children	37		17			20	
Aged & Disabled	1,118		833			285	
Migrant Services	50					50	
Aboriginal Services						-	
Other Community Services	1,517		1,484			33	
Education						-	
		7,339			5,573		1,766
HOUSING & COMMUNITY AMENITIES							
Housing	475		220			255	
Town Planning	3,033		1,266	3,056		(1,289)	
Domestic Waste Management	8,703		10,201			(1,498)	
Other Waste Management						-	
Street Cleaning	2,706		50			2,656	
Other Sanitation & Garbage	1,576		1,644			(68)	
Urban Stormwater Drainage	989					989	
Environmental Protection	711		487			224	
Public Cemeteries	815		731			84	
Public Conveniences	43					43	
Other Community Amenities	1					1	
		19,052			17,655		1,397

WAVERLEY COUNCIL

SPECIAL SCHEDULE NO 1 - NET COST OF SERVICES (cont)

Function or Activity	Expenses from continuing operations		Income from continuing operations			NET COST OF SERVICES	
	Expenses	Group Totals	Non-capital revenues	Capital revenues	Group Totals	Net Cost	Group Totals
WATER SUPPLIES	-	-	-	-	-	-	-
SEWERAGE SERVICES	-	-	-	-	-	-	-
RECREATION & CULTURE							
Public Libraries	3,996		531			3,465	
Museums	-		-			-	
Art Galleries	-		-			-	
Community Centres	-		-			-	
Public Halls	-		-			-	
Other Cultural Services	1,962		1,030			932	
Swimming Pools	142		-			142	
Sporting Grounds	433		33	12		388	
Parks & Gardens, Lakes	5,925		315	5		5,605	
Other Sport & Recreation	106		-			106	
		12,564			1,926		10,638
FUEL & ENERGY							
Gas Supplies	-	-	-	-	-	-	-
MINING, MANUFACTURING & CONSTRUCTION							
Building Control	451		389	-		62	
Abattoirs	-		-	-		-	
Quarries & Pits	-		-	-		-	
Other	-		-	-		-	
		451			389		62
TRANSPORT & COMMUNICATION							
Urban Roads: Local	2,689		584	457		1,648	
Urban Roads: Regional						-	
Sealed Rural Roads: Local						-	
Sealed Rural Roads: Regional						-	
Unsealed Rural Roads: Local						-	
Unsealed Rural Roads: Regional						-	
Bridges - Urban Roads: Local						-	
Bridges - Urban Roads: Regional						-	
Bridges - Sealed Rural Roads: Local						-	
Bridges - Sealed Rural Roads: Regional						-	
Bridges - Unsealed Rural Roads: Local						-	
Bridges - Unsealed Rural Roads: Regional						-	
Footpaths	1,538		27	140		1,371	
Aerodromes						-	
Parking Areas	9,496		21,484			(11,988)	
Bus Shelters & Services	62		895			(833)	
Water Transport						-	
RTA Works - State Roads						-	
Street Lighting	647		144			503	
Other						-	
		14,432			23,731		(9,299)

WAVERLEY COUNCIL

SPECIAL SCHEDULE NO 1 - NET COST OF SERVICES (cont)

Function or Activity	Expenses from continuing operations		Income from continuing operations			NET COST OF SERVICES	
	Expenses	Group Totals	Non-capital revenues	Capital revenues	Group Totals	Net Cost	Group Totals
ECONOMIC AFFAIRS							
Camping Areas						-	
Caravan Parks						-	
Tourism & Area Promotion	3					3	
Industrial Development Promotion						-	
Saleyards & Markets						-	
Real Estate Development						-	
Commercial Nurseries						-	
Other Business Undertakings	381		5,682			(5,301)	
		384			5,682		(5,298)
TOTALS - FUNCTIONS		72,351			57,518		14,833
General Purpose Revenues			26,882			26,882	
Equity accounted income (loss)						-	
		-			26,882		26,882
NET OPERATING RESULT FOR YEAR							12,049

WAVERLEY COUNCIL

SPECIAL SCHEDULE NO 2 (1) STATEMENT OF LONG TERM DEBT (ALL PURPOSE) for the year ended 30th June 2006

