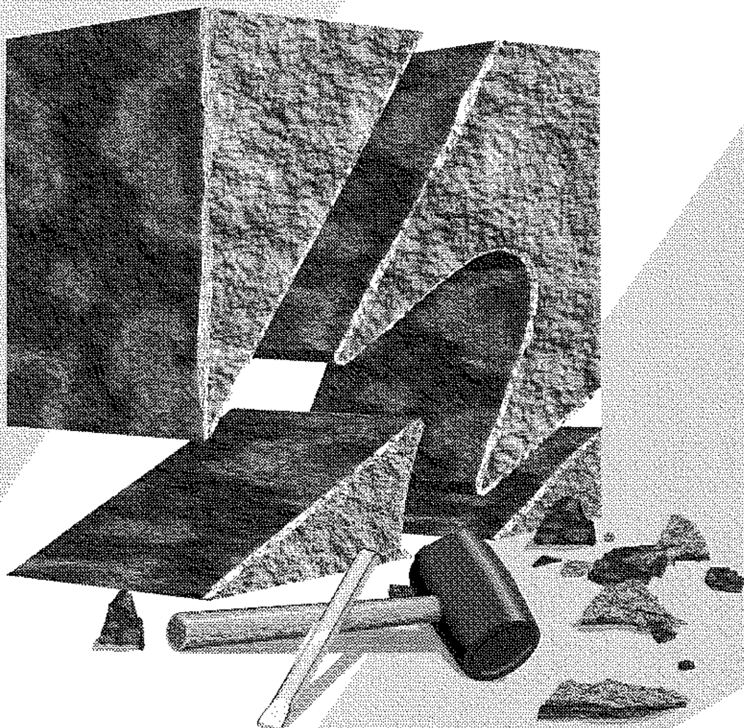

Hawkesbury City Council

general purpose
and
special purpose
financial reports
and
special schedules
for the period ended
30th june 2006

HAWKESBURY CITY COUNCIL

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

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HAWKESBURY CITY COUNCIL

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2006

STATEMENT BY COUNCILLORS AND MANAGEMENT
MADE PURSUANT TO SECTION 413 (2)(c)
OF THE LOCAL GOVERNMENT ACT 1993 (as amended)

The attached Annual Financial Statements have been drawn up in accordance with

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

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

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

Signed in accordance with a resolution of Council made on 14 November 2006

Rex Stubbs	Bart Bassett
MAYOR	**DEPUTY MAYOR**
Graeme Faulkner	Robert Stalley
GENERAL MANAGER	**RESPONSIBLE ACCOUNTING OFFICER**

HAWKESBURY CITY COUNCIL

INCOME STATEMENT
for the year ended 30th June 2006

Budget 2006 $'000		Notes	**Actual 2006 $'000**	Actual 2005 $'000
	Income from continuing operations			
	Revenue			
30,789	Rates & Annual Charges	3 (a)	**30,943**	29,881
5,264	User Charges & Fees	3 (b)	**6,445**	5,913
1,406	Interest Received	3 (c)	**1,462**	1,502
2,249	Other Revenues	3 (d)	**1,603**	1,368
8,198	Grants & Contributions - Operating	3 (e)	**10,091**	9,254
993	Grants & Contributions - Capital	3 (e)	**1,429**	1,029
	Other Income:			
-	Profit from Disposal of Assets	5	**-**	323
48,899	**Total income from continuing operations**		**51,973**	49,270
	Expenses from continuing operations			
16,487	Employee Costs	4 (a)	**19,383**	17,994
20,630	Materials & Contracts	4 (b)	**17,526**	18,681
5	Borrowing Costs	4 (c)	**201**	190
6,921	Depreciation, Amortisation & Impairment	4 (d)	**7,739**	7,609
-	Loss from Disposal of Assets	5	**262**	-
3,953	Other Expenses	4 (e)	**4,524**	4,806
47,996	**Total expenses from continuing operations**		**49,635**	49,280
903	**Operating result from continuing operations**		**2,338**	(10)
903	**Net operating result for the year**		**$ 2,338**	$ (10)
(90)	***Net operating result before capital grants & contributions***		***909***	*(1,039)*

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

HAWKESBURY CITY COUNCIL

BALANCE SHEET
as at 30 June 2006

	Notes	Actual 2006 $'000	Actual 2005 $'000
CURRENT ASSETS			
Cash Assets	6	**636**	589
Investments	6	**25,404**	19,410
Receivables	7	**3,470**	3,572
Inventories	8	**336**	363
Other	8	**294**	164
TOTAL CURRENT ASSETS		**30,140**	24,098
NON-CURRENT ASSETS			
Receivables	7	**144**	195
Inventories	8	**-**	-
Property, Plant & Equipment	9	**331,198**	334,221
Investment Property	14	**18,116**	18,841
TOTAL NON-CURRENT ASSETS		**349,458**	353,257
TOTAL ASSETS		**379,598**	377,355
CURRENT LIABILITIES			
Payables	10	**2,539**	2,987
Borrowings	10	**5**	5
Provisions- payable < 12 months	10	**1,501**	1,408
Provisions - payable > 12 months	10	**3,925**	3,963
TOTAL CURRENT LIABILITIES		**7,970**	8,363
NON-CURRENT LIABILITIES			
Borrowings	10	**62**	67
Provisions	10	**4,728**	4,425
TOTAL NON CURRENT LIABILITIES		**4,790**	4,492
TOTAL LIABILITIES		**12,760**	12,855
NET ASSETS	$	**366,838**	364,500
EQUITY			
Accumulated Surplus		**125,810**	123,472
Asset Revaluation Reserve		**241,028**	241,028
TOTAL EQUITY	$	**366,838**	364,500

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 2006

	Note	2006 $'000 Accum Surplus	2006 $'000 Asset Reval Reserve	2006 $'000 Other Reserves	2006 $'000 Total	2005 $'000 Accum Surplus	2005 $'000 Asset Reval Reserve	2005 $'000 Other Reserves	2005 $'000 Total
Balance at beginning of the reporting period	20	**123,472**	**241,028**	-	**364,500**	123,482	241,028	-	364,510
Adjustment due to compliance with revised Accounting standards.	1	-	-		-	-	-		-
Transfers to Asset Revaluation Reserve	20		-	-	-		-	-	-
Transfers from Asset Revaluation Reserve	20		-	-	-		-	-	-
Net movements recognised direct in equity		-	-	-	-	-	-	-	-
Change in Net Assets recognised in the Statement of Financial Performance		**2,338**			**2,338**	(10)			(10)
Balance at end of the reporting period		**125,810**	**241,028**	-	**366,838**	123,472	241,028		364,500
Effect of correction of error in previous years being an increase in retained earnings	20					769			769

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

HAWKESBURY CITY COUNCIL

CASH FLOW STATEMENT
for the year ended 30th June 2006

Budget 2006 $'000		Notes	Actual 2006 $'000	Actual 2005 $'000
	CASH FLOWS FROM OPERATING ACTIVITIES			
	Receipts			
30,789	Rates & Annual Charges		**30,737**	29,700
5,264	User Charges & Fees		**6,947**	6,316
1,405	Interest Received		**1,235**	1,511
9,191	Grants & Contributions		**11,880**	11,547
2,249	Other operating receipts		**4,319**	4,744
	Payments			
(16,487)	Employee Costs		**(19,271)**	(17,817)
(20,630)	Materials & Contracts		**(20,070)**	(21,693)
-	Interest Paid		**(32)**	25
(3,898)	Other operating payments		**(5,007)**	(7,908)
7,883	**Net Cash provided by (or used in) Operating Activities**	11	**10,738**	6,425
	CASH FLOWS FROM INVESTING ACTIVITIES			
	Receipts			
6,445	Proceeds from sale of Infrastructure, Property, Plant & Equipment		**2,229**	2,847
	Proceeds from sale of Investments			
-	Net sales of Investment Securities		**-**	309
-	Repayments from Deferred Debtors		**49**	58
	Payments			
(6,555)	Purchase of Infrastructure, Property, Plant & Equipment		**(7,129)**	(17,131)
-	Loans to Deferred Debtors		**-**	(60)
(110)	**Net Cash provided by (or used in) Investing Activities**		**(4,851)**	(13,977)
	CASH FLOWS FROM FINANCING ACTIVITIES			
	Receipts			
-	Proceeds from Borrowings & Advances		**-**	-
	Payments			
(5)	Repayments of Borrowings & Advances		**(5)**	(5)
	Other Deposits		**49**	-
(5)	**Net Cash provided by (or used in) Financing Activities**		**44**	(5)
7,768	**Net Increase (Decrease) in cash held**		**5,931**	(7,557)
	Reclassification to investments		(5,884)	7,804
19,179	Cash Assets at beginning of reporting period	11	**589**	342
26,947	**Cash Assets at end of reporting period**	11	**636**	589

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 2006

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation

1.1 Compliance with Australian equivalents to International Financial Reporting Standards
This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the NSW Local Government Act 1993 and regulations thereunder and the Local Government Code of Accounting Practice and Financial Reporting.

1.2 Compliance with International Financial Reporting Standards
AIFRS include certain specific provisions relating to not-for-profit entities that are not included in the International Financial Reporting Standards. In addition, Australian Accounting Standard AAS 27 *Financial Reporting by Local Governments* also applies. Except to the extent that these special provisions require, these financial statements comply with International Financial Reporting Standards.

1.3 Application of AASB 1 *First-time Adoption of AIFRS*
These statements are the first Hawkesbury City Council financial statements to be prepared in accordance with AIFRS and AASB 1 has been applied in their preparation. Previous financial statements have been prepared in accordance with the former Australian Generally Accepted Principles (GAAP) which differ in certain respects from AIFRS. When preparing these financial statements, Council has amended certain accounting and valuation methods applied in GAAP to comply with AIFRS. With the exception of financial instruments, where Council has taken the exemption available under AASB 1 to only apply AASB 132 and AASB 139 from 1 July 2005, the comparative figures have been restated to reflect these adjustments.

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

1.4 Historical Cost Convention
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.

1.5 Critical Accounting Estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies. The areas involving a higher degree of judgement or complexity, or cases where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note. Nothing contained within this report may be taken to be an admission of any liability to any person under any circumstance.

2. 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 2756. These financial statements 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.

The following Special Rate funds and Committees established pursuant to the Act are included:

- Domestic Waste Management Fund
- Sewerage Fund
- Hawkesbury Leisure Centre
- Hawkesbury Sports Council Incorporated

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

Note 1 - Significant Accounting Policies (cont)

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

Total revenues	$2,388,400
Total expenditures	$2,366,000
Net Assets	$407,500

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

3. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when the Council obtains control over the assets comprising the revenue, or when the amount becomes an enforceable debt, whichever first occurs.

Where grants, contributions and donations 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.

4. Cash Assets and other Financial Instruments

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.

