attachment to item 354

general purpose financial report and special purpose financial report for the period ended 30 June 2005

date of meeting: 14 June 2005
location: council chambers
time: 5:00 p.m.

Hawkesbury City Council

Hawkesbury City Council

general purpose
and
special purpose
financial reports
and
special schedules
for the period ended
30th june 2005

HAWKESBURY CITY COUNCIL

General Purpose Financial Reports
for the year ended 30th June 2005

TABLE OF CONTENTS

STATEMENT BY COUNCIL
ON THE GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2005

In accordance with the provision of Section 413(2) of the Local Government Act 1993 (as amended), and Clause 215 of the Local Government (General) Regulation 2005, the Council at a duly convened meeting held on 27 September 2005, resolved to make the following statement on its General Purpose Financial Report for the year ended 30 June 2005.

Statement

In the opinion of members of the Council:

(a) The General Purpose Financial Reports have been drawn up in accordance with:

- The Local Government Act 1993 (as amended) and the relevant Regulations
- The Australian Accounting Standards and professional pronouncements
- The Local Government Code of Accounting Practice and Financial Reporting
- The Local Government Asset Accounting Manual; and

(b) To the best of our knowledge and belief, these reports

- Present fairly the Council's financial position and operating result for the year; and
- Accord with Council's accounting and other records; and

(c) The signatories of the statement do not know of anything that would make those reports false or misleading in any way.

Councillor B Bassett, Mayor	*Graeme Faulkner, General Manager*
Council D Finch, Deputy Mayor	Desmond *L Desmond, Responsible Accounting Officer*

HAWKESBURY CITY COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30th June 2005

Budget 2005 $'000		Notes	**Actual 2005 $'000**	Actual 2004 $'000
	EXPENSES FROM ORDINARY ACTIVITIES			
16,236	Employee Costs	3a	**17,994**	16,967
20,568	Materials & Contracts		**17,958**	18,333
230	Borrowing Costs	3b	**5**	15
6,234	Depreciation & Amortisation	3c	**8,255**	7,132
6,321	Other Expenses	3d	**5,529**	4,814
49,589	**Total Expenses from Ordinary Activities**		**49,741**	47,261
	REVENUES FROM ORDINARY ACTIVITIES			
28,275	Rates & Annual Charges	4a	**29,881**	28,314
8,755	User Charges & Fees	4b	**5,913**	6,731
1,050	Investment Revenues	4c	**1,502**	1,739
8,044	Grants & Contributions - Operating	4e, 4f	**9,254**	10,244
3,100	Other Revenues	4d	**2,093**	1,644
-	Profit from Disposal of Assets	5	**323**	1,099
49,224	**Revenues from Ordinary Activities before Capital Amounts**		**48,966**	49,771
(365)	**SURPLUS(DEFICIT) FROM ORDINARY OPERATIONS BEFORE CAPITAL AMOUNTS**		**(775)**	2,510
986	Grants & Contributions - Capital	4e, 4f	**1,029**	1,664
621	**SURPLUS(DEFICIT) FROM ORDINARY OPERATIONS AFTER CAPITAL AMOUNTS**		**254**	4,174
621	**NET SURPLUS(DEFICIT) FOR YEAR**		**254**	4,174

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

HAWKESBURY CITY COUNCIL

STATEMENT OF FINANCIAL POSITION
as at 30 June 2005

	Notes	Actual 2005 $'000	Actual 2004 $'000
CURRENT ASSETS			
Cash Assets	6	**14,522**	24,771
Investment Securities	6	**820**	820
Receivables	7	**3,572**	4,026
Inventories	8	**363**	382
Other	8	**164**	206
TOTAL CURRENT ASSETS		**19,441**	30,205
NON-CURRENT ASSETS			
Cash Assets	6	**4,657**	1,965
Investment Securities	6	**-**	-
Receivables	7	**195**	196
Property, Plant & Equipment	9	**335,540**	327,483
TOTAL NON-CURRENT ASSETS		**340,392**	329,646
TOTAL ASSETS		**359,833**	359,851
CURRENT LIABILITIES			
Payables	10	**2,986**	5,110
Borrowings	10	**5**	5
Provisions	10	**3,320**	3,093
TOTAL CURRENT LIABILITIES		**6,311**	8,208
NON-CURRENT LIABILITIES			
Borrowings	10	**67**	72
Provisions	10	**3,211**	3,284
TOTAL NON CURRENT LIABILITIES		**3,278**	3,356
TOTAL LIABILITIES		**9,589**	11,564
NET ASSETS	$	**350,244**	348,287
EQUITY			
Accumulated Surplus		**109,216**	108,962
Asset Revaluation Reserve	20	**241,028**	239,325
TOTAL EQUITY	$	**350,244**	348,287

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

HAWKESBURY CITY COUNCIL

STATEMENT OF CHANGES IN EQUITY
for the year ended 30th June 2005

	Note Ref	2005 $'000 Accum Surplus	2005 $'000 Asset Reval Reserve	2005 $'000 Council Equity Interest	2005 $'000 Outside Equity Interest	2005 $'000 Total	2004 $'000 Accum Surplus	2004 $'000 Council Equity Interest	2004 $'000 Outside Equity Interest	2004 $'000 Total
Balance at beginning of the reporting period		**108,962**	**239,325**	**348,287**	**-**	**348,287**	104,788	330,604	-	330,604
Change in Net Assets recognised in the Statement of Financial Performance		**254**		**254**	**-**	**254**	4,174	4,174	-	4,174
Transfers to Asset Revaluation Reserve	20		**4,235**	**4,235**	**-**	**4,235**		13,509	-	13,509
Transfers from Asset Revaluation Reserve	20		**(2,532)**	**(2,532)**	**-**	**(2,532)**		-	-	-
Balance at end of the reporting period		**109,216**	**241,028**	**350,244**	**-**	**350,244**	108,962	348,287	-	348,287

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

HAWKESBURY CITY COUNCIL

STATEMENT OF CASH FLOWS
for the year ended 30th June 2005

Budget 2005 $'000		Notes	**Actual 2005 $'000**	Actual 2004 $'000
	CASH FLOWS FROM OPERATING ACTIVITIES			
	Receipts			
28,275	Rates & Annual Charges		**29,700**	28,404
8,755	User Charges & Fees		**6,316**	7,511
1,050	Investment Income		**1,511**	1,716
9,030	Grants & Contributions		**11,547**	12,833
3,100	Other operating receipts		**4,744**	3,603
	Payments			
(16,236)	Employee Costs		**(17,817)**	(16,987)
(20,568)	Materials & Contracts		**(21,691)**	(16,059)
(230)	Borrowing Costs		**25**	(29)
(6,321)	Other operating payments		**(7,600)**	(7,067)
6,855	**Net Cash provided by (or used in) Operating Activities**	11	**6,735**	13,925
	CASH FLOWS FROM INVESTING ACTIVITIES			
	Receipts			
5,491	Proceeds from sale of Property, Plant & Equipment		**2,847**	4,473
-	Repayments from Deferred Debtors		**58**	60
	Payments			
(21,605)	Purchase of Property, Plant & Equipment		**(17,132)**	(17,532)
-	Purchase of Investment Securities		**-**	415
-	Loans to Deferred Debtors		**(60)**	(30)
(16,114)	**Net Cash provided by (or used in) Investing Activities**		**(14,287)**	(12,614)
	CASH FLOWS FROM FINANCING ACTIVITIES			
	Receipts			
-	Proceeds from Borrowings & Advances		**-**	-
	Payments			
(5)	Repayments of Borrowings & Advances		**(5)**	(36)
(5)	**Net Cash provided by (or used in) Financing Activities**		**(5)**	(36)
(9,264)	**Net Increase (Decrease) in cash held**		**(7,557)**	1,275
26,736	Cash at beginning of reporting period	11	**26,736**	25,461
17,472	**Cash at end of reporting period**	11	**19,179**	26,736

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

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

(a). The Local Government Reporting Entity

Hawkesbury City Council is incorporated under the NSW Local Government Act 1993 as amended and has its principal place of business at 366 George Street, Windsor. These General Purpose Financial Reports include the consolidated fund and other entities through which the Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

(b). The Consolidated Fund

As required by Section 409(1) of the Local Government Act 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

The following Special Rate funds and Committees established pursuant to the Act are included:
- Domestic Waste Management Fund
- Sewerage Fund
- Hawkesbury Leisure Centres
- Hawkesbury Sports Council Incorporated

Various Committees also controlled by Council, the transactions of which are not material either by amount or nature, have also been excluded.

Total revenues and expenditures, and net assets, of excluded Committees are as follows:

Total revenues	$200,000
Total expenditures	$200,000
Net Assets	$641,000

(c). 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 monies 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 these monies. Trust monies and property subject to Council's control have been included in these reports.

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports.

(d). Basis of Accounting

(i) Compliance

The financial report complies with the applicable Australian Accounting Standards and professional pronouncements, the requirements of the Local Government Act and the Local Government Code of Accounting Practice and Financial Reporting and the Local Government Asset Accounting Manual. For the convenience of users the reference to the equivalent AASB Accounting Standard is also given.

(ii) Basis

The financial report has been prepared on the accrual basis of accounting and, except where specifically indicated in these Notes, in accordance with the historical cost convention.

The accounting policies adopted for the reporting period are consistent with those of the previous reporting period except where otherwise indicated.

This financial report includes accounting estimates formulated in accordance with the above standards and have regard to the substance rather than the form of transactions. Nothing contained within this report may be taken to be an admission of any liability to any person under any circumstance.

(e). Rates

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

(f). Grants and Contributions

Grants, and other contributions are recognised as revenues when the Council obtains control over the assets comprising the contributions. Control over granted assets is normally obtained upon their receipt. Where prior advice of grants has been received and expenditure has been incurred in accordance with the relevant terms and conditions, grant entitlements not yet received are recorded as receivables.

Contributions not yet received over which the Council has control are recognised as receivables.

Where grants and contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes as restricted assets. Also disclosed is the amount of grants, contributions and receivables recognised as revenues in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

(g). Cash Assets and Investment Securities

Investments in Bank Bills, Promissory Notes and Term Deposits are recognised at cost. Interest revenues are recognised as they accrue. Bills of exchange which have been purchased at a discount to face value are recognised at cost, the discount brought to account during the reporting period is accounted for as interest received. Managed Funds recognised as current assets are valued at market value in accordance with audited certificates issued by each fund. Changes in market value are recognised as interest received.

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition. Where cash and investments held are subject to restrictions and Council's management plan for the ensuing reporting period does not provide for the discharge of those restrictions, the amounts have been classified as non-current.

(h). Receivables

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1993 (as amended) and the Regulations and Determinations made thereunder.

Other receivables are generally unsecured and do not bear interest.

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

(i). Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

Note 1 - Significant Accounting Policies (cont)

(j). Property, Plant & Equipment

(i) Transitional Provisions

At the date of these accounts, Council in accordance with paragraph 108 of AAS27A, has elected not to capitalise land under roads.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held *"ready for use"*.

(ii) Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year under review are provided in Note 9 to these accounts.

(iii) Valuation

The "Recoverable Amount Test" of paragraph 30 of AAS 10 (AASB 1010) does not apply to the Council except in relation to recognised trading operations.

At 1 July 2000 upon the commencement of Australian Accounting Standard AAS 38 (AASB 1041) "Revaluation of Non-Current Assets", Council elected pursuant to paragraph 10.4(a) of the standard to revert to the cost basis for all classes of assets previously carried at revalued amounts. Further detail of existing valuations, methods and valuers are provided at Note 9.

In the 2002/03 financial year Council elected to revalue its 'Land' assets at fair value. In the 2003/04 financial year, Council also elected to value its 'Buildings' at fair value, in accordance with an independent valuation.

Plant, equipment and similar assets are carried at historical cost less accumulated depreciation.

(iv) Depreciation of Non-Current Assets

All assets recognised are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis. Major depreciation periods for each class of asset are provided in Note 9 to these accounts. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

(k). Payables

Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

Payments Received in Advance & Deposits

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

Note 1 - Significant Accounting Policies (cont)

(l). Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

(m). Employee Benefits

(i) Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences (other than long service leave not expected to be paid or settled within 12 months of reporting date) are accrued at nominal amounts (including payroll based oncosts) measured in accordance with Australian Accounting Standard AASB 1028 "Employee Benefits".

Liabilities for employee benefits not expected to be paid or settled within 12 months are assessed as at the reporting date , having regard to current and future rates of pay and other factors including experience of employee departures and their periods of service. It is considered that the accrued amounts reflect the equivalent of the net present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

Weighted average discount rate	6.81% (2004, 7.35%)
Weighted average settlement period	1.43 years (2004,1.5 years)

(ii) Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently.

<u>Accumulation Fund Members</u>

The accumulation fund receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation (9% in 2004/05; 9% in 2003/04). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

<u>Defined Benefit Members</u>

Council makes employer contributions to the defined benefits categories of the Scheme at rates determined by the Scheme's Trustee. The rate is currently NIL% (NIL% in 2003/2004) of superannuation salary. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue. Further information in relation to Council's potential future obligations to the defined benefits categories of the Scheme are provided in Note 18.

(n). Financial Instruments

Council complies with Australian Accounting Standard AAS 33 (AASB 1033) "Presentation & Disclosure of Financial Instruments"; the disclosures required by that Standard are made in Note 6 (Cash Assets and Investment Securities), Note 7 (Receivables), and Note 15 (Financial Instruments).