\$'000

Classification of Debt	Principal Outstanding at beginning of year			New Loans Raised	Debt Redemption		Tfrs to Sinking Funds	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 Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	2,078	8,354	10,432	1,000	2,115	-	-	643	1,549	7,768	9,317
Other	11	294	305	-	11	-	-	18	8	286	294
Total Loans	2,089	8,648	10,737	1,000	2,126	-	-	661	1,557	8,054	9,611
OTHER LONG TERM DEBT											
Ratepayers' Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payment	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total Other Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
TOTAL LONG TERM DEBT	2,089	8,648	10,737	1,000	2,126	-	-	661	1,557	8,054	9,611

This Schedule excludes Internal Loans and refinancing of existing borrowings.

WAVERLEY COUNCIL

SPECIAL SCHEDULE NO 7 - CONDITION OF PUBLIC WORKS (cont) as at 30th June 2006

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense '000	Cost '000	Valuation '000	Accumulated Depreciation '000	Carrying Value '000	Asset Condition (see Notes attached)	Estimated Cost to bring to a Satisfactory Standard '000	Estimated Annual Maintenance Expense '000	Program Maintenance Works for current year '000
Drainage Works	<i>References</i>	<i>Note 9</i>	<i>Note 4</i>	<i>Note 9</i>				<i>Local Govt. Act 1993, Section 428 (2d)</i>			
	Retarding Basins						-				
	Outfalls						-				
	Conduits						-				
	Inlet & Junction Pits	1	631	63,309		24,279	39,030	4	40,500	1,980	547
	Head Walls						-				
	Outfall Structures						-				
	Converters						-				
	Subtotal		631	63,309	-	24,279	39,030		40,500	1,980	547
Total Classes - All Assets			3,829	363,961	34,440	108,858	289,543		62,027	5,596	3,811

This Schedule is to be read in conjunction with the explanatory notes following.

WAVERLEY COUNCIL

SPECIAL SCHEDULE NO 7 CONDITION OF PUBLIC WORKS as at 30th June 2006

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense	Cost	Valuation	Accumulated Depreciation	Carrying Value	Asset Condition (see Notes attached)	Estimated Cost to bring to a Satisfactory Standard	Estimated Annual Maintenance Expense	Program Maintenance Works for current year
			'000	'000	'000	'000	'000		'000	'000	'000
	<i>References</i>	<i>Note 9</i>	<i>Note 4</i>		<i>Note 9</i>			<i>Local Govt. Act 1993, Section 428 (2d)</i>			
Public Buildings	Council Offices	1	71	7,268		732	6,536	3	58	90	120
	Works Depot	1	25	2,451		257	2,194	4	85	200	55
	Halls	1	377	35,767		3,287	32,480				
	Houses	1	346	13,423		1,966	11,457	3	642	365	200
	Museum						-				
	Library	1	132	13,556		951	12,605	1		190	80
	Childcare Centres	1	39	3,888		384	3,504	3	45	60	63
	Commercial				34,440		34,440	3	105	160	100
	Amenities/Toilets	1	3	275		32	243	3	62	16	16
	Subtotal		993	76,628	34,440	7,609	103,459		997	1,081	634
Public Roads	Sealed Roads	1	1,504	151,946		53,634	98,312	3	11,115	1,050	1,300
	Sealed Roads Structure						-				
	Unsealed Roads						-				
	Bridges						-				
	Footpaths	1	445	45,541		13,025	32,516	3	5,950	880	1,200
	Cycleways						-				
	Kerb & Gutter	1	256	26,537		10,311	16,226	3	3,465	605	130
	Road Furniture						-				
	Subtotal		2,205	224,024	-	76,970	147,054		20,530	2,535	2,630

This Schedule is to be read in conjunction with the explanatory notes following.