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. Loans made to sporting and community groups at concessional interest rates are recognised at their nominal amounts; interest revenues foregone by the Council effectively being a reduction of interest revenue in the period to which it relates.

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

All financial instruments are recognised at fair value at the date of recognition. Financial instruments classifies as *loans and receivables* and *held-to-maturity* are subsequently measured at amortised cost using the effective interest method. Other financial instruments classified as *fair value through profit and loss* and *available-for-sale*, are subsequently measured at fair value where an active market exists, or at cost. Details of classifications of financial instruments are given in Note 15.

5. 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)

5.1 **Real Estate Assets Developments**

Real Estate Assets developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

5.2 **Other Real Estate held for resale**

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are carried at the carrying value at the time of that decision.

Certain properties, auctioned for non-payment of rates in accordance with Chapter 17 of the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

6. **Property, Plant & Equipment**

6.1 **Transitional Provisions**

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

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

6.2 **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.

6.3 **Valuation**

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 2002/2003 financial year Council elected to revalue its "Land" assets at fair value. In the 2003/2004 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.

6.4 **Depreciation of Non-Current Assets**

Other than land, 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.

6.5 **Impairment**

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the *present value of future cash inflows* or *value in use*.

Note 1 - Significant Accounting Policies (cont)

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the *value in use* is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable presumption is made that the current replacement cost exceeds the original cost of acquisition.

6.6 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 *Borrowing Costs*. The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 4, and the amount (if any) of interest revenue offset against borrowing costs in Note 3.

7. Payables

7.1 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.

7.2 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.

8 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".

9. Employee Benefits

9.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences 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 AASB 119 *Employee Benefits*.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (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)

9.2 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.

Accumulation Fund Members

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 2005/06; 9% in 2004/05). 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.

Defined Benefit Members

Council makes employer contributions to the defined benefits categories of the Scheme at rates determined by the Scheme's Trustee. The rate is currently 0.95 times members' contributions (NIL% in 2004/2005). 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.

Note 1 - Significant Accounting Policies (cont)

The Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

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

11. **Joint Ventures and Associated Entities**
Council participates in no joint ventures and has no investments in associated entities.

12. **Leases**
Lease arrangements have been accounted for in accordance with AASB 117 "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.

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.

13. **GST Implications**
In accordance with UIG Abstract 1031 "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.

14. **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, and further information of the nature and amount of all variations is available from the Council office upon request.

15. **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.

Note 1 - Significant Accounting Policies (cont)

16. **New Accounting Standards & UIG Interpretations**

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2006 reporting period.

- UIG 4 *Determining whether an Asset contains a Lease*
- UIG 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*
- AASB 2005-8 *Amendments to AASB 4, AASB 1023, AASB 139 & AASB 132*
- AASB 7 *Financial Instruments: Disclosures* and AASB 2005-10 *Amendments to AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038*
- UIG 6 *Liabilities arising from participating in a Specific Market – Waster Electrical and Electronic Equipment*
- AASB 2005-6 *Amendments to AASB 121*

Council is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

HAWKESBURY CITY COUNCIL

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

Note 2 - FUNCTIONS

	REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES													
	REVENUES			EXPENSES			OPERATING RESULT			GRANTS INCLUDED IN REVENUES		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ORIGINAL BUDGET 2006 $'000	**ACTUAL 2006 $'000**	ACTUAL 2005 $'000	ORIGINAL BUDGET 2006 $'000	**ACTUAL 2006 $'000**	ACTUAL 2005 $'000	ORIGINAL BUDGET 2006 $'000	**ACTUAL 2006 $'000**	ACTUAL 2005 $'000	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000
ADMINISTRATION	3,767	**5,731**	3,882	5,934	**5,808**	7,769	(2,167)	**(77)**	(3,887)			**54,965**	37,736
PUBLIC ORDER & SAFETY	649	**979**	934	2,742	**3,109**	2,710	(2,093)	**(2,130)**	(1,776)	**193**	119	**2,386**	3,691
HEALTH	214	**190**	105	514	**487**	503	(299)	**(297)**	(398)	-	-	**156**	110
COMMUNITY SERVICES & EDUCATION	1,660	**2,125**	1,675	2,175	**2,364**	2,161	(515)	**(239)**	(486)	**1,443**	1,423	**6,169**	6,866
HOUSING & COMMUNITY AMENITIES	10,578	**11,203**	8,614	11,924	**11,609**	11,618	(1,347)	**(406)**	(3,004)	**242**	126	**3,049**	13,111
WATER SUPPLIES	-	-	-	-	-	-	-	-	-	-	-	-	-
SEWERAGE SERVICES	4,012	**4,114**	3,716	4,126	**3,680**	2,794	(114)	**434**	922	**33**	34	**50,789**	52,153
RECREATION & CULTURE	442	**3,767**	2,515	7,327	**10,665**	10,364	(6,885)	**(6,898)**	(7,849)	**598**	439	**64,788**	67,965
AGRICULTURE & FORESTRY	-	-	-	-	-	-	-	-	-	-	-	-	-
MINING, MANUFACTURING & CONSTRUCTION	595	**562**	483	940	**910**	914	(345)	**(348)**	(431)	**65** -	-	**248**	320
TRANSPORT & COMMUNICATION	3,973	**5,658**	3,415	9,826	**9,472**	8,792	(5,853)	**(3,814)**	(5,377)	**2,888**	2,079	**166,904**	171,217
ECONOMIC AFFAIRS	2,166	**603**	909	1,442	**1,531**	1,655	724	**(928)**	(746)	**27**	6	**30,144**	24,186
TOTALS - FUNCTIONS	28,056	**34,932**	26,248	46,950	**49,635**	49,280	(18,894)	**(14,703)**	(23,032)	5,489	4,226	**379,598**	377,355
GENERAL PURPOSE REVENUES	20,843	**17,041**	23,022	1,046			19,797	**17,041**	23,022	**4,494**	4,307		
TOTALS	48,899	**51,973**	49,270	47,996	**49,635**	49,280	903	**2,338**	(10)	**9,983**	8,533	**379,598**	377,355

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 2006

Note 2 (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, immunisations, 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.

Water Supplies

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.

Fuel & Energy - Gas Supplies.

Mining, Manufacturing & Construction
Building control, abattoirs, 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, saleyards and markets, real estate development, commercial nurseries, private works, other business undertakings.

HAWKESBURY CITY COUNCIL

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

Note 3 - REVENUES

3 (a) RATES & ANNUAL CHARGES	2006 $'000	2005 $'000
Ordinary Rates		
Residential	16,493	15,826
Farmland	975	985
Business	1,684	1,611
	19,152	18,422
Special Rates		
Environmental Stormwater	977	939
	977	939
Annual Charges		
Domestic Waste Management	4,846	4,792
Sewerage Services	3,006	2,887
Sullage	2,535	2,452
Other Waste Management	427	389
	10,814	10,520
Total Rates & Annual Charges	30,943	29,881

Council has used 2002 valuations provided by the NSW Valuer General in calculating its rates. Valuations are updated every three years.

3 (b) USER CHARGES & FEES	2006 $'000	2005 $'000
User Charges		
Domestic Waste Management	573	500
Sewerage Services	358	337
Hawkesbury Sports Council	89	73
	1,020	910
Fees		
Planning & Building	1,836	1,495
FDC/ Occasional Care	83	156
Library charges	36	32
Private Works	530	129
Section 603 Certificates	64	62
Dog Pound	359	390
Parking Patrol	287	172
Cemeteries	108	95
Sports Stadium	419	453
Swimming Centre	1,315	1,788
Sec 611 Charges	13	13
Rent & Hire of Council Property	-	5
Vehicle Inspections Fees	17	23
Other	358	190
	5,425	5,003
Total User Charges & Fees	6,445	5,913

HAWKESBURY CITY COUNCIL

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

Note 3 - REVENUES (cont)

		2006 $'000	2005 $'000
3 (c)	**INVESTMENT REVENUES**		
	Interest on overdue rates & charges	**113**	102
	Interest on cash and investments		
	-Externally restricted	**353**	367
	-Internally restricted	**629**	417
	-Unrestricted	**367**	616
	Amortisation of discounts and premiums	**-**	
	Gross Interest Received	**1,462**	1,502
	Less: Interest deducted from capitalised borrowing costs	**-**	-
	Total Interest Received	**1,462**	1,502
3 (d)	**OTHER OPERATING REVENUES**		
	GST Fuel Rebates	**46**	46
	Ex gratia payments in lieu of Rates	**97**	96
	Fair value adjustments - investment property	**(725)**	(725)
	Fines	**36**	33
	Lease Rental	**1,557**	1,529
	Legal Fees Recovery (Rates)	**53**	69
	Recycling Income (Non domestic)	**332**	158
	Other	**207**	162
	Total Other Operating Revenues	**1,603**	1,368

HAWKESBURY CITY COUNCIL

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

Note 3 - REVENUES (cont)

		OPERATING		CAPITAL	
		2006	2005	**2006**	2005
3 (e)	**GRANTS**	**$'000**	$'000	**$'000**	$'000
	General Purpose (Untied)				
	Financial Assistance	**4,229**	**4,033**	-	-
	Pensioner Rates Subsidies (General)	**265**	**274**	-	-
	Specific Purpose				
	Pensioner Rates Subsidies				
	Sewerage Services	**33**	34	-	-
	Domestic Waste Management	**86**	86	-	-
	Street Lighting Subsidy	**78**	76		
	Public Order & Safety	**65**	43	**50**	-
	Community Services & Education	**1,426**	1,423	**17**	-
	Housing & Community	**156**	40	-	-
	Recreation & Culture	**236**	227	**362**	212
	Agriculture & Forestry			**65**	
	Transport & Communication	**2,511**	2,029	**377**	50
	Economic Affairs	**27**	6		
	Other	-	-	-	-
	Total Grants & Subsidies	**9,112**	8,271	**871**	262
	Comprising:				
	- Commonwealth finding	***3,003***		***96***	
	- State funding	***6,100***	*8,271*	***775***	262
	- Other funding	**9**	-	-	-
		9,112	*8,271*	***871***	262
	CONTRIBUTIONS & DONATIONS				
	Developer Contributions				
	Roadworks	-	-	**1**	104
	Drainage	-	-	**6**	25
	Traffic Facilities	-	-	-	72
	Open Space	-	-	**76**	85
	Community Facilities	-	-	**223**	217
	Recreational Buildings	-	-	**74**	81
	Other			**83**	
	Sewerage Services	**385**	307		
	Other Councils - Joint Works	**153**	366	**5**	-
	Bush Fire Prevention	**215**	271		-
	Kerb & Gutter				30
	Other	**226**	39	**90**	153
	Total Contributions & Donations	**979**	983	**558**	767
	TOTAL GRANTS & CONTRIBUTIONS	**10,091**	9,254	**1,429**	1,029

HAWKESBURY CITY COUNCIL

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

Note 3 - REVENUES (cont)

CONDITIONS OVER GRANTS & CONTRIBUTIONS

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

	2006 $'000 Grants	2006 $'000 Contrib	2005 $'000 Grants	2005 $'000 Contrib
Unexpended at the close of the previous reporting period	**2,150**	**4,267**	2,242	4,037
Less: expended during the current period from revenues recognised in previous reporting periods				
Section 94/64 Developer Contributions		**409**		600
Public Order & Safety	**1**	**-**	14	-
Community Services & Education	**320**		318	
Housing & Communities Amenities	**38**	**-**	193	-
Recreation & Culture	**322**	**-**	502	-
Transport & Communication	**402**		173	
Economic Affairs	**13**		30	
Other	**-**	**-**	-	-
	1,096	**409**	1,230	600
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions				
Section 94/64 Developer Contributions		**727**		830
Public Order & Safety	**59**	**-**	1	-
Community Services & Education	**329**		320	
Housing & Communities Amenities	**82**	**-**	38	-
Recreation & Culture	**598**	**-**	371	-
Agriculture & Forestry	**65**			
Transport & Communication	**1,628**		402	
Economic Affairs	**10**		6	
	2,771	**727**	1,138	830
Unexpended at the close of this reporting period and held as restricted assets	**3,825**	**4,585**	2,150	4,267
Net increase (decrease) in restricted assets in the current reporting period.	**1,675**	**318**	(92)	230

OPERATING LEASES providing revenue to the Council

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of property above.