(o). Construction Contracts

Construction works undertaken by Council for third parties (principally the Roads & Traffic Authority for works on national and state highways) are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not

Note 1 - Significant Accounting Policies (cont)

received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

(p). Joint Ventures and Associated Entities

Council participates in no joint ventures and has no investments in associated entities.

(q). Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AAS 17 (AASB 1008) "Accounting for Leases".

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed as assets under lease, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease. No finance leases existed at the reporting date.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

(r). Self-Generating and Regenerating Assets

All material Self-Generating and Regenerating Assets owned by the Council are held for the principal purposes of one or more of aesthetics, heritage, ecology, the environment or recreation, and accordingly Australian Accounting Standard AAS 35 (AASB 1037) "Self-Generating and Regenerating Assets" does not apply.

(s). GST Implications

In accordance with UIG Abstract 31 "Accounting for the Goods & Services Tax"
- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

(t). Budget Information

The Statement of Financial Performance, Statement of Cash Flows and Note 2 provide budget information of revenues and expenditures by type and for each of the major activities of the Council. Budget figures presented are those approved by Council at the beginning of the financial year and do not include Council approved variations throughout the year. Short explanations of the most significant variations are given in Note 16.

(u). Rounding

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

(v). Comparative Information

Where necessary, comparative information has been reclassified to be consistent with the current year disclosure of equivalent information.

(w). First Time Adoption Of International Accounting Standards

The transition to International Accounting Standards is being managed on an industry-wide basis at both a National and State level. A national working party has been set up, and the NSW Department of Local Government in consultation with local government industry representatives will identify significant changes affecting the industry, and State authorities will liaise for the training of Council staff.

Note 1 - Significant Accounting Policies (cont)

Due to the issue date of the Australian versions of the International Accounting Standards, the assessment and planning phase is continuing at the date of preparation of these reports, although completion is anticipated in the near future.

Certain matters impacting the Council's recognition of assets and liabilities have already been identified, including

- the requirement to identify certain properties as investment properties, and to apply to these the provisions of Standard AASB 140
- the requirement to recognise liabilities for annual leave, vesting sick leave and other employee benefits at the present value of the estimated future cash flows rather than at nominal value as presently required. It is estimated that the new Standard, if applied at reporting date, would have resulted in a reduction of the disclosed total liability of $38,452, from $5,690,206 to $5,651,754.
- the requirement to recognise assets and liabilities in relation to defined benefit superannuation schemes, the current details of which are set out in Note 18.
- the requirement to classify financial instruments in accordance with Standard AASB 139, and to recognise certain classes of financial instruments at fair value instead of cost.

Other matters will be identified during the current reporting period and details will be provided in the next Annual Financial Statements.

It is expected that the measures in place will facilitate the implementation of identified changes to accounting and business procedures, processes, and systems and operational training for staff before 30 June 2005.

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2005

Note 2 - FUNCTIONS

	REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES													
	REVENUES			EXPENSES			OPERATING RESULT			GRANTS INCLUDED IN REVENUES		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ORIGINAL BUDGET 2005 $'000	**ACTUAL 2005 $'000**	ACTUAL 2004 $'000	ORIGINAL BUDGET 2005 $'000	**ACTUAL 2005 $'000**	ACTUAL 2004 $'000	ORIGINAL BUDGET 2005 $'000	**ACTUAL 2005 $'000**	ACTUAL 2004 $'000	**2005 $'000**	2004 $'000	**2005 $'000**	2004 $'000
ADMINISTRATION	639	**3,881**	1,007	6,212	**7,769**	6,356	(5,573)	**(3,887)**	(5,349)	**-**	-	**37,735**	26,546
PUBLIC ORDER & SAFETY	1,855	**934**	924	3,867	**2,710**	2,370	(2,012)	**(1,776)**	(1,446)	**43**	53	**3,691**	5,632
HEALTH	140	**105**	169	902	**503**	592	(762)	**(398)**	(423)	**-**	-	**110**	107
COMMUNITY SERVICES & EDUCATION	1,332	**1,675**	1,690	2,144	**2,162**	2,143	(812)	**(486)**	(453)	**1,423**	1,457	**6,866**	8,428
HOUSING & COMMUNITY AMENITIES	2,514	**8,614**	3,534	10,234	**11,310**	10,609	(7,720)	**(2,696)**	(7,075)	**400**	455	**10,154**	11,886
SEWERAGE SERVICES	434	**3,716**	3,813	3,437	**3,563**	3,798	(3,003)	**153**	15	**34**	33	**51,384**	53,608
RECREATION & CULTURE	3,992	**2,515**	2,807	10,853	**10,364**	8,490	(6,861)	**(7,850)**	(5,683)	**495**	586	**67,965**	74,389
MINING, MANUFACTURING & CONSTRUCTION	367	**483**	569	643	**914**	915	(276)	**(431)**	(346)	**-**	-	**320**	205
TRANSPORT & COMMUNICATION	3,927	**3,415**	5,075	9,614	**8,791**	10,617	(5,687)	**(5,377)**	(5,542)	**2,156**	3,178	**171,217**	165,365
ECONOMIC AFFAIRS	1,272	**1,635**	2,126	1,683	**1,655**	1,371	(411)	**(20)**	755	**6**	66	**10,391**	13,684
TOTALS - FUNCTIONS	16,472	**26,973**	21,714	49,589	**49,741**	47,261	(33,117)	**(22,768)**	(25,547)	**4,557**	5,828	**359,833**	359,850
GENERAL PURPOSE REVENUES	33,738	**23,022**	29,721				33,738	**23,022**	29,721	**4,033**	3,991		
TOTALS	50,210	**49,995**	51,435	49,589	**49,741**	47,261	621	**254**	4,174	**8,590**	9,819	**359,833**	359,850

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

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 2b (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Governance

Costs relating to Council's role as a component of democratic government, including elections, meetings and associated activities, area representation, and public disclosure and compliance, together with related administration costs.

Administration

Costs not otherwise attributed to functions.

Public Order & Safety

Fire protection, animal control, beach control, enforcement of local government regulations, emergency services, other.

Health

Administration and inspection, food control, insect & vermin control, noxious plants, health centres, other.

Community Services & Education

Administration, family day care, child-care, youth services, other services to families and children, aged and disabled, migrant services, Aboriginal services, other community services, education.

Housing & Community Amenities

Housing, town planning, domestic waste management services, other waste management services, street cleaning, other sanitation and garbage, urban stormwater drainage, environmental protection, public cemeteries, public conveniences, other community amenities.

Sewerage Services

Recreation & Culture

Public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens, lakes, other sport and recreation.

Mining, Manufacturing & Construction

Building control, quarries and pits, other.

Transport & Communication

Roads and streets, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, works undertaken for Roads & Transport Authority, street lighting, other.

Economic Affairs

Camping areas, caravan parks, tourism and area promotion, industrial development promotion, real estate development, private works, other business undertakings.

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2005

Note 3 - EXPENSES FROM ORDINARY ACTIVITIES

	2005 $'000	2004 $'000
3(a) EMPLOYEE COSTS		
Salaries and Wages	**14,159**	13,446
Travelling	**62**	64
Employee Leave Entitlements	**2,382**	1,879
Superannuation	**945**	839
Workers' Compensation Insurance	**454**	633
Fringe Benefits Tax	**39**	26
Payroll Tax	**10**	43
Training Costs (excluding Salaries)	**201**	224
Less: Capitalised and distributed costs	**(258)**	(187)
Total Operating Employee Costs	**17,994**	16,967
Total Number of Employees	***316***	***311***
(Full time equivalent at end of reporting period)	*HCC 280 HLC 36*	*HCC 275 HLC 36*
3(b) BORROWING COSTS		
Interest on Overdraft	**-**	9
Interest on Loans	**5**	6
Interest on other debts		-
Total Interest Charges	**5**	15
3(c) DEPRECIATION & AMORTISATION		
Plant and Equipment	**1,746**	1,643
Office Equipment	**292**	274
Furniture & Fittings	**86**	78
Land Improvements	**520**	508
Buildings	**1,199**	775
Other Structures	**464**	681
Infrastructure		
- roads, bridges & footpaths	**1,853**	1,392
- stormwater drainage	**430**	429
- sewerage network not elsewhere included	**1,506**	1,207
Other assets		
- art collections	**-**	-
- library books	**154**	145
- other	**5**	-
Total Depreciation & Amortisation	**8,255**	7,132

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2005

Note 3 - EXPENSES FROM ORDINARY ACTIVITIES (cont)

	2005 $'000	2004 $'000
3(d) OTHER OPERATING EXPENSES		
Advertising	**247**	181
Auditor's Remuneration		
- Audit Services	**117**	56
Bad and Doubtful Debts	**22**	117
Heritage Programs	**18**	19
Stormwater - Environmental	**328**	271
Insurances	**719**	798
Legal Expenses		
- Planning & Development	**321**	314
- Other Legal Expenses	**285**	170
Licenses & Subscriptions	**39**	38
Mayoral Allowance	**28**	28
Members' Fees & Allowances	**155**	146
Members' Expenses	**82**	83
Operating Lease Rentals - cancellable	**5**	5
Payments to other levels of Government	**490**	447
Street Lighting	**437**	382
Sewerage Treatment Works Operations	**775**	628
Waste s88 EPA Contribution	**370**	248
Rates Property Valuation	**106**	119
Contributions to outside bodies	**511**	472
Telephone & Communications	**299**	271
Other	**175**	21
Total Other Operating Expenses	**5,529**	4,814

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2005

Note 4 - REVENUES FROM ORDINARY ACTIVITIES

4(a) RATES & ANNUAL CHARGES	2005 $'000	2004 $'000
Ordinary Rates		
Residential	15,826	15,123
Farmland	985	979
Business	1,611	1,516
	18,422	17,618
Special Rates		
Environmental Stormwater	939	898
	939	898
Annual Charges		
Domestic Waste Management	4,792	4,271
Sewerage Services	2,887	2,771
Other Waste Management	389	383
Sullage	2,452	2,373
	10,520	9,798
Total Rates & Annual Charges	29,881	28,314

4(b) USER CHARGES & FEES	2005 $'000	2004 $'000
User Charges		
Domestic Waste Management	499	521
Sewerage Services	206	201
Hawkesbury Sports Council	73	67
	778	789
Fees		
Planning & Building	1,495	1,673
FDC/Occasional Care	156	132
Private Works	129	424
S603 Certificates	62	86
Dog Pound	390	533
Parking Patrol	172	180
Cemeteries	95	96
Sports Stadium	453	462
Swimming Centre	1,788	1,860
Accounting Service Fees	-	57
Sec 611 Charges	13	14
Rent & Hire of Council Property	5	7
Vehicle Inspection Fees	23	15
Other	354	403
	5,135	5,942
Total User Charges & Fees	5,913	6,731

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2005

Note 4 - REVENUES FROM ORDINARY ACTIVITIES (cont)

	2005 $'000	2004 $'000
4(c) INVESTMENT REVENUES		
Interest on overdue rates & charges	**102**	94
Interest on investments attributable to		
Section 94 Contributions	**235**	250
Sewerage Services	**119**	87
Other External Restrictions	**14**	25
Interest on cash assets (excluding external restrictions)	**1,032**	1,283
Total Investment Revenues	**1,502**	1,739
4(d) OTHER OPERATING REVENUES		
GST Fuel Rebates	**46**	47
Telephone Rebates	**-**	6
Ex gratia payments in lieu of Rates	**96**	105
Fines	**33**	27
Lease Rental	**1,529**	1,139
Legal Fees Recovery (Rates)	**69**	41
Recycling Income (Non domestic)	**157**	180
Other	**163**	99
Total Other Operating Revenues	**2,093**	1,644

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2005

Note 4 - REVENUES FROM ORDINARY ACTIVITIES (cont)

	OPERATING		CAPITAL	
	2005	2004	**2005**	2004
4(e) GRANTS	**$'000**	$'000	**$'000**	$'000
General Purpose (Untied)				
Financial Assistance	**4,033**	3,991	-	-
Pensioner Rates Subsidies (General)	**274**	267	-	-
Specific Purpose				
Pensioner Rates Subsidies				
Sewerage Services	**34**	33	-	-
Domestic Waste Management	**86**	84	-	-
Street Lighting Subsidy	**76**	74	-	-
Housing & Community Amenities	**40**	14	-	90
Transport & Communication	**2,029**	3,053	**50**	50
Economic Affairs	**6**	66	-	-
Recreation & Culture	**227**	153	**212**	380
Public Order & Safety	**43**	53	-	-
Community Services & Education	**1,423**	1,458	-	-
Total Grants & Subsidies	**8,271**	9,246	**262**	520
4(f) CONTRIBUTIONS & DONATIONS				
Developer Contributions				
Roadworks	-	-	**104**	-
Drainage	-	-	**25**	136
Traffic Facilities	-	-	**72**	105
Recreational Buildings	-	-	**81**	100
Open Space	-	-	**85**	98
Community Facilities	-	-	**217**	265
Sewerage Services	**307**	590	-	-
Other Councils - Joint Works	**366**	128	-	-
Bush Fire Prevention	**271**	215	-	-
Kerb & Gutter	-	-	**30**	43
Other Roadworks Contributions	**39**	65	**153**	397
Total Contributions & Donations	**983**	998	**767**	1,144
TOTAL GRANTS & CONTRIBUTIONS	**9,254**	10,244	**1,029**	1,664

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2005

Note 5 - GAIN OR LOSS ON DISPOSAL OF ASSETS

	2005 $'000	2004 $'000
DISPOSAL OF PROPERTY		
Proceeds from disposal	**1,569**	2,515
Less: Carrying amount of assets sold	**1,383**	1,594
Gain (Loss) on disposal	**186**	921
DISPOSAL OF PLANT & EQUIPMENT		
Proceeds from disposal	**1,278**	1,958
Less: Carrying amount of assets sold	**1,141**	1,780
Gain (Loss) on disposal	**137**	178
TOTAL GAIN (LOSS) ON DISPOSAL OF ASSETS	**323**	1,099

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2005

Note 6 - CASH ASSETS AND INVESTMENT SECURITIES

	2005 $'000 Current	2005 $'000 Non-Current	2004 $'000 Current	2004 $'000 Non-Current
CASH ASSETS				
Cash on Hand and at Bank	**589**	**-**	342	-
Short term Deposits & Bills, etc	**13,933**	**4,657**	24,429	1,965
Total Cash Assets	**14,522**	**4,657**	24,771	1,965
INVESTMENT SECURITIES				
Treasury Corporation	**820**	**-**	820	-
Total Investment Securities	**820**	**-**	820	-
TOTAL CASH ASSETS & INVESTMENT SECURITIES	**15,342**	**4,657**	25,591	1,965

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

The permitted forms of investment in financial instruments of the Council are defined in an order made by the Minister of Local Government on 17 November 2000, and may broadly be described as "Trustee Securities". Accordingly, credit risk is considered to be insignificant. Deposits and Bills are with, or have been acceptd by, banks and credit unions and bear various rates of interest between 5.45% and 5.80% (2004 - 5.20% and 5.50%). NCDs, FRNs and Managed Funds are all with prganisations with credit ratings that comply with the Minister's Order and bear various rates of return between 5.92% and 7.165% (2004 - 5.07% and 6.935%).