WAVERLEY COUNCIL

SPECIAL SCHEDULE NO 7 - CONDITION OF PUBLIC WORKS (cont) as at 30th June 2006

"SATISFACTORY" CONDITION OF PUBLIC ASSETS

In assessing the condition of Public Assets Council has had regard to the condition, function and location of each asset, based on the original design standard. Changes in standards or proposed or potential enhancements to the existing asset design standard have been ignored (Code p A702). Assets within each Asset Category have been assessed on an overall basis, recognising that an average standard of "satisfactory" may be achieved even though certain assets may be above or below that standard on an individual basis.

Council recognises that the standard that it considers to be "satisfactory" may be different from that adopted by other Councils.

The information contained in this Schedule comprises accounting estimates formulated in accordance with the NSW Local Government Code of Accounting Practice and Financial Reporting. Nothing contained within this Schedule may be taken to be an admission of any liability to any person under any circumstance.

ASSET CONDITION

The following condition codes have been used in this Schedule.

- | | |
|---|---|
| 1 | Newly constructed |
| 2 | Over 5 years old but fully maintained in "as new" condition |
| 3 | Good condition |
| 4 | Average condition |
| 5 | Partly worn - beyond 50% of economic life. |
| 6 | Worn but serviceable |
| 7 | Poor - replacement required |

WAVERLEY COUNCIL

SPECIAL SCHEDULE NO 8 - FINANCIAL PROJECTIONS as at 30th June 2006

	2006 \$'m	2007 \$'m	2008 \$'m	2009 \$'m	2010 \$'m
Recurrent Budget					
Income from continuing operations	84	80	80	81	83
Expenses from continuing operations	72	80	80	83	84
Operating result from continuing operations	12	-	-	(2)	(1)
Capital Budget					
New Works	5	5	1	1	1
Replacement of existing assets	7	15	7	4	3
	12	20	8	5	4
<i>Funded by</i>					
- Loans	2.3	4.9	1.3	1.1	0.5
- Asset Sales	-	0.1	-	0.1	-
- Reserves	4.0	9.0	3.0	1.8	1.0
- Grants/Contributions	3.5	2.0	1.5	-	-
- Recurrent revenue	2.0	2.0	2.0	2.0	2.0
- Section 94	0.6	1.6	-	-	0.2
	12	20	8	5	4

Council of Waverley

Special Schedule - Rates

Rates (other than water and sewerage related special rates) for the year ended 30 June, 2006

Particulars	No of Assessments	Rateable Value	Amount	Total Rates
ORDINARY RATES				
Residential Category/Ordinary Sub Category				
0.1925 Cents in the dollar	12,470	6,069,730,321	11,684,250.22	
331.15 Minimum Rate	12,652	1,345,309,300	4,189,709.80	15,873,960.02
Residential Category/Bondi Junction Sub Category				
0.1925 Cents in the dollar	60	12,599,332	24,253.78	
331.15 Minimum Rate	1,692	98,363,776	560,305.80	584,559.58
Residential Category/Boarding House Sub Category				
0.1925 Cents in the dollar	51	27,476,000	52,891.39	
331.15 Minimum Rate				52,891.39
Business Category/Ordinary Sub Category				
0.888 Cents in the dollar	821	308,160,639	2,736,466.55	
Minimum Rate				2,736,466.55
Business Category/Bondi Junction Sub Category				
1.4570 Cents in the dollar	874	260,857,987	3,800,700.96	
Minimum Rate				3,800,700.96
Environmental Special Rate				
0.005770 Cents in the dollar	27,527	8,098,477,238	467,286.64	
2.00 Minimum Rate	1,093	24,020,117	2,186.00	469,472.64
Ordinary/Special Rates/Part of Year				
0.1925 Cents in the dollar	8	3,645,000	15,018.17	
0.888 Cents in the dollar	7	707,083	5,854.47	
1.4570 Cents in the dollar	7	385,000	5,609.45	
0.005770 Cents in the dollar	115	14,702,658	765.23	
331.15 Minimum Rate	98	10,055,917	13,684.94	
2.00 Minimum Rate	5	90,342	6.85	40,939.11
Gains and Loss by Fractions				23,558,990.25
Total Ad valorem rates	14,298	6,683,561,362	18,793,096.86	0.00
Total Minimum rates	14,442	1,453,728,993	4,765,893.39	
Sub Total Ordinary Rates	28,740	8,137,290,355		23,558,990.25