Investment Property
Rentals received, and outgoings reimbursed, in relation to Investment Property are also included above. These lease agreements, all of which are classified as operating leases, are made on a non-cancellable basis wherever practicable.

Lesses commitments under all non-cancellable lease agreements, including those relating to Investment Property, are as follows:

	2006 $'000	2005 $'000
Not later than one year	**163**	33
Later than one year and not later than 5 years	**1,391**	1,900
Later than 5 years	**-**	-
	1,554	1,933

HAWKESBURY CITY COUNCIL

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

Note 4 - EXPENSES

		2006	2005
4 (a)	**EMPLOYEE COSTS**	$'000	$'000
	Salaries and Wages	14,966	14,158
	Travelling	109	62
	Employee Leave Entitlements	2,376	2,382
	Superannuation	1,334	945
	Workers' Compensation Insurance	602	454
	Fringe Benefits Tax	26	40
	Payroll Tax	18	10
	Training Costs (excluding Salaries)	190	201
	Less: Capitalised and distributed costs	(238)	(258)
	Total Operating Employee Costs	19,383	17,994
	Total Number of Employees *(Full time equivalent at end of reporting period)*	*331*	*316*
4 (b)	**MATERIALS & CONTRACTS**		
	Raw Materials & consumables	16,768	17,959
	Auditor's Remuneration		
	- Audit Services	46	117
	- Other Services	-	-
	- Other Auditors	-	-
	Legal Expenses		
	- Planning & Development	343	321
	- Other Legal Expenses	369	284
	Total Materials & Contracts	17,526	18,681
4 (c)	**BORROWING COSTS**		
	Interest on Loans	5	5
	Unwinding of present value discounts & premiums	196	185
	Gross Interest Charges	201	190
	Less: Borrowing Costs capitalised	-	-
	Total Interest Charges	201	190

HAWKESBURY CITY COUNCIL

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

Note 4 - EXPENSES (cont)

		2006 $'000	2005 $'000
4 (d)	DEPRECIATION, AMORTISATION & IMPAIRMENT		
	Plant and Equipment	1,895	1,747
	Office Equipment	202	292
	Furniture & Fittings	30	86
	Land Improvements	538	520
	Buildings	1,324	1,199
	Other Structures	373	463
	Infrastructure		
	- roads, bridges & footpaths	1,814	1,853
	- stormwater drainage	441	430
	- sewerage network not elsewhere included	821	737
	Other assets		
	- library books	171	154
	- other	7	5
	Future Reinstatement Costs		
	- Tips	123	123
	Total Depreciation & Amortisation	7,739	7,609
4 (e)	OTHER OPERATING EXPENSES		
	Advertising	180	247
	Bad and Doubtful Debts	23	22
	Heritage Programs	19	18
	Consultancies	-	-
	Donations & Contributions to Local & Regional Bodies	425	511
	Rates Property Valuation	95	106
	Stormwater - Environmental	294	328
	Insurances	536	719
	Waste s88 EPA Contribution	379	370
	Sewerage Treatment Works Operation	745	775
	Mayoral Allowance	28	28
	Members' Fees & Allowances	157	155
	Members' Expenses	59	82
	Operating Lease Rentals - cancellable	5	5
	Payments to other levels of Government	477	490
	Street Lighting	445	437
	Licenses & Subscriptions	64	39
	Telephone & Communications	253	299
	Other	340	175
	Total Other Operating Expenses	4,524	4,806

HAWKESBURY CITY COUNCIL

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

Note 5 - GAIN OR LOSS ON DISPOSAL OF ASSETS

	2006 $'000	2005 $'000
DISPOSAL OF PROPERTY		
Proceeds from disposal	**1,114**	1,569
Less: Carrying amount of assets sold	**1,264**	1,383
Gain (Loss) on disposal	**(150)**	186
DISPOSAL OF INFRASTRUCTURE, PLANT & EQUIPMENT		
Proceeds from disposal	**1,114**	1,278
Less: Carrying amount of assets sold	**1,226**	1,141
Gain (Loss) on disposal	**(112)**	137
TOTAL GAIN (LOSS) ON DISPOSAL OF ASSETS	**(262)**	323

HAWKESBURY CITY COUNCIL

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

Note 6 - CASH AND INVESTMENTS

	2006 $'000 Current	2006 $'000 Non-Current	2005 $'000 Current	2005 $'000 Non-Current
Note 6 (a) Cash and cash equivalents				
Cash on Hand and at Bank	636		589	
	636	-	589	-
Note 6 (b) Investments				
Financial assets at fair value through Profit and Loss	21,374		17,890	
Held to maturity investments	4,030		1,520	
	25,404	-	19,410	-
TOTAL CASH ASSETS & INVESTMENT SECURITIES	26,040	-	19,999	-
Financial assets at fair value through Profit and Loss				
At beginning of year	17,890		26,036	
Adjustment on adoption of AASB132 & 139				
Revaluation to Income Statement				
Additions	3,484			
Disposals			(8,146)	
At end of year	21,374	-	17,890	-
Held for trading:				
- Managed Funds	21,374		17,890	
	21,374	-	17,890	-
Held to maturity investments				
At beginning of year	1,520		820	
Adjustment on adoption of AASB132 & 139				
Revaluation to Income Statement				
Additions	2,510		700	
Disposals				
At end of year	4,030	-	1,520	-
Comprising of:				
-Government Bonds - Work Cover	930		820	
-Term Deposits	3,100		700	
-Bank Bills				
	4,030	-	1,520	-

Cash equivalents comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value.

The permitted forms of investment in financial instruments of the Council are defined in an order made by the Minister of Local Government on 15 July 2005, and may broadly be described as "Trustee Securities". Accordingly, credit risk is considered to be insignificant. Deposits and Bills are with, or have been accepted by, banks and credit unions and bear various rates of interest between 5.45% and 5.7% (2005 - 5.45% and 5.8%). NCDs, FRNs and Managed Funds are all with organisations with credit ratings that comply with the Minister's Order and bear various rates of return between 5.74% and 7.29% (2005 - 5.92% and 7.165%).

HAWKESBURY CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 6 - CASH AND INVESTMENTS (continued)

RESTRICTED CASH AND INVESTMENTS

	Note	2006 $'000 Current	2006 $'000 Non-Current	2005 $'000 Current	2005 $'000 Non-Current
Note 6 (c) Cash and Investments summary					
Total External Restrictions		15,605		11,992	
Total Internal Restrictions		7,594		5,212	
TOTAL UNRESTRICTED		2,841	-	2,795	-
TOTAL CASH & INVESTMENTS		26,040	-	19,999	-
Cash equivalents		636		589	
Investments		25,404		19,410	
		26,040	-	19,999	-

HAWKESBURY CITY COUNCIL

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

Note 6 - CASH & INVESTMENTS (cont)

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

	Notes	Opening Balance 30 June 2005	Movements		Closing Balance 30 June 2006
			Transfers To Restriction	Transfers From Restriction	
		$'000	$'000	$'000	$'000
External Restrictions					
Developer Contributions	17	4,267	727	409	4,585
Stormwater		1,601	1,105	583	2,123
Unexpended Grants		2,150	2,771	1,096	3,825
Water Supply funds		-	-	-	-
Sewerage funds		2,806	5,677	5,962	2,521
Domestic Waste Management		285	6,761	5,553	1,493
Self Insurance Claims		820	110		930
Other		63	93	28	128
Total External Restrictions		**11,992**	**17,244**	**13,631**	**15,605**

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.

Internal Restrictions				
Employee Leave Entitlements	1,189	751	350	1,590
Replacement - Plant & Vehicles	335	364	200	499
Council S94 Allocation	449	88	19	518
Kerb & Gutter	311	14		325
Other	451	2,887	2,426	912
Risk Management	255	254	-	509
Unexpended Contributions	457	11	-	468
Unspent Work Reserve	-	3,512	2,957	555
Property Development	-	762	762	-
Extractive Industries	1,145	100	4	1,241
Roadworks	282	7		289
Other	-	-	-	-
Workers Compensation	219	359	578	-
Forgotten Valley Mobile Resource Unit	119	4	10	113
Information Technology	-	658	83	575
Total Internal Restrictions	**5,212**	**9,771**	**7,389**	**7,594**

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 2006

Note 7 - RECEIVABLES

	2006 $'000 Current	2006 $'000 Non-Current	2005 $'000 Current	2005 $'000 Non-Current
Rates & Annual Charges	1,434	-	1,228	-
Interest & Extra Charges	33	-	59	-
User Charges & Fees	888	-	1,312	-
Accrued Revenues	33	-	60	-
Deferred Debtors	48	144	61	195
Other levels of Government	956	-	699	-
Other	119	-	178	-
Total	3,511	144	3,597	195
Less: Allowance for Doubtful Debts				
Rates & Annual Charges	41	-	25	-
Total Receivables	3,470	144	3,572	195

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% (2005: 9.00%). Although Council is not materially exposed to any individual ratepayer, credit risk exposure is concentrated within the Council boundaries in the State of New South Wales.

Government Grants and Subsidies

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.

RESTRICTED RECEIVABLES	2006 Current	2006 Non-Current	2005 Current	2005 Non-Current
Sewerage Services	135	-	125	-
Domestic Waste Management	246	-	239	-
Total Restrictions	381	-	364	-
Unrestricted Receivables	3,089	144	3,208	195
Total Receivables	3,470	144	3,572	195

HAWKESBURY CITY COUNCIL

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

Note 8 - INVENTORIES & OTHER ASSETS

	2006 $'000 Current	2006 $'000 Non-Current	2005 $'000 Current	2005 $'000 Non-Current
INVENTORIES				
Stores & Materials	**320**	-	330	-
Trading Stock	**16**	-	33	-
Total Inventories	**336**	-	363	-

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 durina stores operations.