RESTRICTED CASH AND INVESTMENTS

	Ref	2005 $'000 Current	2005 $'000 Non-Current	2004 $'000 Current	2004 $'000 Non-Current
EXTERNAL RESTRICTIONS					
Included in liabilities					
Unexpended Loans		**-**	**-**	144	-
Self Insurance Claims		**820**	**-**	820	-
		820	**-**	964	-
Other					
Developer Contributions	17	**208**	**4,059**	2,114	1,923
Stormwater		**1,046**	**555**	1,039	-
Unexpended Grants	14	**2,150**	**-**	2,242	-
Sewerage funds		**2,806**	**-**	1,890	42
Domestic Waste Management		**285**	**-**	360	-
Other		**20**	**43**	56	-
		6,515	**4,657**	7,701	1,965
Total External Restrictions		**7,335**	**4,657**	8,665	1,965
Total Internal Restrictions		**5,212**		13,038	
TOTAL UNRESTRICTED		**2,795**		3,888	-
TOTAL CASH ASSETS & INVESTMENT SECURITIES		**15,342**	**4,657**	25,591	1,965

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2005

Note 6 - CASH ASSETS & INVESTMENT SECURITIES (cont)

DETAILS OF MOVEMENTS & UTILISATION OF RESTRICTED CASH ASSETS & INVESTMENT SECURITIES

	Notes	Opening Balance 30 June 2004	Movements		Closing Balance 30 June 2005	Proposed Utilisation of Restriction		
			Transfers To Restriction	Transfers From Restriction		Less than 1 Year	Between 1 and 5 years	Greater than 5 years
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
External Restrictions								
Developer Contributions	17	4,037	830	600	4,267	208	**4,059**	-
Stormwater		1,039	1,014	452	1,601	1,046	**555**	-
Unexpended Grants		2,242	7,746	7,838	2,150	2,150	-	-
Sewerage funds		1,933	3,801	2,928	2,806	2,806	-	-
Domestic Waste Management		360	6,146	6,221	285	1,105	-	(820)
Self Insurance Claims		820			820			
Other		56	25	18	63	20	43	-
Total External Restrictions		**10,487**	**19,562**	**18,057**	**11,992**	**7,335**	**4,657**	**-**

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 14. Amounts raised by special rates (eg. Water & Sewer) or for Domestic Waste Management may only be used for those purposes.

	Opening Balance 30 June 2004	Transfers To Restriction	Transfers From Restriction	Closing Balance 30 June 2005	Less than 1 Year	Between 1 and 5 years	Greater than 5 years
Internal Restrictions							
Employee Leave Entitlements	1,324	626	760	1,190	1	1,189	-
Replacement - Plant & Vehicles	122	299	86	335	335	-	-
Council S94 Allocation	367	105	23	449	-	449	-
Kerb & Gutter	357	55	101	311	-	311	-
Risk Management	158	263	166	255	100	155	-
Bligh Park	2,696	-	2,696	-	-	-	-
Unexpended contributions	425	32	-	457	-	457	-
Other	207	2,523	2,279	451	-	451	-
Loan Reserve	3,517	3,723	7,240	-	-	-	-
Property Development	1,869	1,671	3,540	-	-	-	-
Extractive Industries	1,043	102	-	1,145	-	1,145	-
Roadworks	366	38	123	281	-	281	-
Workers Compensation	176	467	424	219	219	-	-
Forgotten Valley Mobile Resource Unit	47	87	15	119	7	112	-
Information Technology	364	282	646	-	-	-	-
Total Internal Restrictions	**13,038**	**10,273**	**18,099**	**5,212**	**662**	**4,550**	**-**

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 restricted.

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2005

Note 7 - RECEIVABLES

	2005 $'000 Current	2005 $'000 Non-Current	2004 $'000 Current	2004 $'000 Non-Current
Rates & Annual Charges	**1,183**	-	1,007	-
Interest & Extra Charges	**45**	-	46	-
User Charges & Fees	**1,301**	-	1,169	-
Accrued Revenues	**59**	-	67	-
Deferred Debtors	**61**	**195**	58	196
Other levels of Government	**699**	-	1,425	-
Other	**248**	-	278	-
Total	**3,597**	**195**	4,050	196
Less: Provision for Doubtful Debts				
Rates & Annual Charges	**25**	-	25	-
Total Receivables	**3,572**	**195**	4,026	196

Rates and Annual 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% (2004: 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 SouthWales.

Other levels of Government

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of grant approval, 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.

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.

	2005 Current	2005 Non-Current	2004 Current	2004 Non-Current
AGGREGATE ASSET ARISING FROM EMPLOYEE BENEFITS	**37**	-	61	-
RESTRICTED RECEIVABLES				
Sewerage Services	**125**	-	122	-
Domestic Waste Management	**239**	-	195	-
Total Restrictions	**364**	-	317	-
Unrestricted Receivables	**3,208**	**195**	3,708	196
Total Receivables	**3,572**	**195**	4,025	196

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2005

Note 8 - INVENTORIES & OTHER ASSETS

	2005 $'000 Current	2005 $'000 Non-Current	2004 $'000 Current	2004 $'000 Non-Current
INVENTORIES				
Stores & Materials	**330**	-	366	-
Trading Stock	**33**	-	16	-
Total Inventories	**363**	-	382	-

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.

	2005 $'000 Current	2005 $'000 Non-Current	2004 $'000 Current	2004 $'000 Non-Current
OTHER ASSETS				
Prepayments	**109**	-	157	-
Other	**55**	-	49	-
Total Other Assets	**164**	-	206	-

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2005

Note 9 - PROPERTY, PLANT & EQUIPMENT

	2004 $'000				CARRYING AMOUNT MOVEMENTS DURING YEAR $'000				2005 $'000		
	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT	Asset Purchases	Asset Disposals	Depreciation	Net Revaluation	AT COST	ACCUM DEPN	CARRYING AMOUNT
Plant & Equipment	10,639	-	5,367	5,272	2,235	(1,141)	(1,746)	-	**10,808**	**6,187**	**4,621**
Office Equipment	2,643	-	1,711	932	259	-	(292)	-	**2,902**	**2,003**	**899**
Furniture & Fittings	1,470	-	1,082	388	-	-	(86)	-	**1,470**	**1,168**	**302**
Land											
- Council owned (freehold)	-	30,037	-	30,037	6	(729)	-	(14)	**29,298**	**-**	**29,298**
- Council controlled	-	21,680	-	21,680	-	-	-	1,718	**23,398**	**-**	**23,398**
Land Improvements - depreciabl	2,564	-	1,570	994	928	-	(520)	-	**3,492**	**2,090**	**1,402**
Buildings	-	59,788	2	59,786	10,855	(653)	(1,199)	-	**69,984**	**1,195**	**68,789**
Other Structures	5,342	-	1,658	3,684	658	-	(463)	-	**5,999**	**2,121**	**3,878**
Infrastructure											
- Roads, bridges, footpaths	129,519	-	7,888	121,631	1,638	-	(1,853)	-	**131,156**	**9,740**	**121,416**
- Stormwater drainage	33,838	-	2,325	31,513	227	-	(430)	-	**34,066**	**2,755**	**31,311**
- Sewerage Network	55,384	-	4,307	51,077	118	-	(1,506)	-	**55,502**	**5,813**	**49,689**
Other Assets											
- Art Collections	60	-	60	-	-	-	-	-	**60**	**60**	**-**
- Library Books	2,097	-	1,608	489	187	-	(154)	-	**2,284**	**1,762**	**522**
- Other	-	-	-	-	20	-	(6)	-	**20**	**5**	**15**
Totals	243,556	111,505	27,578	327,483	17,131	(2,523)	(8,255)	1,704	**370,439**	**34,899**	**335,540**

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2005

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

	2005 $'000				2004 $'000			
	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT
Sewerage Services								
Plant & Equipment	419	-	277	142	419	-	214	205
Land	-	-	-	-	-	-	-	-
- Council owned (freehold)	-	1,070	-	1,070	-	1,070	-	1,070
- Council controlled	-	7	-	7	-	7	-	7
Other Structures	8	-	4	4	8	-	3	5
Sewerage Infrastructure	55,502	-	5,813	49,689	55,384	-	4,307	51,077
Total Sewerage Services	55,929	1,077	6,094	50,912	55,811	1,077	4,524	52,364
Domestic Waste Management								
Plant & Equipment	1,422	-	645	777	1,333	-	858	475
Land	-	-	-	-	-	-	-	-
- Council owned (freehold)	-	580	-	580	-	580	-	580
- Council controlled	-	120	-	120	-	120	-	120
Land Improvements - depreciabl	3,492	-	2,090	1,402	2,564	-	1,570	994
Total Domestic Waste	4,914	700	2,735	2,879	3,897	700	2,428	2,169
Hawkesbury Leisure Centre Incorporated								
Plant & Equipment	610	-	450	160	610	-	352	258
Office Equipment	112	-	106	6	112	-	104	8
Furniture & Fittings	122	-	69	53	113	-	58	55
Land	-	-	-	-	-	-	-	-
- Council owned (freehold)	445	-	-	445	457	-	-	457
Buildings	-	8,991	179	8,812	-	8,991	-	8,991
- Other	20	-	5	15	-	-	-	-
Total	1,309	8,991	809	9,491	1,292	8,991	514	9,769
TOTAL RESTRICTIONS	62,152	10,768	9,638	63,282	61,000	10,768	7,466	64,302

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 9 (cont) - PROPERTY, PLANT & EQUIPMENT

Valuation of Assets

At 1 July 2000 upon the commencement of Australian Accounting Standard AAS 38 (AASB 1041) "Revaluation of Non-Current Assets", Council elected pursuant to paragraph 10.4(a) of the standard to revert to the cost basis for all classes of assets previously carried at revalued amounts.

Plant & Equipment, Office Equipment, Furniture & Fittings, Leased Plant & Equipment

Assets acquired after 1 January 1993 are recorded at cost. Assets acquired prior to that date were depreciated in accordance with the Local Government Accounting Regulations 1979 (superseded by the Local Government Financial Management Regulation 1999) and recorded at deemed cost, being the carrying value of those assets at 31 December 1992.

Major depreciation periods are:

Office Equipment	3 to 10 years
Office Furniture	10 years
Vehicles & Road-making Equip	5 years
Other Plant & Equipment	3 to 10 years

Asset capitalisation thresholds include:

Office Furniture & Equipment	$1,000
Other Plant & Equipment	$1,000

Land - Council owned and Council controlled

Council Freehold land and Land over which Council has control, but does not have title, were valued by Council officers at municipal site value during the reporting period ended 30 June 2005. Pursuant to Council's election, these amounts are disclosed at deemed cost.
No capitalisation threshold is applied to the acquisition of land or interests in land.

Buildings

2003/04 valuation

Buildings were valued by Mr John Nelson, FAPI, AICV of Aon Valuation Services as at 30 June 2004 in accordance with recognised valuation procedures as to fair and reasonable value, useful life and remaining life. Land revaluations totalled $57,284,700.
All acquisitions made after the date of valuation are recorded at cost.