#Where a Base Amount with ad valorem structure is used total should reflect number of assessments subject to combined base amount/ad valorem rates

Particulars	Amount	Amount
BALANCE BROUGHT FORWARD	23,558,990.25	
ADD: Levy for Previous Years	-22,268.29	
Transfers from Doubtful Rates Suspence		
Transfers from Postponed Rates Suspence	2,692.09	23,539,414.05
LESS: Abandoned - Pensioners under Section 575 LGA, 1993	397,294.74	
- Pensioners under Section 582 LGA, 1993		
- Others	11,518.07	
Transfers to Doubtful Rates Suspence		
Transfers to Postponed Rates Suspence	1,149.98	409,962.79
NET RATES for the year		23,129,451.26
NET ACCRUED INTEREST for the year		94,110.70
NET RATES AND ACCRUED INTEREST		23,223,561.96

Council of Waverley

Special Schedule - Interest

Interest Charges

for the year ended 30 June, 2006

Particulars		Amount	Amount
	Interest charges accrued	71,811.90	
	Legal Costs raised	21,355.30	93,167.20
ADD:	Transfers from Doubtful Rates Suspence		
	Transfers from Postponed Rates Suspence	1,260.00	1,260.00
			94,427.20
LESS:	Abandoned - Other	-1,260.00	
	Transfers to Doubtful Rates Suspence		
	Transfers to Postponed Rates Suspence	1,576.50	316.50
	NET ACCRUED INTEREST for the year		94,110.70

Council of Waverley

Special Schedule - Domestic Waste Charges

Domestic Waste Management Charges

for the year ended 30 June, 2006

Particulars	No of Services	Total Charges
DOMESTIC WASTE MANAGEMENT CHARGES		
Primary Domestic Waste Charges		
322.65 Waste Charges @	27,097	9,185,883.00
Secondary Domestic Waste Charges		
322.65 Waste Charges @	1,976	670,089.69
Domestic Waste Charges/Part of Year		
Primary Domestic Waste Charges	119	21,064.93
Secondary Domestic Waste Charges	72	15,028.49
Primary Domestic Waste Charges	27,216	9,206,947.93
Secondary Domestic Waste Charges	2,048	685,118.18
Sub Total Ordinary Charges		9,892,066.11

Particulars	Amount	Amount
BALANCE BROUGHT FORWARD	9,892,066.11	
ADD: Levy for Previous Years	1,550.94	9,893,617.05
LESS: Abandoned - Pensioners under Section 575 LGA, 199.3	260,726.00	
- Others		260,726.00
NET TOTAL DOMESTIC MANAGEMENT CHARGES		9,632,891.05

Council of Waverley

Special Schedule - Reconciliation

Rates and Charges

for the year ended 30 June, 2006

Particulars	Net Balance as at 1 July, '05	Postponed as at 1 July, '05	Gross Balance as at 1 July, '05	Levy	Gross Receivable	Abandonments	Net Receivable	Net Collections	Gross Balance as at 30 June, '06	Postponed as at 30 June, '06	Net Balance as at 30 June, '06
General Rates	297,670.90	7,913.93	305,584.83	23,536,721.96	23,842,306.79	408,812.81	23,433,493.98	23,086,987.00	346,506.98	6,828.88	339,678.10
Domestic Waste Charges	376,931.94		376,931.94	9,893,617.05	10,270,548.99	260,726.00	10,009,822.99	9,539,767.77	470,055.22		470,055.22
Extra Charges	143,775.64	3,540.60	147,316.24	93,167.20	240,483.44	1,260.00	239,223.44	89,298.26	149,925.18	3,400.04	146,525.14
Totals:	818,378.48	11,454.53	829,833.01	33,523,506.21	34,353,339.22	670,798.81	33,682,540.41	32,716,053.03	966,487.38	10,228.92	956,258.46

Pensioner remaining balance

Ordinary and Special Rates	153,291.04
Interest Charges	66,265.57
Total:	219,556.61