	2006 $'000 Current	2006 $'000 Non-Current	2005 $'000 Current	2005 $'000 Non-Current
OTHER ASSETS				
Prepayments	**132**	-	109	-
Other	**162**	-	56	-
Total Other Assets	**294**	-	165	-
Real Estate Developments				
(Valued at the lower of cost and net realisable value)				
Residential	-	-	-	-
Industrial & Commercial	-	-	-	-
Other Properties surplus to requirements	-	-	-	-
Total Real Estate for Resale	-	-	-	-
Represented by:				
Acquisition Costs	-	-	-	-
Other Properties - Book Value	-	-	-	-
	-	-	-	-
Less: Provision for Under-Recovery	-	-	-	-
Total Real Estate for Resale	-	-	-	-

HAWKESBURY CITY COUNCIL

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

Note 9 - PROPERTY, PLANT & EQUIPMENT

	2005 $'000			CARRYING AMOUNT MOVEMENTS DURING YEAR $'000				2006 $'000		
	AT COST	ACCUM DEPN	CARRYING AMOUNT	Asset Purchases	Asset Disposals	Depreciation	Impairment	AT COST	ACCUM DEPN	CARRYING AMOUNT
Plant & Equipment	10,737	(6,117)	4,620	1,962	(1,225)	(1,896)	-	**11,474**	**(8,015)**	**3,459**
Office Equipment	2,950	(2,049)	901	101	-	(202)	-	**3,052**	**(2,252)**	**800**
Furniture & Fittings	1,477	(1,175)	302	-	(1)	(30)	-	**1,476**	**(1,205)**	**271**
Land										
- Council owned (freehold)	26,651	-	26,651	-	(291)	-	-	**26,360**	**-**	**26,360**
- Council controlled	23,398	-	23,398	-	-	-	-	**23,398**	**-**	**23,398**
Land Improvements - depreciabl	3,492	(1,931)	1,561	-	-	(538)	-	**3,492**	**(2,304)**	**1,188**
Buildings	67,577	(1,185)	66,392	956	(973)	(1,324)	-	**67,544**	**(2,493)**	**65,051**
Other Structures	5,999	(2,281)	3,718	460	-	(373)	-	**6,459**	**(2,818)**	**3,641**
Infrastructure										
- Roads, bridges, footpaths	131,156	(10,182)	120,974	1,670	-	(1,814)	-	**132,826**	**(11,995)**	**120,831**
- Stormwater drainage	34,066	(2,314)	31,752	324	-	(441)	-	**34,390**	**(2,755)**	**31,635**
- Sewerage Network	55,502	(5,044)	50,458	1,522	-	(821)	-	**57,024**	**(5,865)**	**51,159**
Other Assets										
- Art Collections	60	(60)	-	-	-	-	-	**60**	**(60)**	**-**
- Library Books	2,284	(1,762)	522	212	-	(171)	-	**2,496**	**(1,933)**	**563**
- Other	20	(5)	15	-	-	(6)	-	**20**	**(11)**	**9**
Future Reinstatement Costs										
- Tips	3,080	(123)	2,957	-	-	(123)		**3,080**	**(247)**	**2,833**
Totals	368,449	(34,228)	334,221	7,207	(2,490)	(7,739)	-	**373,151**	**(41,953)**	**331,198**

HAWKESBURY CITY COUNCIL

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

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

	2006 $'000				2005 $'000			
	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT
Sewerage Services								
Plant & Equipment	441	-	293	148	419	-	277	142
Land	-	-	-	-	-	-	-	-
- Council owned (freehold)	-	1,070	-	1,070	-	1,070	-	1,070
- Council controlled	-	7	-	7	-	7	-	7
Other Structures	8	-	4	4	8	-	4	4
Sewerage Infrastructure	57,024	-	5,864	51,160	55,502	-	5,043	50,459
Total Sewerage Services	57,473	1,077	6,161	52,389	55,929	1,077	5,324	51,682
Domestic Waste Management								
Plant & Equipment	1,417	-	840	577	1,422	-	645	777
Land	-	-	-	-	-	-	-	-
- Council owned (freehold)	66	580	-	646	-	580	-	580
- Council controlled	-	120	-	120	-	120	-	120
- non depreciable land improv't	3,492	-	2,473	1,019	3,492	-	2,090	1,402
Total Domestic Waste	4,975	700	3,313	2,362	4,914	700	2,735	2,879
Hawkesbury Leisure Centre Incorporated								
Plant & Equipment	610	-	552	58	610	-	450	160
Office Equipment	112	-	107	5	112	-	106	6
Furniture & Fittings	122	-	81	41	122	-	69	53
Land	-	-	-	-	-	-	-	-
- Council owned (freehold)	445	-	-	445	445	-	-	445
Buildings	-	8,991	358	8,633	-	8,991	179	8,812
Total	1,289	8,991	1,098	9,182	1,309	8,991	809	9,491
TOTAL RESTRICTIONS	63,737	10,768	10,572	63,933	62,152	10,768	8,868	64,052

HAWKESBURY CITY COUNCIL

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

Note 10 - LIABILITIES

Note 10 (a) -Payables, interest bearing liabilities and provisions

	2006 $'000 Current	2006 $'000 Non-Current	2005 $'000 Current	2005 $'000 Non-Current
PAYABLES				
Goods & Services	**1,453**	-	1,974	-
Payments received in advance	**183**	-	107	-
Accrued Expenses	**179**	-	118	-
Deposits, Retentions & Bonds	**721**	-	672	-
Other	**3**	-	115	-
Total Creditors	**2,539**	-	2,986	-
INTEREST BEARING LIABILITIES				
Loans	**5**	**62**	5	67
Total Borrowings	**5**	**62**	5	67

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

	2006 Current	2006 Non-Current	2005 Current	2005 Non-Current
PROVISIONS				
Annual Leave	**1,484**	-	1,644	-
Sick Leave	**1,018**	-	994	-
Long Service Leave	**2,612**	**357**	2,460	410
Leave in Lieu	**92**	-	93	-
Self Insurance Claims	**220**	**910**	180	750
Reinstatement, remediation, etc.	-	**3,461**	-	3,265
Total Provisions	**5,426**	**4,728**	5,371	4,425
Provisions -payable < 12 months	1,501		1,408	
Provisions -payable > 12 months	3,925		3,963	
	5,426	0	5,371	0
LIABILITIES relating to RESTRICTED ASSETS				
Domestic Waste Management				
Payables	*288*	-	*306*	-
Provisions	*199*	*218*	*184*	*194*
Subtotal	*487*	*218*	*490*	*194*
Sewerage Services				
Payables	*34*	-	*39*	-
Interest Bearing Liabilities	*46*	-	-	*48*
Provisions	*132*	-	*63*	*55*
Subtotal	*212*	-	*102*	*103*
Self Insurance Claims				
Provisions	*220*	*910*	*180*	*750*
Subtotal	*220*	*910*	*180*	*750*
TOTAL	*919*	*1,128*	*772*	*1,047*

Note 10 (b) - Description of and movements in provisions

Class of provision	*Opening balance* $'000	*Increases in provision* $'000	*Payments* $'000	*Closing Balance* $'000
Annual leave	1,644	855	1,015	1,484
Sick Leave	994	44	20	1,018
Long Service Leave	2,870	437	338	2,969
Leave in Lieu	93	3	4	92
Self Insurance	930	200	-	1,130
Tip remediation	3,265	196	-	3,461
	9,796	1,735	1,377	10,154

HAWKESBURY CITY COUNCIL

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

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	2006 $'000	2005 $'000
Total cash & equivalents	636	589
Less: Bank Overdraft	-	-
Balances per Statement of Cash Flows	636	589

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

	2006	2005
Change in Net Assets resulting from Operations	2,338	(10)
Add: Depreciation, Amortisation & Impairment	7,739	7,609
Unwinding of present value discounts and premiums	(196)	
Increase in provision for doubtful debts	16	-
Increase in employee leave entitlements	-	136
Increase in other provisions	412	17
Decrease in receivables	78	336
Decrease in inventories	27	19
Decrease in other current assets	-	43
Increase in creditors	-	-
Increase in accrued expenses payable	61	-
Increase in other payables	-	-
Loss on Sale of Assets	262	-
	10,737	8,150
Less: Decrease in provision for doubtful debts	-	-
Present value discounts & premiums recognised		-
Decrease in employee leave entitlements	38	-
Decrease in other provisions	-	-
Increase in receivables	-	-
Increase in inventories	-	-
Increase in other current assets	130	
Decrease in creditors	444	2,001
Decrease in accrued expenses payable	-	80
Decrease in other payables	112	46
Gain on Sale of Assets	-	323
Fair value adjustments as revenue items	(725)	(725)
Net Cash provided by (or used in) operations	**10,738**	**6,425**

Note 11 (CONT) - RECONCILIATION TO CASH FLOW STATEMENT

	2006 $'000	2005 $'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 2006

Note 12 - COMMITMENTS FOR EXPENDITURE

	2006 $'000	2005 $'000

(a) Capital Commitments

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

	2006	2005
Buildings	2,259	1,872
	2,259	1,872
These expenditures are payable:		
Not later than one year	2,259	1,872
	2,259	1,872

(b) Other Expenditure Commitments

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

	2006	2005
Audit Services	168	200
Waste Management Services	3,673	1,337
Effluent Collection	2,509	2,079
Other	1,478	1,387
	7,828	5,003
These expenditures are payable:		
Not later than one year	3,531	3,480
Later than one year and not later than 5 years	3,558	767
Later than 5 years	739	756
	7,828	5,003

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:

	2006 $'000	2005 $'000
Total Future Minimum Lease Payments		
Not later than one year	**315**	386
Later than one year and not later than 5 years	**209**	402
Later than 5 years	**-**	-
	524	788

Council has entered into non-cancellable operating leases for various items of computer and other plant and equipment.
(1) Contingent rental payments have been determined in accordance with Council's Management plan and have been publicly notified in May and June each year.
(2) 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.