Major depreciation periods are:

Buildings	50 to 100 years
Buildings – other construction	20 to 50 years

Asset capitalisation thresholds include:

New construction/extensions	$10,000

Note 9 – Property, Plant & Equipment (cont)

Land Improvements, Other Structures and Infrastructure

Land improvements and other structures were valued by independent valuation during the reporting period ended 30 June 1996 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Major depreciation periods are:

Playground equipment	5 years
Benches, seats, etc	10 to 100 years

Asset capitalisation thresholds include:

Park Furniture & Equipment	$2,000

Sewerage Infrastructure

Sewer infrastructure was valued by Council officers at written down current replacement cost during the reporting period ended 30 June 1995 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Major depreciation periods are:

Sewer Pipes	70 years
Sewer Treatment Plant	70 years
Reticulation Pipes – PVC	70 years
Reticulation Pipes – other	50 years
Pumps & Telemetry	15 years

Augmentation works constructed subject to PWD schemes are recorded as follows:

- Where the scheme has not been commissioned, works are recorded at cost (including borrowing costs).
- Where the scheme has been commissioned but the final cost to Council has not been determined, the scheme has been recorded as a single asset and depreciated from the date of commissioning. The depreciation period has been selected, depending on the nature of the scheme, having regard to the depreciation period applicable to its major components as shown above.
- Where the final cost to Council has been determined, carrying value of the scheme has been apportioned between the individual components and depreciation periods adopted as shown above.

Asset capitalisation thresholds include:

Reticulation extensions	$5,000
Sidelines & household connections	$5,000

Transportation Assets

Transportation assets were valued by Council officers at written down current replacement cost during the reporting period ended 30 June 1996 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost. Included in the capitalisation of road assets is bulk earthworks.

Major depreciation periods are:

Roads Structure	10 to 100 years
Bridges – Concrete	80 years
Bulk Earthworks	indefinite

Asset capitalisation thresholds include:

Road construction & reconstruction	$10,000

Note 9 – Property, Plant & Equipment (cont)

Stormwater and Drainage Assets

Stormwater drainage infrastructure was valued by Council officers as at 30 June 1997 at written down current replacement cost, based on actual costs incurred during the reporting period ended 30 June 1997 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Major depreciation periods are:

Drains	30 to 100 years
Culverts	60 years

Asset capitalisation thresholds include:

Drains & Culverts	$5,000

All other assets

Assets acquired after 1 January 1993 are recorded at cost. Assets acquired prior to that date and depreciated in accordance with the Local Government Accounting Regulations 1979 (subsequently superseded by the Local Government Financial Management Regulation 1999) are recorded at deemed cost, being the carrying value of those assets at 31 December 1992.

Major depreciation periods are:

Library Books	5 years
Artworks	100 years

Restricted Assets

Restrictions exist in relation to the following assets, which must be applied for the purposes for which special rates and other charges enabling their purchase were raised.

	2005 **$'000**	2004 $'000
Sewerage Services	**50,911,903.97**	52,363,753.40
Domestic Waste Management	**2,878,674.06**	2,168,930.72

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2005

Note 10 - LIABILITIES

	2005 $'000 Current	2005 $'000 Non-Current	2004 $'000 Current	2004 $'000 Non-Current
PAYABLES				
Goods & Services	**1,974**	**-**	3,968	-
Payments received in advance	**107**	**-**	114	-
Accrued Expenses	**118**	**-**	195	-
Deposits, Retentions & Bonds	**672**	**-**	732	-
Other	**115**	**-**	101	-
Total Payables	**2,986**	**-**	5,110	-
BORROWINGS				
Bank Overdraft	**-**		-	
Loans	**5**	**67**	5	72
Total Borrowings	**5**	**67**	5	72

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

	2005 $'000 Current	2005 $'000 Non-Current	2004 $'000 Current	2004 $'000 Non-Current
PROVISIONS				
Annual Leave	**1,644**	**-**	1,574	-
Sick Leave	**994**	**-**	1,090	-
Long Service Leave	**409**	**2,461**	354	2,424
Self Insurance Claims	**180**	**750**	-	860
Leave in Lieu	**93**	**-**	76	-
Total Provisions	**3,320**	**3,211**	3,094	3,284
AGGREGATE LIABILITY ARISING FROM EMPLOYEE BENEFITS	**3,328**	**3,211**	3,102	3,284

	2005 $'000 Current	2005 $'000 Non-Current	2004 $'000 Current	2004 $'000 Non-Current
LIABILITIES relating to RESTRICTED ASSETS				
Domestic Waste Management				
Payables	*306*	*-*	*349*	*-*
Provisions	*184*	*194*	*316*	*-*
Subtotal	*490*	*194*	*665*	*-*
Sewerage Services				
Creditors	*39*	*-*	*41*	*-*
Borrowings	*-*	*48*	*-*	*51*
Provisions	*63*	*55*	*64*	*83*
Subtotal	*102*	*103*	*105*	*134*
Self Insurance Claims				
Provisions	*180*	*750*	*-*	*860*
Subtotal	*180*	*750*	*-*	*860*
TOTAL	*772*	*1,047*	*770*	*994*

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2005

Note 11 - 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:

	2005 $'000	2004 $'000
Total Cash Assets (Note 6)	**19,179**	26,736
Balances per Statement of Cash Flows	**19,179**	26,736

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

	2005	2004
Change in Net Assets resulting from Operations	**254**	4,174
Add: Depreciation and Amortisation	**8,255**	7,132
Increase in employee leave entitlements	**136**	67
Increase in other provisions	**17**	-
Decrease in receivables	**457**	1,864
Decrease in inventories	**19**	12
Decrease in other current assets	**43**	-
Increase in creditors	**-**	1,891
Increase in accrued expenses payable	**-**	61
	9,181	15,201
Less: Decrease in provision for doubtful debts	**-**	4
Increase in other current assets	**-**	135
Decrease in creditors	**2,001**	-
Decrease in accrued expenses payable	**76**	-
Decrease in other payables	**46**	38
Gain on Sale of Assets	**323**	1,099
Net Cash provided by (or used in) operations	**6,735**	13,925

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2005

Note 11 (CONT) - RECONCILIATION TO CASH FLOW STATEMENT

	2005 $'000	2004 $'000

(c) Financing Arrangements

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

Bank Overdrafts		
Total Facilities	**800**	800
Corporate Credit Cards	**-**	-

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.

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2005

Note 12 - COMMITMENTS FOR EXPENDITURE

	2005 $'000	2004 $'000

(a) Capital Commitments

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Buildings	**1,872**	10,112
	1,872	10,112
These expenditures are payable:		
Not later than one year	**1,872**	10,112
	1,872	10,112

(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	**200**	40
Waste Management Services	**1,337**	2,462
Effluent Collection	**2,079**	4,015
Other	**1,387**	1,508
	5,003	8,025
These expenditures are payable:		
Not later than one year	**3,480**	3,220
Later than one year and not later than 5 years	**767**	3,956
Later than 5 years	**756**	849
	5,003	8,025

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2005

Note 12 (CONT) - COMMITMENTS FOR EXPENDITURE

(c) 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:

	2005 $'000	2004 $'000
Total Future Minimum Lease Payments		
Not later than one year	**386**	290
Later than one year and not later than 5 years	**402**	139
	788	429

Council has entered into non-cancellable operating leases for various items of computer and other plant and equipment.
(i) Contingent rental payments have been determined in accordance with Council's Management Plan and have been publicly notified in May and June each year.
(ii) No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Options available to Hawkesbury City Council at the end of the Operating Lease period:
(a) Return the equipment at no penalty other than council's transport costs
(b) Extend for any quarterly period. Rentals will be less than the original rentals depending on the extension period required.
(c) At the end of the lease period, Council may elect to buy the equipment at market value.

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2005

Note 13 - STATEMENT OF PERFORMANCE MEASUREMENT

	Amounts	2005 Indicators	2004	2003	2002
Current Ratio					
Current Assets	$19,441	3.08:1	3.68:1	3.69:1	3.79:1
Current Liabilities	$6,312				
Unrestricted Current Ratio					
Unrestricted Current Assets*	$11,743	2.12:1	2.85:1	3.08:1	1.89:1
Current Liabilities not relating to Restricted Assets	$5,540				
* as defined in the Code					
Debt Service Ratio					
Net Debt Service Cost	$10	0.02%	0.02%	0.08%	0.07%
Operating Revenue	$44,019				
* as defined in the Code					
Rate & Annual Charges Coverage Ratio					
Rates & Annual Charges Revenues	$29,881	59.77%	55.05%	54.93%	47.22%
Total Revenues	$49,995				
Rates & Annual Charges Outstanding Percentage					
Rates & Annual Charges Outstanding	$1,203	3.88%	3.48%	3.93%	3.96%
Rates & Annual Charges Collectible	$31,011				

With the adoption of Australian Accounting Standard AAS 36, Cash Assets subject to restrictions that are not expected to be discharged in the next reporting period are required to be disclosed as non-current. This requirement has had a material effect on the following performance ratios which are restated below on the basis that would have applied had AAS 36 not been adopted.

	2005	2004	2003	2002
Current Ratio				
Current Assets	3.82:1	3.92:1	4.84:1	4.23:1
Current Liabilities				
Unrestricted Current Ratio				
Unrestricted Current Assets*	2.12:1	2.85:1	3.08:1	1.89:1
Current Liabilities not relating to Restricted Assets				

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2005

Note 14 - 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:

	2005 $'000 Grants	2005 $'000 Contrib	2004 $'000 Grants	2004 $'000 Contrib
Unexpended at the close of the previous reporting period	**2,242**	**4,037**	2,164	5,466
Less: expended during the current period from revenues recognised in previous reporting periods				
Section 94/64 Developer Contributions	**-**	**600**	-	2,383
Public Order & Safety	**14**	**-**	23	-
Community Services & Education	**318**		256	
Housing & Community Amenities	**193**		98	
Recreation and Culture	**502**		1,376	
Transport & Communication	**173**		-	
Economic Affairs	**30**	**-**	230	-
General Purpose Revenues	**-**	**-**	92	-
	1,230	**600**	2,075	2,383
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions				
Section 94/64 Developer Contributions	**-**	**830**	-	954
Public Order & Safety	**1**	**-**	14	-
Community Services & Education	**320**	**-**	318	-
Housing & Community Amenities	**38**	**-**	104	-
Recreation and Culture	**371**	**-**	1,507	-
Transport & Communication	**402**	**-**	173	-
Economic Affairs	**6**	**-**	37	-
	1,138	**830**	2,153	954
Unexpended at the close of this reporting period and held as restricted assets	**2,150**	**4,267**	2,242	4,037
Net increase (decrease) in restricted assets in the current reporting period.	**(92)**	**230**	78	(1,429)

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2005

Note 15 - FINANCIAL INSTRUMENTS

Interest Rate Risk Exposures

2005	Floating Interest Rate	Fixed interest maturing in ≤ 1 year	> 1 year ≥ 5 years	> 5 years	Non-interest bearing	Total
Financial Assets	'000	'000	'000	'000	'000	'000
Cash Assets	19,179	-	-	-	-	19,179
Investment Securities	-	820	-	-	-	820
Receivables						-
Rates & Annual Charges	-	1,204	-	-		1,204
User Charges & Fees	-	-	-	-	1,301	1,301
Deferred Debtors	-	61	195	-	-	256
Other levels of Govt.	-	-	-	-	699	699
Other	-	-	-	-	248	248
Other Assets	-	-	-	-	-	-
Total	19,179	2,085	195	-	2,248	23,707
Weighted Average Interest Rate	*5.83%*	*7.39%*	*0.00%*	*0.00%*		
Financial Liabilities						
Payables						
Goods & Services	-	-	-	-	1,974	1,974
Payments in advance	-	-	-	-	107	107
Deposits, Retentions, Bonds	-	-	-	-	672	672
Other	-	-	-	-	115	115
Interest Bearing Liabilities	-	5	31	36	-	72
Total	-	5	31	36	2,868	2,940
Weighted Average Interest Rate	*0.00%*	*6.87%*	*6.87%*	*6.79%*		
2004						
Financial Assets						
Cash Assets	26,736	-	-	-	-	26,736
Investment Securities	-	820	-	-	-	820
Receivables						
Rates & Annual Charges	-	1,028	-	-	-	1,028
User Charges & Fees	-	-	-	-	1,169	1,169
Deferred Debtors	-	58	196	-	-	255
Other levels of Govt.	-	-	-	-	1,425	1,425
Other	-	-	-	-	278	278
Other Assets	-	-	-	-	-	-
Total	26,736	1,906	196	-	2,872	31,711
Weighted Average Interest Rate	*5.50%*	*8.60%*	*0.00%*	*0.00%*		
Financial Liabilities						
Payables						
Goods & Services	-	-	-	-	3,969	3,969
Payments in advance	-	-	-	-	114	114
Deposits, Retentions, Bonds	-	-	-	-	732	732
Other	-	-	-	-	101	101
Interest Bearing Liabilities	-	5	29	43	(1)	76
Total	-	5	29	43	4,915	4,992
Weighted Average Interest Rate	*8.95%*	*6.87%*	*6.87%*	*6.81%*		

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2005

Note 15 (CONT) - RECONCILIATION OF FINANCIAL ASSETS & LIABILITIES

	2005 $'000	2004 $'000

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

	2005 $'000	2004 $'000
Net financial assets from previous page		
Financial Assets	**23,707**	31,711
Financial Liabilities	**2,940**	4,992
	20,767	26,719
Non-financial assets and liabilities		
Accrued Revenues	**59**	67
Inventories	**363**	382
Property, Plant & Equipment	**335,540**	327,483
Other Assets	**164**	206
Accrued Expenses	**(118)**	(195)
Provisions	**(6,531)**	(6,378)
	329,477	321,565
Net Assets per Statement of Financial Position	**350,244**	348,284

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.

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 16 - SIGNIFICANT VARIATIONS FROM ORIGINAL BUDGET

Council's original budget comprised part three(3) of the Management Plan adopted by Council on 27 June 2004. The original projections on which the budget was based have been affected by decisions and new grant programs initiated by State and Federal Governments and by decisions made by the Council.

This Note sets out the principal variations between the original Budget and Actual results for the Statement of Financial Performance.

Further information of the nature and amount of all variations is available from the Council office upon request.

1 STATEMENT OF FINANCIAL PERFORMANCE

1.1 Employee Costs

During the year Council employees are engaged in both maintenance and capital works, the proportions of which vary from year to year. Costs in relation to the capital works are excluded from the Operating Statement, and it is not Council's practice to make detailed calculations for this as part of its budgeting procedures. Employee costs associated with maintenance are costed to maintenance works and as a result are shown under materials and contracts for the budget but are extracted for the preparation of the financial statements as Employee Costs. As a result actual employee costs are $1.9 m or (11.83%) over budget but materials and contracts are under by $2.4 m or 12.05%. Taking the budget classification into consideration there is no material variations in Employee Costs.

1.2 Materials & Contracts

Materials and contract expenses compared to budget are $2.4m or 12.05% below budget projections a result of different budget classification treatments to actual results between employee costs and materials and contracts. After taking into consideration the variation for employee costs materials and contracts are $0.5 m under budget due to a combinatin of works still to be completed and unexpended grants at year end.

1.3 Interest Charges

New Council borrowings are all for specific projects, and in accordance with Australian Accounting Standard AAS 34 "Borrowing Costs" interest costs are capitalised until each project is held ready for use, after which time interest costs are charged to expense. Delays in commissioning projects can result in material variations from originally budgeted amounts. Actual interest costs compared to budget was $168,556 favourable. Council has minimal amount of debt and existing loans have a fixed repayment schedule. No new loans were budgeted for in the year.

1.4 Depreciation

Actual depreciation costs are higher than budget by $2,022,362 or 32.44%. The major component of the variation comes from increases in depreciation of plant and equipment, buildings and the sewerage network. During the year Council undertook significant capital works in relation to buildings.

1.5 Other Operating Expenses

The actual difference between the budgeted and actual total other operating expenses was $783,053 or 12% favourable. The main reasons for this variation were the result of projects or grant programs unspent at year end or costs associated with Council business activities which are transferred to reserves.

1.6 Rates, Annual Charges and Fees

Actual rates, annual charges and fees compared to budget are $1.1m or 2.98% unfavourable. The main reason for this variation arising from:

- Less than anticipated income from planning and building fees due to downturn in building activity;

Note 16 - Significant Variations from Original Budget (cont)

- Reduction in private works undertaken for private organisations;
- Reduction in previous 12 months income for life time dog registration fees; and
- Less than anticipated income from leisure centre - income.

1.7 Interest Received

Interest receipts have been affected by the level of collection of rates debtors, and changes in interest rates available on the short term money market. Actual income received compared to budget was a favourable variance of $451,719 or 43.02%. Higher investment returns were achieved following new investment initiatives combined with increased interest rates and funds available for investment due to unspent capital works at year end.

1.8 Grants & Contributions Received – Operating & Capital

There was a favourable variation $1,309,675 or 14.50%. In many instances, the actual amount of grants received depends on decisions made by State and Federal governments after the original Budget was adopted. In particular, variations may occur in grants received for the following purposes:

- Roads & Bridges;
- Employment & Training Programs;
- Community Care Services;
- Bushfire & Emergency Services; and
- Financial Assistance Grant.

Variations were experienced in relation to developer contributions as a result of changes in the level of economic activity, and changes in the amounts of contributions received from the Roads & Traffic Authority towards construction and maintenance of regional classified roads.

1.9 Other Operating Revenues

There was an unfavourable variation of $1,006,584 or 32.47%. The main contributing factor to this variation was Property rental income. Property rental income was budgeted on the basis of full occupancy, maintenance of the existing portfolio of properties and an increase in lease rates. However, estimated lease income was not received due to less than full occupancy rates, sale of designated properties and lease increases not being made on some properties where occupants demonstrated financial difficulty.

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2005

Note 17 - STATEMENT OF CONTRIBUTION PLANS

SUMMARY OF CONTRIBUTIONS

PURPOSE	OPENING BALANCE $'000	CONTRIBUTIONS RECEIVED DURING YEAR CASH $'000	NON-CASH $'000	INTEREST EARNED DURING YEAR $'000	EXPENDED DURING YEAR $'000	EXPENDED IN ADVANCE $'000	HELD AS RESTRICTED ASSET $'000	WORKS PROVIDED TO DATE $'000
Drainage	204	25	-	13	-	-	242	-
Roads	288	2	-	14	-	-	304	200
Traffic Facilities	120	72	-	6	252	-	(54)	259
Parking	348	102	-	23	-	-	473	-
Open Space	618	85	-	37	55	-	685	815
Community facilities	1,601	217	-	93	240	-	1,671	2,991
Other	709	81	-	42	53	-	779	742
Subtotal S94 under plans	3,888	584	-	228	600	-	4,100	5,007
Sec 94 not under plans	148	11	-	8	-	-	167	99
Total Contributions	4,036	595	-	236	600	-	4,267	5,106

UNDER CONTRIBUTION PLAN

PURPOSE	OPENING BALANCE $'000	CONTRIBUTIONS RECEIVED DURING YEAR CASH $'000	NON-CASH $'000	INTEREST EARNED DURING YEAR $'000	EXPENDED DURING YEAR $'000	EXPENDED IN ADVANCE $'000	HELD AS RESTRICTED ASSET $'000	WORKS PROVIDED TO DATE $'000
Drainage	204	25	-	13	-	-	242	-
Roads	288	2	-	14	-	-	304	200
Traffic Facilities	120	72	-	6	252	-	(54)	259
Parking	348	102	-	23	-	-	473	-
Open Space	618	85	-	37	55	-	685	815
Community facilities	1,601	217	-	93	240	-	1,671	2,991
Other	709	81	-	42	53	-	779	742
Total	3,888	584	-	228	600	-	4,100	5,007

CONTRIBUTIONS NOT UNDER PLANS

PURPOSE	OPENING BALANCE $'000	CONTRIBUTIONS RECEIVED DURING YEAR CASH $'000	NON-CASH $'000	INTEREST EARNED DURING YEAR $'000	EXPENDED DURING YEAR $'000	EXPENDED IN ADVANCE $'000	HELD AS RESTRICTED ASSET $'000	WORKS PROVIDED TO DATE $'000
Roads	120	-	-	6	-	-	126	21
Open Space	28	11	-	2	-	-	41	78
Total	148	11	-	8	-	-	167	99

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

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

The following contingent liabilities and contingent assets 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.

(1) Westpool Insurance

Hawkesbury City Council contributes to Westpool, an insurance pooling organisation managed by Willis Australia Limited, with six (6) other Western Sydney Councils. During 2004/05, Hawkesbury City Council's contribution to Westpool was $552,000 for Public Liability/Professional Indemnity Insurance cover, and other associated services, such as training and risk assessment. The total amount of contributions paid by all Councils totalled $7,372,000.

Hawkesbury City Council's contribution amount represents 7.49% of the total amount paid. It should be noted that Westpool ended the year (2004/05) with a surplus of $964,000. Hawkesbury City Council's proportion of the surplus result is $179,000. This result is unaudited at this stage as Westpools Financial Accounts for 2004/05 are currently being audited and the audited result will be presented to a Westpool Executive meeting upon completion.

(2) Superannuation - Defined Benefits

Council makes employer contributions to the defined benefits categories of the Scheme at rates determined by the Scheme's Trustee. The rate for 2004/05 was NIL% (NIL% in 2003/04, since 1 July 2005 the rate is 95% of member contributions plus 1.25% of "superable" salary). Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefit, as defined in the Trust Deed, as they accrue.

Council has an ongoing obligation to share in the future experience of the Scheme. Favourable or unfavourable variations may arise should the experience of the Scheme differ from the assumptions made by the Scheme's actuary in estimating the Scheme's accrued benefits liability. The most recent full actuarial review of the Scheme was undertaken by the Scheme's actuary, as at 30 June 2004. The Scheme's liability for accrued benefits was determined by reference to expected future salary levels and by application of a market-based risk-adjusted discount rate and relevant actuarial assumptions. It was determined that the net assets of the Scheme were more than sufficient to meet the accrued benefits of the Scheme's defined benefit category members. Council's share as at 30 June 2005 was $1,203,789 (2004, $848,156).

(3) Workers Compensation Claims

Council holds a Workers Compensation Self Insurers licence and recognises that it may in the first six (6) months of 2005/06 pay out claims totalling $180,000. Any over expenditure which occurs in Council's budget for Workers Compensation Insurance will be funded from a reserve set up specifically for this purpose (refer Note 6).

Note 18 – Contingencies & Assets & Liabilities not Recognised in the Statement of Financial Position (cont)

(4) 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, Council had notice of 4 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

HAWKESBURY CITY COUNCIL

Note 19 - IMPACTS OF INTERNATIONAL FINANCIAL REPORTING STANDARDS
Explanation of Transition to Australian equivalents to International Financial Reporting Standards

The adoption of Australian equivalents to International Financial Reporting Standards from 1 July 2005 is expected to affect the amounts disclosed in the Council's Statement of Financial Position and Statement of Financial Performance as shown below. Items (including reclassifications) not affecting the net amounts reported in these statements are not disclosed in this note.

A. Reconciliation of STATEMENT OF FINANCIAL POSITION
as at 30 June 2005

	Notes	GAAP 2005 $'000	Effect of transition to AIFRS	AIFRS 2005 $'000
CURRENT ASSETS				
Cash Assets		**14,513**		14,513
Investment Securities		**820**		820
Receivables	a	**3,571**	24	3,595
Inventories		**363**		363
Assets held for Sale	b	**-**	2,734	2,734
Other		**165**		165
TOTAL CURRENT ASSETS		**19,432**	**2,758**	**22,190**
NON-CURRENT ASSETS				
Cash Assets		**4,657**		4,657
Receivables		**195**		195
Investment Property	c	**-**	21,675	21,675
Property, Plant & Equipment	b,c,d, f	**338,060**	(22,807)	315,253
TOTAL NON-CURRENT ASSETS		**342,912**	**(1,132)**	**341,780**
TOTAL ASSETS		**362,344**	**1,626**	**363,970**
CURRENT LIABILITIES				
Payables		**2,987**		2,987
Borrowings		**5**		5
Provisions	d,e	**3,365**	(358)	3,007
TOTAL CURRENT LIABILITIES		**6,357**	**(358)**	**5,999**
NON-CURRENT LIABILITIES				
Borrowings		**67**		67
Provisions	d,e	**3,255**	2,307	5,562
TOTAL NON CURRENT LIABILITIES		**3,322**	**2,307**	**5,629**
TOTAL LIABILITIES		**9,679**	**1,949**	**11,628**
NET ASSETS	$	**352,665**	**(323)**	**352,342**
EQUITY				
Operating result		**155**	(348)	(193)
Opening Accumulated Surplus		**108,962**	25	108,987
Asset Revaluation Reserve		**243,548**		243,548
TOTAL EQUITY	$	**352,665**	**(323)**	**352,342**

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

HAWKESBURY CITY COUNCIL

Note 19 (CONT) - IMPACTS OF INTERNATIONAL FINANCIAL REPORTING STANDARDS
Explanation of Transition to Australian equivalents to International Financial Reporting Standards

B. Reconciliation of STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30th June 2005

	Notes	GAAP 2005 $'000	Effect of transition to AIFRS	AIFRS 2005 $'000
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs	e	**18,083**	(38)	18,045
Materials & Contracts		**18,090**		18,090
Borrowing Costs		**5**		5
Depreciation & Amortisation	d	**8,255**	289	8,544
Other Expenses	d	**5,538**	97	5,635
Total Expenses from Ordinary Activities		**49,971**	348	50,319
REVENUES FROM ORDINARY ACTIVITIES				
Rates & Annual Charges		**29,881**		29,881
User Charges & Fees		**6,044**		6,044
Investment Revenues		**1,502**		1,502
Grants & Contributions - Operating		**9,254**		9,254
Other Revenues		**2,093**		2,093
Profit from Disposal of Assets		**323**		323
Revenues from Ordinary Activities before Capital Amounts		**49,097**	**0**	49,097
SURPLUS(DEFICIT) FROM ORDINARY OPERATIONS BEFORE CAPITAL AMOUNTS		(874)	(348)	(1,222)
Grants & Contributions - Capital		**1,029**		1,029
SURPLUS(DEFICIT) FROM ORDINARY OPERATIONS AFTER CAPITAL AMOUNTS		155	(348)	(193)
NET SURPLUS(DEFICIT) FOR YEAR		**155**	(348)	(193)

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

HAWKESBURY CITY COUNCIL

Note 19 (CONT) - IMPACTS OF INTERNATIONAL FINANCIAL REPORTING STANDARDS
Explanation of Transition to Australian equivalents to International Financial Reporting

C. Notes attached to Note 19

The adoption of AIFRSs has not resulted in any material adjustments to the cash flow statement.

Notes to the Reconciliations

a. Doubtful debts Provision (AASB 137)

Provision for Doubtful Debts, currently measured as a general provision based on an estimated percentage of certain aged debtors, are required to be supported by objective evidence of impairment.