(e) Remuneration Commitments

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

	2006 $'000	2005 $'000
Not later than one year		
Later than one year and not later than 5 years	**5,470**	4,461
Later than 5 years		
	5,470	4,461

HAWKESBURY CITY COUNCIL

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

Note 13 - STATEMENT OF PERFORMANCE MEASUREMENT

	Amounts	2006 Indicators	2005	2004	2003
Current Ratio					
Current Assets	$30,140	3.78:1	2.88:1	3.68:1	3.69:1
Current Liabilities	$7,970				
Unrestricted Current Ratio					
Unrestricted Current Assets	$14,154	4.53:1	3.24:1	2.85:1	3.08:1
Current Liabilities not relating to Restricted Assets	$3,127				
Debt Service Ratio					
Net Debt Service Cost	$10	0.02%	0.02%	0.02%	0.08%
Operating Revenue	$44,947				
Rate & Annual Charges Coverage Ratio					
Rates & Annual Charges Revenues	$30,943	59.54%	60.65%	55.05%	54.93%
Total Revenues	$51,973				
Rates & Annual Charges Outstanding Percentage					
Rates & Annual Charges Outstanding	$1,426	4.41%	3.93%	3.48%	3.93%
Rates & Annual Charges Collectible	$32,318				

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

HAWKESBURY CITY COUNCIL

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

Note 14 - INVESTMENT PROPERTY

	2006 $'000	2005 $'000
At fair value		
Opening balance at 1 July	**18,841**	19,566
Net gain (loss) from fair value adjustment	**(725)**	(725)
Closing balance at 30 June	**18,116**	18,841
Amounts recognised in profit and loss		
Rental income	**1,344**	1,388
Outgoings recouped	**94**	31
Net gain (loss) from fair value adjustment	**(725)**	(725)
	713	694
Repairs, maintenance & other operating expenses		
- *property generating rental income*	**56**	42
- *property not generating rental income*	**193**	255
	249	297

Valuation basis

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

The 2006 valuation was made by Mr Brian Speechley, of Speechley First National Real Estate, Frank Paul (Real Estate) Pty Ltd.

Note 15 - FINANCIAL INSTRUMENTS

Interest Rate Risk Exposures

2006	Floating Interest Rate	Fixed interest maturing in			Non-interest bearing	Total
		≤ 1 year	> 1 year ≤ 5 years	> 5 years		
Financial Assets	'000	'000	'000	'000	'000	'000
Fair Value through P&L						
Cash & cash equivalents	636	-	-	-		636
Investments	-	21,374	-	-		21,374
Loans & Receivables	-		144	-	1,883	3,496
Held to Maturity Investments						
Investments	-	4,030	-	-	-	4,030
Available for Sale						
Cash & cash equivalents	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Total	636	25,404	144	-	1,883	29,536
Weighted Average Interest Rate	*5.74%*	*7.29%*	*0.00%*	*0.00%*		
Financial Liabilities						
Loans & Receivables						
Payables	-	-	-	-	2,360	2,360
Borrowings	-	5	25	36	1	67
Total	-	5	25	36	2,361	2,427
Weighted Average Interest Rate	*0.00%*	*6.87%*	*6.87%*	*6.79%*		
NET FINANCIAL ASSETS (LIABILITIES)	25,110	2,394	119	(36)	(478)	27,109

2005 Comparatives

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

Credit Risk Exposures

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

Reconciliation of Financial Assets & Liabilities		2006 $'000
Net financial assets		
	Financial Assets	29,536
	Financial Liabilities	2,427
		27,109
Non-financial assets and liabilities		
	Accrued Revenues	119
	Inventories	336
	Property, Plant & Equipment	331,198
	Interest in Associated Bodies	-
	Other Assets	294
	Accrued Expenses	(179)
	Provisions	(10,154)
	Investment Properties	18,115
		339,729
Net Assets per Statement of Financial Position		366,838

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.

Note 16 - SIGNIFICANT VARIATIONS FROM ORIGINAL BUDGET

Council's original budget comprised part (4) of the Management Plan adopted by Council on 27th June 2005. 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. 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. In addition to this catergorisation, Council also resumed previously contracted services for the waste management facility. As a result actual employee costs are $2.8M or (17%) over budget but materials and contracts are under by $3.1M or 15%. Taking this budget classification into consideration there is no material variations in Employee Costs.

1.2 Materials & Contracts

Materials and contract expenses compared to budget are $3.1m or 15% below budget projections as 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 $0.3M under budget due to a combination of works still to be completed and unexpended grants at year end.

1.3 Borrowing Costs

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 Other Operating Expenses

The actual difference between the budgeted and actual total other operating expenses was $571,000 or 14%. The main reasons for this variation is a result of projects or grant programs spent during the year resulting from variations throughout the year including carry forward works.

1.5 Rates, Annual Charges & Fees

There is no significant variations between the budgeted and actual rates, annual charges and fees. Minor variations occurred throughout the year as a result of building activity, private works undertaken for private organisations, rental returns and other user fees and charges. Income projections were varied during quarterly reviews.

1.6 Interest Received

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.

Note 1 - Significant Variations from Original Budget (cont)

1.7 Grants & Contributions Received – Operating & Capital

There was a favourable variation $2.3m or 25%. 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, major variations occur in grants received for the following purposes:

Roads & Bridges
Employment & Training Programs
Community Care Services
Bushfire & Emergency Services
Sewer Augmentation Schemes
Financial Assistance Grant

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

Note 17 - STATEMENT OF CONTRIBUTION PLANS

SUMMARY OF CONTRIBUTIONS

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENDED DURING YEAR	INTERNAL BORROWINGS (to)/from	HELD AS RESTRICTED ASSET	WORKS PROVIDED TO DATE
		CASH	NON-CASH					
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Drainage	242	-	-	14	-	-	256	-
Roads	304	-	-	23	-	-	327	-
Traffic Facilities	(54)	-	-	-	-	-	(54)	-
Parking	473	-	-	28	-	-	501	-
Open Space	685	76	-	41	138	-	664	-
Community facilities	1,670	223	-	104	164	-	1,833	-
Other	779	164	-	51	106	-	888	-
Subtotal S94 under plans	4,099	463	-	261	408	-	4,415	-
Sec 94 not under plans	168	-	-	2	-	-	170	-
Sec 94 A levies	-	-	-	-	-	-	-	-
Planning Agreements	-	-	-	-	-	-	-	-
Sec 64 Contributions	-	-	-	-	-	-	-	-
Total Contributions	4,267	463	-	263	408	-	4,585	-

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

CONTRIBUTION PLAN - S 94 and S94A

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENDED DURING YEAR	INTERNAL BORROWINGS (to)/from	HELD AS RESTRICTED ASSET	WORKS PROVIDED TO DATE
		CASH	NON-CASH					
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Drainage	242	-	-	14	-	-	256	-
Roads	304	-	-	23	-	-	327	-
Traffic Facilities	(54)	-	-	-	-	-	(54)	-
Parking	473	-	-	28	-	-	501	-
Open Space	685	76	-	41	138	-	664	-
Community facilities	1,670	223	-	104	164	-	1,833	-
Other	779	164	-	51	106	-	888	-
Total	4,099	463	-	261	408	-	4,415	-

HAWKESBURY CITY COUNCIL

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

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

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position but knowledge of those items is considered relevant to user 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 2005/06, Hawkesbury City Council's contribution to Westpool was $308,000 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 $5,256,000.

Hawkesbury City Council's contribution represents 5.86% of the total amount paid. It should be noted that Westpool ended the year (2005/06) with a surplus of $2,551,385. Hawkesbury City Council's proportion of the surplus result is $225,387. This result is unaudited at this stage as Westpool's Financial Accounts for 2005/06 are currently being audited and the audited result will be presented to a Westpool Executive meeting upon completion.

(2) SUPERANNUATION - DEFINED BENEFITS

"The Local Government Superannuation Scheme - Pool B (The Scheme) is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB 119. Sufficient information is not available to account for the Scheme as a defined benefit plan because the assets to the Scheme are pooled together for all Councils. The amount of employer contributions recognised as an expense for the year ending 30 June 2006 was $292,248. The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 18th March 2004 and covers the period ended 2003. This valuation found that the Scheme's assets were $2,453.7million and its past service liabilities $2,251.7million, giving it a surplus of $202.0 million. The existence of this surplus has resulted in Councils contributing in 2005/2006 at half the normal level of contributions. The financial position is monitored annually."

(3) Workers Compensation Claims

Council holds a Workers Compensation Self Insurers licence and recognises that it may in the first six (6) months of 2006/07 pay out claims totalling $220,000. 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).

HAWKESBURY CITY COUNCIL

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

Note 18 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION (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 3 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

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

Note 19 - JOINT VENTURES & ASSOCIATED ENTITIES

Council did not participate in any cooperative arrangements with other Councils and other bodies.

	Actual 2006 $'000	Actual 2005 $'000
Carrying amount of investment in partnership		
Share of partnership's assets and liabilities		
Current assets	0	0
Non-current assets	0	0
Total assets	0	0
Current liabilities	0	0
Non-current liabilities	0	0
Total liabilities	0	0
Net assets	0	0
Share of partnership's revenue, expenses and results		
Revenues	0	0
Expenses	0	0
Operating result	0	0

HAWKESBURY CITY COUNCIL

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

Note 20 - RESERVES AND RETAINED EARNINGS

		2006 $'000	2005 $'000
(a) **Asset Revaluation Reserve**			
Balance at beginning of reporting period		**241,028**	239,325
Add: Revaluation increments transferred to the reserve relating to:			
Land		-	-
- Council owned (freehold)		-	2,511
- Council controlled		-	1,724
etc		-	-
(here list each asset class affected)		-	-
	Subtotal	-	4,235
Less: Revaluation decrements transferred from the reserve relating to:			
Land		-	-
- Council owned (freehold)		-	2,520
- Council controlled		-	12
etc		-	-
(here list each asset class affected)		-	-
	Subtotal	-	2,532
Balance at end of reporting period		**241,028**	241,028
(b) **Retained earnings**			
Movements in retained earnings were as follows:			
At beginning of year		123,472	123,482
Adjustment on adaption of AASB132 and AASB 139			
Net operating result for the year		2,338	(10)
At end of year		125,810	123,472
(c) **Nature and purpose of reserves**			
Available-for-sale Financial Assets			
Balance at beginning of reporting period		-	-
Add: revaluation increments transferred to reserve		-	-
Less: revaluation decrements transferred from the reserve		-	-
Less: transfer to profit & loss on disposal		-	-
Balance at end of reporting period		-	-
(d) **Correction of error in previous years**			
Council had over provided depreciation on Sewerage assets in 2005. The prior year comparative figures have been adjusted to reflect the error.		**769**	
		769	-

HAWKESBURY CITY COUNCIL

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

NOTE 21 - IMPACTS OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

As a result of the adoption of Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005, the amounts shown in the comparative 2005 figures in these financial statements differ from the amo9unts shown in Council's 2005 Annual Financial Statements prepared under the then generally accepted accounting accounting principles (GAAP).
The amounts shown in the 2005 comparatives are reconciled to Council's 2005 GAAP financial statements as follows:

	$'000
(a) Reconciliation of Equity at 1 July 2004	
Equity 1 July 2004 in accordance with GAAP	349,990
1. **Investment Property** (AASB 140) Council has identified certain properties as Investment Properties and, pursuant to AASB 140.30 has elected to adopt the fair value model. Under GAAP these assets were recorded at cost.	
Net increase (decrease) in carrying value of Investment Property	14,521
2. **Employee Benefits Provisions** (AASB 117) Liabilities for employee benefits (other than long service leave) payable more than 12 months beyond reporting date, were measured under GAAP at nominal values, but are measured under AIFRS as the present value of the future cash outflows.	
Net (increase) decrease in provision for Employee Benefits	-
3. **Provision for Future Reinstatement** (AASB 137) Council has identified instances, mostly relating to tips, quarries and borrow pits, where is has an obligation to reinstate to a specified condition on cessation of use. These obligations are measured at the present value of estimated future cash outflows. These liabilities have not previously recognised under GAAP. The present value of the estimated future expenditure is capitalised to Infrastructure, Property, Plant & Equipment, and depreciated from the commencement date of the operation. The net effect on Equity reflects the depreciation costs not previously recognised.	
Depreciation not previously recognised (expense)	-
Net change in opening Equity	14,521
Equity 1 July 2004 in accordance with AIFRS	364,511
(b) Reconciliation of 2005 Statement of Financial Position (GAAP) with 2005 comparative Balance Sheet (AIFRS)	
4. **Investment Property** (AASB 140) Consequent on the decision in 1. above, the identified investment properties have been removed from Infrastructure, Property, Plant & Equipment and separately disclosed in the Balance Sheet. Subsequent movements include recognition at fair value at 1 July 2004, the reversal of depreciation charged in 2005 under GAAP and the change in fair value during the 2005 reporting period.	
Carrying value of Investment Property at 1 July 2004 removed from Infrastructure, Property, Plant & Equipment	
Net fair value of Investment Property at 1 July 2004	14,521
Net increase (decrease) in fair value of Investment Property during year	(725)
Depreciation charged under GAAP now reversed	-
5. **Employee Benefits Provisions** (AASB 117) Liabilities for employee benefits (other than long service leave) payable more than 12 months beyond reporting date, were measured under GAAP at nominal values, but are measured under AIFRS as the present value of the future cash outflows.	
Net (increase) decrease in provision at 1 July 2004	-
Net (increase) decrease in 2005 reporting period expense	-

HAWKESBURY CITY COUNCIL

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

NOTE 21 (cont) - Transition to AIFRS

6. Provision for Future Reinstatement (AASB 137)
As explained in notes 3. above and 11. below, the following adjustments have been made in relation to this item

Provision for Reinstatement	
Recognition of liability, 1 July 2004	(3,080)
Net (increase) decrease in provision during reporting period	-
Infrastructure, Property, Plant & Equipment	
Capitalisation of unexpired future costs 1 July 2004 (net of accumulated depreciation)	3,080
Net additional amounts capitalised during reporting period	(185)
Net (increase) decrease in accumulated depreciation	(123)

7. Reallocation - Non-current/Current
Change in the definition of current assets and current liabilities has resulted in a transfer of amounts of inventories and provisions from non-current to current.

Transfer from non-current to current asset	-
Transfer from non-current to current liability	-

	Notes	GAAP $'000	Adjustments $'000	AIFRS $'000
Current Assets				
Cash & Cash Equivalents		14,522		14,522
Investment Securities		820		820
Receivables		3,572		3,572
Inventories		363	-	363
Other		165		165
Non-current Assets held for sale		-		-
Non-current Assets				
Investment Securities		4,657		4,657
Receivables		195		195
Inventories		-	-	-
Investments accounted for using the equity method		-		-
Infrastructure, Property, Plant & Equipment		330,495	3,725	334,220
Investment Property		5,045	13,796	18,841
Intangible Assets				-
Other Non-current Assets		-		-
Total Assets		359,834	17,521	377,355
Current Liabilities				
Payables		2,987		2,987
Borrowings		5		5
Provisions		3,320	-	3,320
Non-current Liabilities				
Payables		-		-
Borrowings		67		67
Provisions		3,211	3,265	6,476
Total Liabilities		9,590	3,265	12,855
NET ASSETS		350,244	14,256	364,500
EQUITY				
Accumulated Surplus		109,216	14,256	123,472
Asset Revaluation Reserves		241,028		241,028
Minority Interest		-	-	-
TOTAL EQUITY		350,244	14,256	364,500

NOTE 21 (cont) - Transition to AIFRS

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

8. Investment Property (AASB 140)

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

Net increase (decrease) in fair value of Investment Property	(725)
Depreciation charged under GAAP now reversed.	-

9. Investment Property sold

During the reporting period, certain investment property held at 1 July 2004 was sold. In the 2005 GAAP Statement of Financial performance, the gain/loss on disposal was calculated using the carrying value based on cost, but for AIFRS purposes the carrying value is based on the market value recognised in 1. above.

Net increase (decrease) in gain on disposal of assets	-

10. Employee Benefits Provisions (AASB 117)

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

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

11. Provision for Future Reinstatement (AASB 137)

Consequent of the recognition of these liabilities (see 3. above), AIFRS requires
* that the capitalised estimate of future expenditure be depreciated and charged as an expense
* that the unwinding of the present value discount be recognised as a borrowing expense
* that restoration costs incurred be charged against the provision
* that the provision be re-measured at reporting date, and the re-measurement adjustment be capitalised.

Unwinding of present value discount (borrowing expense)	(185)
Reinstatement expenses discharged against provision	-
Depreciation of estimated future reinstatement costs (expense)	(123)

	Notes	GAAP $'000	Adjustments $'000	AIFRS $'000
REVENUES				
Rates & Annual Charges		29,881		29,881
User Charges & Fees		5,913		5,913
Investment Revenues		1,502		1,502
Other Revenues		2,093	(725)	1,368
Grants & Contributions - Operating		9,254		9,254
Grants & Contributions - Capital		1,029		1,029
Profit from Disposal of Assets		323	-	323
Profit from interests in Joint Ventures & Associates		-		-
Total Revenues		49,995	(725)	49,270
EXPENSES				
Employee Costs		17,994	-	17,994
Materials & Contracts		18,681	-	18,681
Borrowing Costs		5	185	190
Depreciation & Amortisation		8,255	(646)	7,609
Other Expenses		4,806		4,806
Total Expenses		49,741	(461)	49,280
Operating Result from continuing operations		254	(264)	(10)
Operating result from discontinued operations				-
Gain (loss) on restructure		-		-
NET OPERATING RESULT FOR YEAR		254	(264)	(10)
Attributable to:				
Minority Interests		-	-	-
HAWKESBURY CITY COUNCIL		254	(264)	(10)
		254	(264)	(10)

HAWKESBURY CITY COUNCIL

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

NOTE 21 (cont) - Transition to AIFRS

(d) Reconciliation of Statement of Cash Flows

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

(e) Reconciliation of Equity on adoption of AASB 132 & AASB 139 at 1 July 2005.

In presenting its 2005 comparative figures, Council has elected to use the exemption in relation to financial instruments set out in AASB 1.36A. In giving effect to AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* at 1 July 2005, the following adjustments have been made

12. **Financial Instruments categorised as *Fair Value through P&L***

Previously recognised at cost, these are now recognised at fair value. The net change in carrying value has been carried to Accumulated Surolus.

Net increment (decrement) to Accumulated Surplus	-

13. **Financial Instruments categorised as *Available for Sale***

Previously recognised at cost, these are now recognised at fair value where an active market exists. The net change in carrying value has been carried to Asset Revaluation Reserve. Revaluation decrements are recognised direct into P&L.

Net increment to Asset Revaluation Reserve	-
Net (decrement) to Accumulated Surplus	-

14. **Financial Instruments categorised as *Loans & Receivables***

Previously recognised at face value, these are now recognised at amortised cost using the effective interest method. In relation to financial instruments that are interest free or significant less than market rates at the time of the transaction, a premium or discount is recognised which is unwound over the term of the instrument.

Net premiums recognised on receivables	-
Net discounts recognised on borrowings	-

These adjustments affect asset & liability balances as follows:

Net increment (decrement) to Cash & Cash Equivalents	-
Net increment (decrement) to Investment Securities	-
Net increment (decrement) to Receivables	-
Net (increment) decrement to Borrowings	-

	Notes	AIFRS 30/6/2005 $'000	Adjustments $'000	AIFRS 1/7/2005 $'000
Accumulated Surplus		123,472	-	123,472
Asset Revaluation Reserves		241,028		241,028
Other Reserves				-
Minority Interest		-	-	-
TOTAL EQUITY		364,500	-	364,500

HAWKESBURY CITY COUNCIL

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

Note 22 - Tip Remediation

Council has identified in relation to waste depots, an obligation to reinstate the property to a specified condition on cessation of use. Engineering estimates have been based on current reinstatement standards and discounted to its present value over the estimated remaining life of each facility at the rates applicable to government securities for equivalent terms.

	2006 $'000	2005 $'000
At beginning of year	**3,265**	3,080
Amounts capitalised to Tip asset		
- New disturbance	-	-
- Revised costs	-	-
- Revised life	-	-
- Revised discount rate	-	-
Amortisation of discount - expensed to borrowing costs*	196	185
At end of year	**3,461**	3,265

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Hawkesbury Shire 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 Shire Council** for the financial year ended 30 June 2006 as set out on pages 1 to 47 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 Income Statement, 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 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

PricewaterhouseCoopers
Chartered Accountants

John Gordon per [illegible]

JA Gordon
Sydney 2006, 15 November.

PRICEWATERHOUSECOOPERS

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The Mayor
Councillor Rex Stubbs
Hawkesbury City Council
DX 8601
WINDSOR

Dear Councillor Stubbs

Report on the Conduct of the Audit for Year Ended 30 June 2006
Section 417(3)

We have completed our audit for the financial reports of Hawkesbury Council for the year ended 30 June 2006, 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 improved from a deficit of $10K in the previous year to a surplus of $2.4m in the current period. The operating result before capital has also improved from a deficit of $1m in the previous year to a surplus of $909K.

Cash Position

Council's overall cash position increased from $20m to $26m during the period under review. The following table highlights the composition of cash.

	June 2005 $m	June 2006 $m
Externally restricted	12.0	15.6
Internally restricted	5.2	7.6
Unrestricted	2.8	2.8
	20.0	**26.0**

Working Capital

Council's net current assets increased from $16m to $22m during the period under review.

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

		June 2005 $'000	June 2006 $'000
Net Current Assets		15735	22170
Less	External Restrictions	11992	15605
	Internal Restrictions	5212	7594
		(1469)	*(1029)*
Add	Current liabilities to be funded from other sources.	5376	5431
Available Working Capital		**3907**	**4402**

The effective unrestricted or available working capital upon which Council could build its 2006/07 budget was $4.4m.

Performance Indicators

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

	June 2005 %	June 2006 %
Unrestricted current ratio	324	453
Debt Service Ratio	.02	.02
Rate Coverage Ratio	60	60
Rates Outstanding Ratio	3.9	4.5

The Unrestricted Current Ratio improved and 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 remained stable.