The effect of this is:
A decrease in provision of $24,000 and a corresponding adjustment to opening equity

b. Assets held for Sale (AASB 5)

Pursuant to AASB 5 Council has categorised certain properties , currently disclosed in property, plant & equipment , as held for sale. The carrying amount is expected to be recovered principally through a sale transaction rather than continued use. All are measured at the lower of cost and net realisable value.

The effect of this is:
A decrease in property, plant & equipment of $2,734,000 and a corresponding increase in Assets held for Sale.

c. Investment Property (AASB 140)

Council has identified certain properties as Investment Properties and pursuant to AASB 140.30 has elected to adopt the cost model. For the 2004/2005 financial year the cost less accumulated depreciation closely approximates the fair value of investment properties, as the deemed cost is based on an independent valuation obtained as at 30th of June 2004. For the GPFR these assets are currently included in property, plant & equipment and are recorded at cost.

The effect of this is:
A decrease in property, plant & equipment of $21,675,000 and a corresponding increase in Investment Property.

d. Provision for Future Reinstatement (AASB 137)

Council has identified , in relation to the waste depots, an obligation to reinstate the property to a specified condition on cessation of use. This obligation is measured at the present value of estimated future cash outflows. This type of asset and liability have not previously been recognised.

The effect of this is:
A increase in property, plant & equipment of $1,602,000 and an increase in Provisions of $1,988,000. The Reinstatement asset depreciation for the current year $289,000. Notional interest expense on the Provision of $97,000

HAWKESBURY CITY COUNCIL

Note 19 (CONT) - IMPACTS OF INTERNATIONAL FINANCIAL REPORTING STANDARDS
Explanation of Transition to Australian equivalents to International Financial Reporting

C. Notes attached to Note 19

e. Employee Benefit Provisions (AASB 117)

Liabilities for employee benefits (other than long service leave) payable more than 12 months beyond reporting date, currently measured at nominal values, are required to be measured at the present value of the future cash outflows.

The effect of this is:
A decrease in Provision for Employee Benefits of $38,000 and corresponding decrease in Employee costs for the current year. Recognition of non-current portion of Annual Leave and Sick Leave provisions, currently disclosed as current provision as per GAAP.

f. Recoverable amount for non-current assets (Impairment) (AASB 136)
Adoption of AIFRS AASB 136 is not expected to result in any material adjustments to the balances held for councils non-current assets.

g. Defined Benefit Superannuation Funds (AASB 119)

Local Government Defined Benefit Superannuation Funds are pooled funds where the actuarial risks related to the fund are determined on the basis of the New South Wales local government industry as a whole, and not solely that of the Council. Accordingly, it is anticipated that these funds will be accounted for as defined contribution funds, pursuant to AASB 119.32.

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2005

Note 20 - ASSET REVALUATION RESERVE

		2005	2004
		$'000	$'000
Balance at beginning of reporting period		239,325	225,816
Add: Revaluation increments transferred to the reserve relating to:			
Land		-	-
- Council owned (freehold)		2,511	3,975
- Council controlled		1,724	1,327
Buildings		-	8,207
	Subtotal	4,235	13,509
Less: Revaluation decrements transferred from the reserve relating to:			
Land		-	-
- Council owned (freehold)		2,520	-
- Council controlled		12	-
	Subtotal	2,532	-
Balance at end of reporting period		241,028	239,325

PRICEWATERHOUSECOOPERS

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Hawkesbury City Council
Independent Audit Report to the Council
(Sections 417(2) – report on the general purpose financial reports)

Scope

We have audited the financial reports of **Hawkesbury City Council** for the financial year ended 30 June 2005 as set out on pages 1 to 42. The financial reports consist of the general purpose financial reports and Council's statement in the approved form as required by Section 413(2)(a) of the Local Government Act, 1993. Our audit responsibility does not extend to the Original Budget figures disclosed in the Statement of Financial Performance, Statement of Cash Flows, Notes 2(a) and 16 to the financial statements nor the attached Special Schedules. 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.

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 Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus views) and statutory requirements so as to present a view which is consistent with our understanding of the Council's financial position, the results of its operations and its cash flows.

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

Audit opinion

In our opinion:

a) The Council's accounting records have been kept in accordance with the requirements of the Local Government Act, 1993 Chapter 13, Part 3, Division 2.
b) The Council's financial reports
   i. Have been properly prepared in accordance with the requirements of this Division;
   ii. are consistent with the Council's accounting records;
   iii. present fairly the Council's financial position and the results of its operations; and
   iv. are in accordance with applicable Accounting Standards.
c) All information relevant to the conduct of the audit has been obtained.
d) There are no material deficiencies in the accounting records or financial reports that have come to light during the course of the audit.

PricewaterhouseCoopers
Chartered Accountants

JA Gordon
Sydney 21 October 2005

Liability is limited by the Accountant's Scheme under the Professional Standards Act 1994 (NSW)

PRICEWATERHOUSECOOPERS

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21 October 2005

The Mayor
Councillor Bart Bassett
Hawkesbury City Council
DX 8601
WINDSOR

Dear Councillor Bassett

Report on the Conduct of the Audit for Year Ended 30 June 2005
Section 417(3)

We have completed our audit for the financial reports of Hawkesbury City Council for the year ended 30 June 2005, in accordance with Section 415 of the Local Government Act 1993.

Our audit has been conducted in accordance with Australian Standards to provide reasonable assurance as to whether the financial reports are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial reports, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken fro form an opinion as to whether, in all material respects, the financial reports are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group consensus Views) as well as Statutory requirements so as to present a view which is consistent with our understanding of the Council's financial position, the results of its operations and its cash flows.

Flowing from our audit there are a number of comments we wish to raise concerning the trends in Council's finances. These are set out below.

Operating Result

Council's operating surplus declined from $4.2million in the previous year to $254K. The main reasons for this decline were:

- Lower profit on asset sales (down $776K);
- Lower capital grants and contributions (down $635K)
- Higher depreciation charges (up $900K)

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Cash Position

Council's overall cash position declined from $27.5m to $20m during the period under review. The following table highlights the composition of cash.

	June 2005 $m	June 2004 $m
Externally restricted	12.0	10.6
Internally restricted	5.2	13.0
Unrestricted	2.8	3.9
	20.0	**27.5**

The reduction in internal restrictions (reserves) was mainly through the use of the Property Development Reserve to fund the Cultural Precinct.

Working Capital

Council's net current assets fell from $22m to $13m during the period under review, mainly due to the reduction in cash levels previously discussed.

The value of the net current assets needs to be adjusted in order to establish Council's available working capital.

		June 2005 $'000	June 2004 $'000
Net Current Assets		13130	21997
Less	External Restrictions	7335	8665
	Internal Restrictions	5212	13038
		583	*294*
Add	Current liabilities to be funded from 2005/06 budget.	3325	3099
Available Working Capital		**3908**	**3393**

The effective unrestricted or available working capital upon which Council could build its 2005/06 budget was $3.9m.

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Performance Indicators

The financial reports disclose a number of indicators in Note 13 and these are detailed below:

	June 2005 %	June 2004 %
Unrestricted current ratio	212	285
Debt Service Ratio	.02	.02
Rate Coverage Ratio	60	55
Rates Outstanding Ratio	3.9	3.5

The Unrestricted Current Ratio declined, but remained well above the accepted industry benchmark of 100%.

Council's Debt Service Ratio remained stable at .02% of Operating Revenue and is well below the industry benchmark of 10%.

The Rate Coverage Ratio increased due to the reduction in capital grants and contributions and profit on asset sales.

The Rates Outstanding Ratio increased to 3.9% of collectables but remained better than the accepted industry benchmark of 5%.

Council is considered to be in a sound and stable financial position. All indicators remain better than accepted industry benchmarks despite the decline in some ratios.

General

The books of accounts and records inspected by us have been kept in an accurate and conscientious manner. We thank the General Manager and his staff for the co-operation and courtesy extended to us during the course of our audit.

Yours faithfully

J A Gordon
Partner
Assurance and Business Advisory Services

PricewaterhouseCoopers is committed to providing our clients with the very best service. We would appreciate your feedback or suggestions for improvement. You can provide this feedback by talking to your engagement partner, calling us within Australia on 1800 792 111 or visiting our website http://www.pwcfeedback.com.au/

HAWKESBURY CITY COUNCIL

Special Purpose Financial Reports

for the year ended 30th June 2005

TABLE OF CONTENTS

STATEMENT BY COUNCIL ON THE SPECIAL PURPOSE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

In accordance with the provision of Section 413(2) of the Local Government Act 1993 (as amended), and the Local Government Code of Accounting Practice & Financial Reporting, the Council at a duly convened meeting held on 27 September 2005, resolved to make the following statement on its Special Purpose Financial Report for the year ended 30 June 2005.

Statement

In the opinion of members of the Council:

(a) The Special Purpose Financial Reports have been drawn up in accordance with:

- The Local Government Act 1993 (as amended) and the relevant Regulations
- The applicable Australian Accounting Standards and professional pronouncements
- The Local Government Code of Accounting Practice and Financial Reporting
- The Local Government Asset Accounting Manual; and

(b) To the best of our knowledge and belief, these reports

- Present fairly the state of affairs of each of Council's Business Activities and operating result for the year; and
- Accord with Council's accounting and other records; and

(c) The signatories of the statement do not know of anything that would make those reports false or misleading in any way.

Councillor B Bassett, Mayor	*Graeme Faulkner, General Manager*
Council D Finch, Deputy Mayor	Desmond *L Desmond, Responsible Accounting Officer*

HAWKESBURY CITY COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE
SEWERAGE BUSINESS ACTIVITY
for the year ended 30th June 2005

2003 '000	2004 '000		Notes	**2005 '000**
		EXPENSES FROM ORDINARY ACTIVITIES		
898	1,094	Employee Costs	A3	**1,395**
1,111	1,389	Materials & Contracts	A3	**1,392**
4	4	Borrowing Costs	A3	**3**
924	1,267	Depreciation & Amortisation	A3	**1,573**
278	48	Other Operating Expenses	A3	**2**
-	-	Loss on Disposal of Assets	A5	**2**
202	13	NCP Tax Equivalents	1	**10**
3,417	3,815	**TOTAL**		**4,376**
		REVENUE FROM ORDINARY ACTIVITIES		
2,466	2,606	Access Charges	A4	**2,824**
461	484	User Charges	A4	**532**
179	95	Interest Received	A4	**127**
(86)	(90)	Grants & Contributions - Operating	A4	**(92)**
269	295	Other Operating Revenues	A4	**87**
-	11	Gain on Disposal of Assets	A5	**-**
3,289	3,401	**TOTAL**		**3,478**
(128)	(414)	**ORDINARY ACTIVITIES RESULT BEFORE CAPITAL AMOUNTS**		(898)
196	409	Grants & Contributions - Capital	A4	**302**
68	(4)	**SURPLUS (DEFICIT) BEFORE TAX**		(597)
-	-	Corporate Taxation Equivalent	1	**-**
68	(4)	**SURPLUS (DEFICIT) FOR YEAR**		(597)
20,157	20,225	Add: Accumulated Profits brought forward		**20,211**
20,225	20,211	**ACCUMULATED SURPLUS**		**19,624**
-0.25%	*-0.78%*	*RATE OF RETURN ON CAPITAL*	*1*	***-1.76%***
2,636,664	*3,482,199*	*NOTIONAL SUBSIDY FROM COUNCIL*	*1*	***3,638,877***
		Calculation of Dividend Payable during next financial year		
68	*-4*	*Surplus after tax*		***-597***
109	*320*	*Less: Capital grants & contribs from LWUs*		***203***
0	*0*	*Surplus for dividend calculation purposes*		***0***
0	*0*	*Dividend calculated from surplus*		***0***

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

HAWKESBURY CITY COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE OF BUSINESS ACTIVITIES
for the year ended 30th June 2005

	Notes	Sewerage Services $'000		Hawkesbury Leisure Centres $'000		Domestic Waste Management $'000	
		2005	2004	**2005**	2004	**2005**	2004
EXPENSES FROM ORDINARY ACTIVITIES							
Employee Costs	A3	**1,395**	1,094	**1,428**	1,416	**1,111**	1,318
Materials & Contracts	A3	**1,391**	1,389	**789**	728	**3,505**	2,932
Interest Charges	A3	**3**	4	**-**	9	**-**	232
Depreciation & Amortisation	A3	**1,573**	1,267	**295**	201	**750**	787
Other Operating Expenses	A3	**2**	48	**206**	366	**379**	260
Loss on Disposal of Assets	A5	**2**	-	**-**	-	**-**	3
NCP Imputation Payments	2	**10**	13	**2**	2	**30**	48
TOTAL OPERATING EXPENSES		**4,377**	3,814	**2,718**	2,723	**5,774**	5,577
REVENUES FROM ORDINARY ACTIVITIES							
Rates & Annual Charges	A4	**2,824**	2,413	**-**	-	**5,181**	4,743
User Charges & Fees	A4	**532**	866	**2,120**	2,187	**27**	536
Interest Received	A4	**127**	87	**9**	-	**14**	25
Grants & Contributions - Operating	A4	**(92)**	(90)	**464**	339	**118**	-
Other Operating Revenues	A4	**87**	114	**-**	24	**742**	263
Gain on Disposal of Assets	A5	**-**	11	**-**	-	**96**	-
TOTAL OPERATING REVENUES		**3,478**	3,401	**2,593**	2,550	**6,179**	5,567
ORDINARY ACTIVITIES RESULT BEFORE CAPITAL AMOUNTS		**(899)**	(413)	**(125)**	(173)	**405**	(10)
Grants & Contributions - Capital		**302**	409	**-**	-	**-**	-
RESULT FROM ORDINARY ACTIVITIES		**(597)**	(4)	**(125)**	(173)	**405**	(10)
Corporate Taxation Equivalent	2	**-**	-	**-**	-	**122**	-
SURPLUS (DEFICIT) FOR YEAR		**(597)**	(4)	**(125)**	(173)	**283**	(10)
Add: Accumulated Profits brought forward		**20,211**	20,202	**5,640**	5,811	**1,619**	1,581
NCP Imputation Payments retained	1	**10**	13	**2**	2	**152**	48
ACCUMULATED SURPLUS		**19,624**	20,211	**5,517**	5,640	**2,054**	1,619
RATE OF RETURN ON CAPITAL	2	**-1.76%**	-0.78%	**-1.32%**	-4.57%	**13.77%**	10.24%
NOTIONAL SUBSIDY FROM COUNCIL	2	**3,639**	3,484	**637**	1,020	**N/A**	N/A