The Rates Outstanding Ratio increased to 4.5% 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

John Gordon per [signature]
PricewaterhouseCoopers

J A Gordon
Partner
Assurance and Business Advisory Services

15 November 2006.

HAWKESBURY CITY COUNCIL

Special Purpose Financial Reports

for the year ended 30th June 2006

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HAWKESBURY CITY COUNCIL

SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2006

STATEMENT BY COUNCILLORS AND MANAGEMENT
MADE PURSUANT TO THE LOCAL GOVERNMENT
CODE OF ACCOUNTING PRACTICE AND FINANCIAL REPORTING

The attached special purpose Financial Statements have been drawn up in accordance with the Local Government Code of Accounting Practice and Financial Reporting and the

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

To the best of our knowledge and belief, these reports

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

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

Signed in accordance with a resolution of Council made on 14th November 2006

....	....
Rex Stubbs	Bart Bassett
MAYOR	**DEPUTY MAYOR**
....	....
Graeme Faulkner	Robert Stalley
GENERAL MANAGER	**RESPONSIBLE ACCOUNTING OFFICER**

HAWKESBURY CITY COUNCIL

INCOME STATEMENT
SEWERAGE BUSINESS ACTIVITY
for the year ended 30th June 2006

2004 '000	2005 '000		Notes	2006 '000
		REVENUE FROM CONTINUING OPERATIONS		
2,606	2,824	Access Charges	A4	**2,811**
484	532	User Charges	A4	**539**
95	127	Interest Received	A4	**115**
(90)	(92)	Grants & Contributions - Operating	A4	**(99)**
11	-	Gain on Disposal of Assets	A5	**13**
295	87	Other Operating Revenues	A4	**231**
3,401	3,478	**TOTAL**		**3,610**
		EXPENSES FROM CONTINUING OPERATIONS		
1,094	1,395	Employee Costs	A3	**1,155**
1,389	1,391	Materials & Contracts	A3	**1,642**
4	3	Borrowing Costs	A3	**3**
1,267	804	Depreciation & Amortisation	A3	**880**
-	2	Loss on Disposal of Assets	A5	**-**
13	10	NCP Tax Equivalents	1	**9**
-	-	Debt Guarantee Fee		**-**
48	2	Other Operating Expenses	A3	**-**
3,815	3,607	**TOTAL**		**3,689**
(414)	(129)	**CONTINUING OPERATIONS RESULT BEFORE CAPITAL AMOUNTS**		**(79)**
409	302	Grants & Contributions - Capital	A4	**504**
(4)	173	**RESULT FROM ORDINARY ACTIVITIES**		**425**
-	-	Discontinued Operations		**-**
(4)	173	**SURPLUS (DEFICIT) BEFORE TAX**		**425**
-	-	Corporate Taxation Equivalent	1	**-**
(4)	173	**SURPLUS (DEFICIT) FOR YEAR**		**425**
20,225	20,221	Add: Accumulated Profits brought forward		**20,394**
-	-	*Adjustments for amounts unpaid*		**-**
-	-	Corporate Tax Equivalent retained		**9**
-	-	Less: Dividends Paid	1	**-**
20,221	20,394	**ACCUMULATED SURPLUS**		**20,828**
-0.78%	*-0.25%*	*RATE OF RETURN ON CAPITAL*	*1*	***-0.15%***
3,482	*2,915*	*NOTIONAL SUBSIDY FROM COUNCIL*	*1*	***2,913***
		Calculation of Dividend Payable during next financial year		
-4	*173*	*Surplus after tax*		***425***
320	*203*	*Less: Capital grants & contribs from LWUs*		***384***
-324	*-30*	*Surplus for dividend calculation purposes*		***41***
0	*0*	*Dividend calculated from surplus*		***0***

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

HAWKESBURY CITY COUNCIL

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

	Notes	Sewerage Services $'000		Hawkesbury Leisure Centre $'000		Domestic Waste Management $'000	
		2006	2005	2006	2005	2006	2005
REVENUES FROM CONTINUING OPERATIONS							
Rates & Annual Charges	A4	2,811	2,824	-	-	5,273	5,181
User Charges & Fees	A4	539	532	2,026	2,120	586	27
Interest Received	A4	115	127	-	9	91	14
Grants & Contributions - Operating	A4	(99)	(92)	100	464	86	118
Profit on Disposal of Assets	A5	13	-	-	-	-	96
Other Operating Revenues	A4	231	87	-	-	416	742
TOTAL		3,610	3,478	2,126	2,593	6,452	6,179
EXPENSES FROM CONTINUING OPERATIONS							
Employee Costs	A3	1,155	1,395	1,283	1,428	1,091	1,111
Materials & Contracts	A3	1,642	1,391	744	789	3,700	3,505
Borrowing Costs	A3	3	3	-	-	-	-
Depreciation & Amortisation	A3	880	804	294	295	634	750
Loss on Disposal of Assets	A5	-	2	-	-	6	-
NCP Imputation Payments	2	9	10	-	2	-	30
Other Operating Expenses	A3	-	2	164	206	392	379
TOTAL		3,689	3,607	2,485	2,718	5,823	5,774
CONTINUING OPERATIONS RESULT BEFORE CAPITAL AMOUNTS		(79)	(129)	(359)	(125)	629	405
Grants & Contributions - Capital		504	302	-	-	-	-
RESULT FROM ORDINARY ACTIVITIES		425	173	(359)	(125)	629	405
Correction of Fundamental Error		-	-	-	-	-	-
SURPLUS (DEFICIT) BEFORE TAX		425	173	(359)	(125)	629	405
Corporate Taxation Equivalent	2	-	-	-	-	189	122
SURPLUS (DEFICIT) FOR YEAR		425	173	(359)	(125)	440	283
Add: Accumulated Profits brought forward		20,394	20,211	5,517	5,640	2,054	1,619
NCP Imputation Payments retained	1	9	10	-	2	189	152
Less: Dividends Paid	2	-	-	-	-	-	-
ACCUMULATED SURPLUS		20,828	20,394	5,158	5,517	2,683	2,054
RATE OF RETURN ON CAPITAL	2	-0.15%	-0.25%	-3.91%	-1.32%	26.63%	13.77%
NOTIONAL SUBSIDY FROM COUNCIL	2	2,913	2,915	802	637	N/A	N/A

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

HAWKESBURY CITY COUNCIL

BALANCE SHEEET
SEWERAGE BUSINESS ACTIVITY
for the year ended 30th June 2006

2005 '000		Notes	CENTS '000
	CURRENT ASSETS		
2,806	Cash & equivalent assets	A6	2,521
124	Receivables	A7	135
2,930	TOTAL CURRENT ASSETS		2,656
	NON-CURRENT ASSETS		
51,682	Infrastructure, Property, Plant & Equipment	A9	52,389
51,682	TOTAL NON-CURRENT ASSETS		52,389
54,612	TOTAL ASSETS		55,045
	CURRENT LIABILITIES		
39	Payables	A10	35
63	Provisions	A10	50
102	TOTAL CURRENT LIABILITIES		85
	NON-CURRENT LIABILITIES		
48	Interest bearing liabilities	A10	46
55	Provisions	A10	73
103	TOTAL NON CURRENT LIABILITIES		119
205	TOTAL LIABILITIES		204
54,407	**NET ASSETS**	$	54,841
	EQUITY		
20,394	Accumulated Surplus		20,828
34,013	Asset Revaluation Reserve		34,013
54,407	**TOTAL EQUITY**	$	54,841

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

HAWKESBURY CITY COUNCIL

BALANCE SHEET by BUSINESS ACTIVITIES
for the year ended 30th June 2006

	Notes	Sewerage Services $'000		Hawkesbury Leisure Centre $'000		Domestic Waste Management $'000	
		2006	2005	**2006**	2005	**2006**	2005
CURRENT ASSETS							
Cash & equivalent assets	A6	**2,521**	2,806	**95**	(38)	**1,494**	-
Investments	A6	**-**	-	**-**	-	**-**	285
Receivables	A7	**135**	124	**116**	240	**246**	239
Inventories	A8	**-**	-	**16**	32	**-**	-
Other	A8	**-**	-	**18**	-	**20**	1
TOTAL CURRENT ASSETS		**2,656**	2,930	**245**	234	**1,760**	525
NON-CURRENT ASSETS							
Property, Plant & Equipment	A9	**52,389**	51,682	**9,182**	9,491	**2,362**	2,942
TOTAL NON-CURRENT ASSETS		**52,389**	51,682	**9,182**	9,491	**2,362**	2,942
TOTAL ASSETS		**55,045**	54,612	**9,386**	9,726	**4,123**	3,468
CURRENT LIABILITIES							
Payables	A10	**35**	39	**320**	249	**288**	305
Provisions	A10	**50**	63	**-**	52	**199**	184
TOTAL CURRENT LIABILITIES		**85**	102	**320**	301	**487**	489
NON-CURRENT LIABILITIES							
Interest Bearing Liabilities	A10	**46**	48	**-**	-	**-**	-
Provisions	A10	**73**	55	**-**	-	**218**	194
TOTAL NON CURRENT LIABILITIES		**119**	103	**-**	-	**218**	194
TOTAL LIABILITIES		**204**	205	**320**	301	**705**	683
NET ASSETS	$	**54,841**	54,407	**9,066**	9,425	**3,418**	2,785
EQUITY							
Accumulated Surplus		**20,828**	20,394	**5,158**	5,517	**2,687**	2,054
Asset Revaluation Reserve		**34,013**	34,013	**3,908**	3,908	**731**	731
TOTAL EQUITY	$	**54,841**	54,407	**9,066**	9,425	**3,418**	2,785

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 2006

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 of water and 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 aquatic 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.

Note 1 - Significant Accounting Policies (cont)

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.

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 2006 (5.41%) 2005 (5.39%).