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

HAWKESBURY CITY COUNCIL

STATEMENT OF FINANCIAL POSITION
SEWERAGE BUSINESS ACTIVITY
for the year ended 30th June 2005

2004 '000		Notes	2005 '000
	CURRENT ASSETS		
1,934	Cash Assets	A6	**2,806**
122	Receivables	A7	**124**
2,057	**TOTAL CURRENT ASSETS**		**2,930**
	NON-CURRENT ASSETS		
42	Cash Assets	A6	**-**
52,364	Property, Plant & Equipment	A9	**50,912**
52,406	**TOTAL NON-CURRENT ASSETS**		**50,912**
54,463	**TOTAL ASSETS**		**53,842**
	CURRENT LIABILITIES		
41	Payables	A10	**40**
64	Provisions	A10	**117**
105	**TOTAL CURRENT LIABILITIES**		**157**
	NON-CURRENT LIABILITIES		
51	Interest bearing liabilities	A10	**48**
83	Provisions	A10	**-**
134	**TOTAL NON CURRENT LIABILITIES**		**48**
239	**TOTAL LIABILITIES**		**205**
54,224	**NET ASSETS**	**$**	**53,637**
	EQUITY		
20,211	Accumulated Surplus		**19,624**
34,013	Asset Revaluation Reserve		**34,013**
54,224	**TOTAL EQUITY**	**$**	**53,637**

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

HAWKESBURY CITY COUNCIL

STATEMENT OF FINANCIAL POSITION by BUSINESS ACTIVITIES
for the year ended 30th June 2005

		Sewerage Services $'000		Hawkesbury Leisure Centres $'000		Domestic Waste Management $'000	
	Notes	**2005**	2004	**2005**	2004	**2005**	2004
CURRENT ASSETS							
Cash Assets	A6	**2,806**	1,934	**(38)**	2	**-**	-
Investment Securities	A6	**-**	-	**-**	-	**285**	642
Receivables	A7	**125**	122	**240**	40	**239**	195
Inventories	A8	**-**	-	**32**	16	**-**	-
Other	A8	**-**	-	**-**	10	**1**	-
TOTAL CURRENT ASSETS		**2,930**	2,057	**234**	67	**525**	838
NON-CURRENT ASSETS							
Cash Assets	A6	**-**	42	**-**	-	**-**	-
Property, Plant & Equipment	A9	**50,912**	52,364	**9,491**	9,769	**2,942**	2,169
TOTAL NON-CURRENT ASSETS		**50,912**	52,406	**9,491**	9,769	**2,942**	2,169
TOTAL ASSETS		**53,842**	54,463	**9,726**	9,836	**3,468**	3,007
CURRENT LIABILITIES							
Payables	A10	**39**	-	**249**	169	**305**	183
Interest Bearing Liabilities	A10	**-**	41	**-**	-	**-**	-
Provisions	A10	**63**	64	**52**	94	**184**	160
TOTAL CURRENT LIABILITIES		**102**	105	**301**	263	**489**	343
NON-CURRENT LIABILITIES							
Interest Bearing Liabilities	A10	**48**	51	**-**	-	**-**	224
Provisions	A10	**55**	83	**-**	13	**194**	156
TOTAL NON CURRENT LIABILITIES		**103**	134	**-**	13	**194**	380
TOTAL LIABILITIES		**205**	239	**301**	276	**683**	723
NET ASSETS	$	**53,637**	54,224	**9,425**	9,560	**2,785**	2,284
EQUITY							
Accumulated Surplus		**19,624**	20,211	**5,517**	5,640	**2,054**	1,619
Asset Revaluation Reserve		**34,013**	34,013	**3,908**	3,920	**731**	665
TOTAL EQUITY	$	**53,637**	54,224	**9,425**	9,560	**2,785**	2,284

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

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL REPORTS
for the year ended 30 June 2005

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, the Department of Local Government, and the Department of Energy, Utilities and Sustainability. They have been prepared to report the results of business units determined by Council in accordance with the requirements of National Competition Policy guidelines, and the specific requirements relating to Best Practice Management sewer business units.

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"*, the Department of Local Government's July 1997 guidelines *"Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality"* and the Department of Energy, Utilities and Sustainability's May 2004 guidelines *"Best-Practice Management of Water Supply and Sewerage"*.

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

2.2 Basis

The financial report has been prepared on the accrual basis of accounting and, except where specifically indicated in these Notes or in the Notes to the general purpose 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:

Domestic Waste Management

Comprising the whole of the operations and assets of Domestic Waste Management operations servicing the Hawkesbury City Council area, which are established as separate Charges under Council's Annual Rates and Charges (see item 4 below). As the total annual operating revenues exceed $2,000,000, it is defined as a "Category 1" Business Unit.

Sewerage Service

Comprising the whole of the operations and assets of the sewerage reticulation and treatment system servicing the Hawkesbury City Council Area, which is established as a separate Charge under Council's Annual Rates and Charges (see item 4 below). As the total annual operating revenues exceed $2,000,000, it is defined as a "Category 1" Business Unit.

Note 1 - Significant Accounting Policies (cont)

Hawkesbury Leisure Centres

Comprising the whole of the operations and assets of the Hawkesbury Leisure Centre which includes an acquatic centre as well as an indoor stadium. The centre was managed during the financial year by Leisure Co with the Hawkesbury City Council carrying out the financial function on a fee for service basis. As the total operating revenues exceed $2,000,000 it is defined as a "Category 1" 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. The Department of Energy, Utilities and Sustainability's May 2004 guidelines *"Best-Practice Management of Water Supply and Sewerage"* include specific requirements relating to the calculation and payment of "dividends" by water supply and sewerage business units.

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. From 30 June 2004 the Department of Energy, Utilities and Sustainability's May 2004 guidelines *"Best-Practice Management of Water Supply and Sewerage"* require that imputed amounts be paid into the general funds of the Council where it may be applied for any permitted purpose of the Local Government Act 1993 (as amended).

Details of the rates of each tax or duty applicable to each different business unit are set out in the table forming item 7 of this Note. 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 Statements of Financial Performance 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.

Council is permitted, but not required, to pay a dividend to the general funds of the Council from surpluses generated by water supply and sewerage operations. The maximum amount of such dividend permitted under the *"Best-Practice Management of Water Supply and Sewerage"* guidelines is set out at the foot of the relevant Statements of Financial Performance. Actual payment of the dividend is subject to compliance with the procedures set out in the guidelines.

Note 1 - Significant Accounting Policies (cont)

3.6 Return on Investment (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. The required rate of return for the preparation of the special purpose financial reports is based on Treasury 10 year Bond rate at 30 June 2005 (5.39%) 2004 (5.87%)

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, except for "dividends" payable in accordance with the *"Best-Practice Management of Water Supply and Sewerage"* guidelines, which also impose limits on the amounts payable. Accordingly, *imputed* amounts in excess of the permitted limits 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 general purpose 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 Statements of Financial Performance 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 these statements are in Australian currency and, other than Notes 2 & 3, have been rounded to the nearest thousand dollars, amounts in Notes 2 & 3 are shown in whole dollars to meet the requirements of the Department of Energy, Utilities and Sustainability.

7. National Competition Policy Notional Payments

The table forming part of this Note immediately follows.

HAWKESBURY CITY 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 2005

	BUSINESS ACTIVITIES					
	Sewerage Services		Hawkesbury Leisure Centres		Domestic Waste Management	
	2005	2004	**2005**	2004	**2005**	2004
Category	**1**	1	**1**	1	**1**	1
TAXATION EQUIVALENT PAYMENTS	***Rate***	*Rate*	***Rate***	*Rate*	***Rate***	*Rate*
Land Tax	**$2,200 + 1.4 cents > $500,000**	$100 + 1.7% >317,000	**$1,600 + 0.6 cents > $400,000**	$100 + 1.7% >317,000	**$2,200 + 1.4 cents > $500,000**	$100 + 1.7% >317,000
Stamp Duty	**0%**	0%	**0%**	0%	**0%**	0%
Payroll Tax	**6% > $600,000**	6% >600,000	**6% > $600,000**	6% >600,000	**6% > $600,000**	6% >600,000
Fringe Benefits Tax	**Applies**	Applies	**Applies**	Applies	**Applies**	Applies
Bank Account Debits Tax						
COUNCIL RATES, CHARGES & FEES	See Note 1, Item 3.2					
LOAN & DEBT GUARANTEE FEES	**0.00%**	0.00%	**0.00%**	0.00%	**0.00%**	0.00%
CORPORATE TAXATION EQUIVALENT	**30%**	30%	**30%**	30%	**30%**	30%
DIVIDENDS PAID	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
RATE OF RETURN ON CAPITAL						
Required Rate of Return	**5.39%**	5.87%	**5.39%**	5.87%	**5.39%**	5.87%
Actual Rate of Return	**-1.76%**	-0.78%	**-1.32%**	-4.57%	**13.76%**	10.20%

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE STATEMENTS
for the year ended 30th June 2005

Note 3 - BEST PRACTICE MANAGEMENT DISCLOSURES - SEWERAGE

	2005
Values shown in this Note are expressed in WHOLE DOLLARS	**$**
Calculation and Payment of Tax-Equivalents	
(i) Calculated Tax Equivalents	**10,180**
(ii) No of assessments multiplied by $3/assessment	**22,542**
(iii) Amounts payable for Tax Equivalents (lesser of (i) and (ii))	**10,180**
Dividend from Surplus	
(i) 50% of Surplus before Dividends *(Calculated in accordance with* Best Practice Management for Water Supply and Sewerage *guidelines.)*	**0**
(ii) No of assessments multiplied by $30/assessment, less tax equivalent charges/assessment	**15,980**

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Hawkesbury City Council
Special Purpose Financial Reports
Independent Auditors' Report

Scope

We have audited the special purpose financial reports of **Hawkesbury City Council** for the year ended 30 June 2005, comprising the Statement by Council, Statement of Financial Performance of Business Activities, Statement of Financial Position by Business Activities, and accompanying Notes to the Accounts. The financial statements include the accounts of the business activities of 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.

The special purpose financial reports have 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 those Australian Accounting Standards adopted 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 results 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 Reports of **Hawkesbury City Council** are presented fairly in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

PricewaterhouseCoopers
Chartered Accountants

JA Gordon
Sydney 21 October 2005

Liability is limited by the Accountant's Scheme under the Professional Standards Act 1994 (NSW)

HAWKESBURY CITY COUNCIL

Special Schedules

for the year ended 30th June 2005

TABLE OF CONTENTS

HAWKESBURY CITY COUNCIL

SPECIAL SCHEDULE NO 1
NET COST OF SERVICES
for the year ended 30th June 2005

$'000

Function or Activity	OPERATING EXPENSES		OPERATING REVENUES			NET COST OF SERVICES	
	Expenses	Group Totals	Revenues - Ord. Activities	Capital Rev. Ord. Activities	Group Totals	Net Cost	Group Totals
GOVERNANCE	981		-	-		981	
		981			-		981
ADMINISTRATION							
Corporate Support	1,170		128	-		1,042	
Engineering & Works	3,837		468	159		3,211	
Other Support Services	1,780		3,127	-		(1,347)	
		6,790			3,882		2,908
PUBLIC ORDER & SAFETY							
Fire Protection - Other	1,702		315	-		1,387	
Animal Control	587		390	-		197	
Enforcement of Local Govt Regulations	120		33	-		87	
Emergency Services	139		24	-		115	
Other	162		172	-		(10)	
		2,710			934		1,776
HEALTH							
Administration & Inspection	503		105	-		398	
		503			105		398
COMMUNITY SERVICES & EDUCATION							
Administration	468		118	-		350	
Family Day Care	1,059		1,054	-		5	
Child Care	293		186	-		107	
Youth Services	116		123	-		(7)	
Other Families & Children	-		-	-		-	
Aged & Disabled	59		29	-		30	
Aboriginal Services	22		22	-		-	
Other Community Services	144		143	-		1	
		2,161			1,675		486
HOUSING & COMMUNITY AMENITIES							
Housing	2,279		-	-		2,279	
Town Planning	2,425		866	490		1,069	
Domestic Waste Management	5,328		6,176	-		(848)	
Urban Stormwater Drainage	784		47	69		668	
Environmental Protection	493		965	-		(472)	
		11,310			8,614		2,696

HAWKESBURY CITY COUNCIL

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

Function or Activity	OPERATING EXPENSES		OPERATING REVENUES			NET COST OF SERVICES	
	Expenses	Group Totals	Revenues - Ord. Activities	Capital Rev. Ord. Activities	Group Totals	Net Cost	Group Totals
SEWERAGE SERVICES	3,563		3,716	-		(153)	
		3,563			3,716		(153)
RECREATION & CULTURE							
Public Libraries	1,862		188	27		1,647	
Community Centres	373		108	33		232	
Other Cultural Services	31		4	-		27	
Swimming Pools	3,117		2,108	-		1,009	
Sporting Grounds	4,982		115	(67)		4,934	
		10,364			2,515		7,849
		-			-		-
MINING, MANUFACTURING & CONSTRUCTION							
Building Control	914		483	-		431	
		914			483		431
TRANSPORT & COMMUNICATION							
Urban Roads: Local	1,645		482	37		1,126	
Urban Roads: Regional	108		32	2		74	
Sealed Rural Roads: Local	2,581		922	71		1,588	
Sealed Rural Roads: Regional	569		167	13		389	
Unsealed Rural Roads: Local	2,057		603	46		1,408	
Unsealed Rural Roads: Regional	348		102	8		238	
Bridges - Urban Roads: Local	1		-	-		1	
Bridges - Sealed Rural Roads: Local	41		-	-		41	
Bridges - Sealed Rural Roads: Regional	3		-	-		3	
Bridges - Unsealed Rural Roads: Local	35		-	-		35	
Bridges - Unsealed Rural Roads: Regional	5		-	-		5	
Parking Areas	140		-	102		38	
Water Transport	1,259		827	-		432	
		8,792			3,415		5,377

HAWKESBURY CITY COUNCIL

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

Function or Activity	OPERATING EXPENSES		OPERATING REVENUES			NET COST OF SERVICES	
	Expenses	Group Totals	Revenues - Ord. Activities	Capital Rev. Ord. Activities	Group Totals	Net Cost	Group Totals
ECONOMIC AFFAIRS							
Real Estate Development	880		1,626	-		(746)	
Other Business Undertakings	774		9	-		765	
		1,654			1,635		19
TOTALS - FUNCTIONS		**49,742**			**26,974**		**22,768**
General Purpose Revenues			22,784	238		23,022	
					23,022		23,022
SURPLUS (DEFICIT) FROM ORDINARY ACTIVITIES BEFORE EXTRAORDINARY ITEMS							**254**
Extraordinary Items							-
SURPLUS (DEFICIT) FROM ALL ACTIVITIES							**254**

HAWKESBURY CITY COUNCIL

SPECIAL SCHEDULE NO 2 (1)
STATEMENT OF LONG TERM DEBT (ALL PURPOSE)
for the year ended 30th June 2005

$'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)											
Financial Institutions	4	72	76	-	4	-	-	5	5	67	72
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	**4**	**72**	**76**	**-**	**4**	**-**	**-**	**5**	**5**	**67**	**72**
OTHER LONG TERM DEBT											
Ratepayers' Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payment	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total Other Long Term Debt	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL LONG TERM DEBT	**4**	**72**	**76**	**-**	**4**	**-**	**-**	**5**	**5**	**67**	**72**

This Schedule excludes Internal Loans and refinancing of existing borrowings.

HAWKESBURY CITY COUNCIL

SPECIAL SCHEDULE NO 2 (2)
STATEMENT OF INTERNAL LOANS
for the year ended 30th June 2005

$'000

SUMMARY OF INTERNAL LOANS

Borrower (by purpose)	Amount Originally Raised	Total Repaid During Year Principal & Interest	Principal Outstanding at End of Year
General	-	-	-
Water	-	-	-
Sewerage	-	-	-
Domestic Waste Management	-	-	-
Gas	-	-	-
Other	-	-	-
Totals	-	-	-

The above summary of internal loans represents the total of Council's internal loans categorised according to the purpose of the borrower. Details of individual internal loans are set out below.

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Maturity Date	Rate of Interest	Amount Originally Raised	Paid During Year - Princ and Interest	Principal Outstanding End of Year
Totals									

HAWKESBURY CITY COUNCIL

SPECIAL SCHEDULE NO 5
SEWERAGE SERVICE OPERATIONS
(Gross including Internal Transactions)
for the year ended 30th June 2005

	A. OPERATING TRANSACTIONS	2005	2004
	EXPENSES	$'000	$'000
1.a.	Management - Administration	892	837
b.	- Engineering & Supervision	323	282
2	Operations & Maintenance Expenses		
a.	-Mains - Operation Expenses	15	12
b.	-Maintenance Expenses	130	159
c.	- Pumping Stations - Operation Expenses	6	-
d.	- Energy Costs	175	152
e.	- Maintenance Expenses	276	264
f.	- Treatment - Operation Expenses	45	42
g.	- Chemical Costs	-	-
h.	- Energy Costs	-	-
I.	- Effluent Management	102	89
j.	- Biosolids Management	-	-
k.	- Maintenance Expenses	777	630
l.	- Other - Operation Expenses	45	61
m.	- Maintenance Expenses	-	-
3.a.	Depreciation - System Assets	-	-
b.	- Plant & Equipment	1,573	1,267
4.a.	Miscellaneous - Interest	3	4
b.	- Other	2	2
	- NCP Tax & Other Equivalents	10	13
5	**Total Expenses**	4,374	3,815
	REVENUE		
6	Residential Charges (including rates)	2,466	2,385
7	Non-Residential Charges		
a.	Access (including rates)	21	20
b.	User Charges	532	484
8	Trade Waste Charges		
a.	Access (including rates)	337	202
b.	User Charges	-	-
c.	Excess Mass Charges & Re-inspection Fees	-	-
9	Extra Charges	8	8
10	Interest	118	87
11	Other Revenues	87	295
12.a.	Grants - Acquisition of Assets	-	-
b.	- Pensioner Rebates	(98)	(90)
c.	- Other	-	-
13.a	Contributions - Developer Charges	302	409
b.	- Developer Provided Assets	-	-
c.	- Other Contributions	6	-
14	**Total Revenues**	3,779	3,800
15	Gain (Loss) on Disposal of Assets	(2)	11
16	**OPERATING RESULT**	(597)	(4)
16.a.	Operating Result before Grants for Acquisition of Assets	(597)	(4)

HAWKESBURY CITY COUNCIL

SPECIAL SCHEDULE NO 5 - SEWERAGE SERVICE OPERATIONS (cont)

	B. CAPITAL TRANSACTIONS	2005 $'000	2004 $'000
	Non - Operating Expenditure		
17	Acquisition of Fixed Assets		
a.	- Subsidised Scheme	-	3,536
b.	- Other New System Assets	118	-
c.	- Renewals	-	-
d.	- Plant & Equipment	25	105
18	Repayment of Debt		
a.	- Loans	3	2
b.	- Advances	-	-
c.	- Finance Leases	-	-
19	Transfers to Sinking Funds	-	-
20	**Total Non-Operating Expenditure**	146	3,643
	Non-Operating Funds Employed		
21	Proceeds of Disposal of Assets	-	-
22	Borrowings Utilised		
a.	- Loans	-	-
b.	- Advances	-	-
c.	- Finance Leases	-	-
23	Transfers from Sinking Funds	-	-
24	**Total Non-Operating Funds Employed**	-	-

C. RATES AND CHARGES

25	Number of Assessments		
a.	- Residential (occupied)	6,642	
b.	- Residential (unoccupied)	84	
c.	- Non-Residential (occupied)	710	
d.	- Non-Residential (unoccupied)	78	
26	Number of ETs for which Developer Charges were		ET
27	Total Amount of Pensioner Rebates		$'000

D. BEST PRACTICE ANNUAL CHARGES & DEVELOPER CHARGES

28	**Annual Charges**		
a	Does Council have best-practice sewerage annual charges, usage charges and trade waste fees and charges?	Yes	
	If Yes, go to 29a.		
	If No, has Council removed **land value** from access charges (i.e. rates)	Yes	
b	Cross subsidy **to** non-residential customers		-
c	Cross subsidy **to** trade waste dischargers		-
29	**Developer Charges**		
a	Has Council completed a sewerage Development Servicing Plan?	No	
b	Total cross-subsidy in sewerage developer charges for 2002/03		-
30	**TOTAL OF CROSS SUBSIDIES**		-

Councils which have not yet implemented best practice sewerage pricing and trade waste pricing should disclose cross subsidies in items 28b and 28c above. However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice sewerage and liquid trade waste pricing and is phasing in such pricing over a period of 3 years.

HAWKESBURY CITY COUNCIL

SPECIAL SCHEDULE NO 6
SEWERAGE SERVICES - NET ASSETS COMMITTED
(Gross including Internal Transactions)
for the year ended 30th June 2005

		Current $'000	Non-Current $'000	Total $'000
	ASSETS			
28	Cash and Investments			
a.	- Developer Charges	2,762	-	2,762
b.	- Specific Purpose Grants	-	-	-
c.	- Accrued Leave	-	-	-
d.	- Unexpended Loans	43	-	43
e.	- Sinking Funds	-	-	-
f.	- Other	-	-	-
29	Receivables			
a.	- Specific Purpose Grants	-	-	-
b.	- Rates & Availability Charges	93	-	93
c.	- Other	32	-	32
30	Inventories	-	-	-
31	Property, Plant & Equipment			
a.	- System Assets		50,766	50,766
b.	- Plant & Equipment		146	146
32	Other	-	-	-
33	**Total Assets**	2,930	50,912	53,842
	LIABILITIES			
34	Bank Overdraft	-	-	-
35	Creditors	40	-	40
36	Borrowings			
a.	- Loans	-	48	48
b.	- Advances	-	-	-
c.	- Finance Leases	-	-	-
37	Provisions			
	- Dividend	-	-	-
	- Other	117	-	117
38	**Total Liabilities**	157	48	205
39	**NET ASSETS COMMITTED**	2,773	50,864	53,637
	EQUITY			
40	Accumulated Surplus			19,624
41	Asset Revaluation Reserve			34,013
42	**Total Equity**			53,637
43	Current Replacement Cost of System Assets			57,007
44	Accumulated Current Cost Depreciation of System Assets			6,095
45	Written Down Current Cost of System Assets			50,912

HAWKESBURY CITY COUNCIL

SPECIAL SCHEDULE NO 7
CONDITION OF PUBLIC WORKS
as at 30 June 2005

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
	References	*Note 9*	*Note 3*		*Note 9*				*Local Govt. Act 1993, Section 428 (2d)*		
Public Buildings	Council Offices	1% to 2%	43	4,364	-	(43)	4,321	6	1,536	82	74
	Works Depot	1% to 2%	20	1,251	-	(20)	1,231	5	170	74	214
	Halls	1% to 5%	647	34,085	-	(641)	33,444	3	799	370	201
	Houses	1% to 2%	5	248	-	(6)	242	6	3	3	15
	Museum	1% to 10%	6	698	-	(6)	692	5	64	3	40
	Library	1% to 10%	93	16,026	-	(94)	15,932	1	-	96	-
	Childcare Centres	1% to 2%	133	4,053	-	(134)	3,919	4	332	16	59
	Amenities/Toilets	1% to 5%	248	9,251	-	(248)	9,003	4	803	112	341
	Subtotal		1,197	69,976	-	(1,191)	68,785		3,707	756	944
Public	Sealed Roads	1%	751	76,090	-	(5,018)	71,072	3-6	43,818	8,500	3,500
	Unsealed Roads	1%	161	16,153	-	(1,080)	15,073	4	3,200	1,923	930
	Bridges	1.25%	80	6,424	-	(461)	5,963	3	2,765	200	135
	Footpaths	2%	60	3,139	-	(227)	2,912	3-4	1,005	122	31
	Cycleways	2%	20	1,138	-	(54)	1,084	2-3	85	8	-
	Kerb & Gutter	1%	186	18,778	-	(1,256)	17,522	3-5	6,440	379	66
	Road Furniture	1% to 10%	594	9,434	-	(1,644)	7,790	3-4	300	82	40
	Subtotal		1,853	131,156	-	(9,740)	121,416		57,613	11,214	4,702

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

HAWKESBURY CITY COUNCIL

SPECIAL SCHEDULE NO 7 - CONDITION OF PUBLIC WORKS (cont)
as at 30 June 2005

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
	References	*Note 9*	*Note 3*		*Note 9*				*Local Govt. Act 1993, Section 428 (2d)*		
Sewerage	Pump Stations	1.25%	1,221	30,536	-	(4,327)	26,209	3	700	342	275
	Treatment Works	1% to 1.43%	352	26,471	-	(1,768)	24,703	3	-	694	670
	Subtotal		1,573	57,007	-	(6,095)	50,912		700	1,036	945
Drainage Works	Retarding Basins										
	Outfalls										
	Conduits	1% to 1.67%	308	30,169	-	(2,098)	28,071	4-5	3,000	260	
	Inlet & Junction P	1.67% to 3.33%	114	3,459	-	(598)	2,861	4-5	310	35	49
	Head Walls	1.67% to 3.33%	8	438	-	(59)	379	4-5	80	20	
	Subtotal		430	34,066	-	(2,755)	31,311		3,390	315	49
Total Classes - All Assets			5,053	292,205	0	(19,781)	272,424		65,410	13,321	6,640

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

HAWKESBURY CITY COUNCIL

SPECIAL SCHEDULE NO 7 - CONDITION OF PUBLIC WORKS (cont)
as at 30 June 2005

"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 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 containe din this Schedule comprises accounting estimates formulated in accordance with the NSW 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.

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