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 2006

	BUSINESS ACTIVITIES					
	Sewerage Services		Hawkesbury Leisure Centres		Domestic Waste Management	
	2006	2005	**2006**	2005	**2006**	2005
Category	**1**	1	**0**	0	**0**	0
TAXATION EQUIVALENT PAYMENTS	***Rate***	*Rate*	***Rate***	*Rate*	***Rate***	*Rate*
Land Tax	**$2200+1.4 cents>$500,000**	$2200+1.4 cents>$500,000	$1600+0.6 cents>$400,000	$1600+0.6 cents>$400,000	**$2200+1.4 cents>$500,000**	$2200+1.4 cents>$500,000
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
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 EQUIVALEN	**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	**5.41%**	5.39%	**5.41%**	5.39%	**5.41%**	5.39%
Actual Rate of Return	**-0.15%**	-0.25%	**-3.32%**	-1.32%	**26.63%**	13.76%

HAWKESBURY CITY COUNCIL

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

Note 2 - BEST PRACTICE MANAGEMENT DISCLOSURES - SEWERAGE

Values shown in this Note are expressed in WHOLE DOLLARS	2006 $
Calculation and Payment of Tax-Equivalents	
(i) Calculated Tax Equivalents	**9,104**
(ii) No of assessments multiplied by $3/assessment	**21,666**
(iii) Amounts payable for Tax Equivalents (lesser of (i) and (ii))	**9,104**
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	**17,356**
(iii) Cumulative Surplus before Dividends for 3 years to 30 June 2004, less cumulative dividends paid for 2 years to 30 June 2003	**0**
(iv) Maximum Dividend from Surplus (least of (i), (ii) and (iii))	**17,356**
(v) Dividend paid from Surplus	**0**

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Hawkesbury Shire Council
Special Purpose Financial Reports
Independent Auditors' Report

Scope

We have audited the special purpose financial reports of **Hawkesbury Shire Council** for the year ended 30 June 2006, comprising the Statement by Council, Income Statements of Business Activities, Balance Sheets of 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 Shire 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

PricewaterhouseCoopers
Chartered Accountants

John Gordon per D. B

JA Gordon
Sydney

15 November 2006.

HAWKESBURY CITY COUNCIL

Special Schedules

for the year ended 30th June 2006

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HAWKESBURY CITY COUNCIL

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

$'000

Function or Activity	Expenses from continuing operations		Revenues from continuing operations			NET COST OF SERVICES	
	Expenses	Group Totals	Non-capital revenues	Capital revenues	Group Totals	Net Cost	Group Totals
GOVERNANCE	466	466	-	-	-	466	466
ADMINISTRATION							
Corporate Support	1,341		188	-		1,153	
Engineering & Works	3,245		447	1,439		1,359	
Other Support Services	755	5,341	3,657	-	5,731	(2,902)	(390)
PUBLIC ORDER & SAFETY							
Fire Protection - Other	1,826		233	-		1,593	
Animal Control	617		367	-		250	
Enforcement of Local Govt Regulations	217		35	-		182	
Emergency Services	173		(2)	-		175	
Other	276	3,109	346	-	979	(70)	2,130
HEALTH,							
Administration & Inspection	487	487	190	-	190	297	297
COMMUNITY SERVICES & EDUCATION							
Administration	592		182	-		410	
Family Day Care	999		1,024	2		(27)	
Child Care	295		208	18		69	
Youth Services	48		90	-		(42)	
Other Families & Children	262		457	-		(195)	
Other Community Services	169		145	-		24	
Education	-	2,364	-	-	2,126	-	239
HOUSING & COMMUNITY AMENITIES							
Town Planning	1,622		824	373		425	
Domestic Waste Management	5,817		6,446	-		(629)	
Other Waste Management	2,424		2,552	-		(128)	
Urban Stormwater Drainage	815		23	6		786	
Environmental Protection	611		978	-		(367)	
Other Community Amenities		11,289	1	-	11,203	(1)	86

HAWKESBURY CITY COUNCIL

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

Function or Activity	Expenses from continuing operations		Revenues from continuing operations			NET COST OF SERVICES	
	Expenses	Group Totals	Non-capital revenues	Capital revenues	Group Totals	Net Cost	Group Totals
		-			-		-
SEWERAGE SERVICES	3,689	3,689	3,994	120	4,114	(425)	(425)
RECREATION & CULTURE							
Public Libraries	1,954		194	43		1,717	
Community Centres	561		117	-		444	
Other Cultural Services	41		-	-		41	
Swimming Pools	3,163		2,047	-		1,116	
Sporting Grounds	4,323		151	271		3,901	
Other Sport & Recreation	614	10,656	677	267	3,767	(330)	6,889
		-			-		-
MINING, MANUFACTURING & CONSTRUCTION							
Building Control	910	910	562	-	562	348	348
TRANSPORT & COMMUNICATION							
Urban Roads: Local	1,797		-	-		1,797	
Urban Roads: Regional	119		-	-		119	
Sealed Rural Roads: Local	3,441		5,127	378		(2,064)	
Sealed Rural Roads: Regional	621		-	-		621	
Unsealed Rural Roads: Local	2,247		-	-		2,247	
Unsealed Rural Roads: Regional	380		-	-		380	
Bridges - Urban Roads: Local	1		-	-		1	
Bridges - Urban Roads: Regional	-		-	-		-	
Bridges - Sealed Rural Roads: Local	44		-	-		44	
Bridges - Sealed Rural Roads: Regional	3		-	-		3	
Bridges - Unsealed Rural Roads: Local	37		-	-		37	
Bridges - Unsealed Rural Roads: Regional	6		-	-		6	
Parking Areas	230		-	-		230	
Water Transport	547		153	-		394	
Other		9,473		-	5,658	-	3,815

HAWKESBURY CITY COUNCIL

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

Function or Activity	Expenses from continuing operations		Revenues from continuing operations			NET COST OF SERVICES	
	Expenses	Group Totals	Non-capital revenues	Capital revenues	Group Totals	Net Cost	Group Totals
ECONOMIC AFFAIRS							
Real Estate Development	872		584	-		288	
Other Business Undertakings	979		19	-		960	
		1,851			603		1,248
TOTALS - FUNCTIONS		**49,635**			**34,933**		**14,703**
General Purpose Revenues			17,041	-		(17,041)	
Joint Ventures/Associated Entities			-	-			
Correction of Fundamental Error	-		-	-		-	
					17,041		(17,041)
NET OPERATING RESULT FOR YEAR							**(2,338)**

HAWKESBURY CITY COUNCIL

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

$'000

Classification of Debt	Principal Outstanding at beginning of year			New Loans Raised	Debt Redemption		Tfrs to Sinking Funds	Interest applicable for year	Principal outstanding at end of year		
	Current	Non-Current	Total		From Revenue	Sinking Funds			Current	Non-Current	Total
LOANS (by source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	5	67	72	-	5	-	-	5	5	62	67
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	**5**	**67**	**72**	**-**	**5**	**-**	**-**	**5**	**5**	**62**	**67**
OTHER LONG TERM DEBT											
Ratepayers' Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payment	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total Other Long Term Debt	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL LONG TERM DEBT	**5**	**67**	**72**	**-**	**5**	**-**	**-**	**5**	**5**	**62**	**67**

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 2006

$'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
		0	0		0	0.00%	-	-	-
		0	0		0	0.00%	-	-	-
		0	0		0	0.00%	-	-	-
		0	0		0	0.00%	-	-	-
		0	0		0	0.00%	-	-	-
		0	0		0	0.00%	-	-	-
Totals							-	-	-

HAWKESBURY CITY COUNCIL

SPECIAL SCHEDULE NO 5
SEWERAGE SERVICE OPERATIONS
(Gross including Internal Transactions)
for the year ended 30th June 2006

	A. OPERATING TRANSACTIONS	2006	2005
	EXPENSES	**$'000**	$'000
1.a.	Management - Administration	**897**	892
b.	- Engineering & Supervision	**365**	323
2	Operations & Maintenance Expenses		
a.	-Mains - Operation Expenses	**23**	15
b.	-Maintenance Expenses	**155**	130
c.	- Pumping Stations - Operation Expenses	-	6
d.	- Energy Costs	**177**	175
e.	- Maintenance Expenses	**267**	276
f.	- Treatment - Operation Expenses	-	45
g.	- Chemical Costs	-	-
h.	- Energy Costs	-	-
I.	- Effluent Management	**109**	102
j.	- Biosolids Management	-	-
k.	- Maintenance Expenses	**749**	777
l.	- Other - Operation Expenses	**55**	47
m.	- Maintenance Expenses	-	-
3.a.	Depreciation - System Assets	-	-
b.	- Plant & Equipment	**880**	804
4.a.	Miscellaneous - Interest	**3**	3
b.	- Other	-	
	- NCP Tax & Other Equivalents	**9**	10
5	**Total Expenses**	**3,689**	3,605
	REVENUE		
6	Residential Charges (including rates)	**2,579**	2,466
7	Non-Residential Charges		
a.	Access (including rates)	**21**	21
b.	User Charges	**539**	532
8	Trade Waste Charges		
a.	Access (including rates)	**208**	337
b.	User Charges	-	-
c.	Excess Mass Charges & Re-inspection Fees	-	-
9	Extra Charges	**3**	8
10	Interest	**115**	118
11	Other Revenues	**231**	88
12.a.	Grants - Acquisition of Assets	-	-
b.	- Pensioner Rebates	**(101)**	(98)
c.	- Other	**120**	-
13.a	Contributions - Developer Charges	**384**	302
b.	- Developer Provided Assets	-	-
c.	- Other Contributions	**2**	6
14	**Total Revenues**	**4,101**	3,780
15	Gain (Loss) on Disposal of Assets	**13**	(2)
16	**OPERATING RESULT**	**425**	173
16.a.	Operating Result before Grants for Acquisition of Assets	**425**	173

HAWKESBURY CITY COUNCIL

SPECIAL SCHEDULE NO 5 - SEWERAGE SERVICE OPERATIONS (cont)

		2006 $'000		2005 $'000
	B. CAPITAL TRANSACTIONS			
	Non - Operating Expenditure			
17	Acquisition of Fixed Assets			
a.	- Subsidised Scheme	-		-
b	- Other New System Assets	1,522		118
c.	- Renewals	-		-
d.	- Plant & Equipment	52		25
18	Repayment of Debt			
a.	- Loans	3		3
b.	- Advances	-		-
c.	- Finance Leases	-		-
19	Transfers to Sinking Funds	-		-
20	**Total Non-Operating Expenditure**	**1,577**		146
	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)	6,668		
b.	- Residential (unoccupied)	89		
c.	- Non-Residential (occupied)	721		
d.	- Non-Residential (unoccupied)	79		
26	Number of ETs for which Developer Charges were received		62	
27	Total Amount of Pensioner Rebates		$ 101,000	
	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 2005/06			-
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 2006

		Current $'000	Non-Current $'000	Total $'000
	ASSETS			
28	Cash and Investments			
a.	- Developer Charges	-	-	-
b.	- Specific Purpose Grants	-	-	-
c.	- Accrued Leave	-	-	-
d.	- Unexpended Loans	-	-	-
e.	- Sinking Funds	-	-	-
f.	- Other	2,521		2,521
29	Receivables			
a.	- Specific Purpose Grants	-	-	-
b.	- Rates & Availability Charges	111	-	111
c.	- Other	24	-	24
30	Inventories		-	
31	Property, Plant & Equipment			
a.	- System Assets		52,241	52,241
b.	- Plant & Equipment		148	148
32	Other	-	-	-
33	**Total Assets**	2,656	52,389	55,045
	LIABILITIES			
34	Bank Overdraft	-	-	-
35	Creditors	35		35
36	Borrowings			
a.	- Loans		46	46
b.	- Advances	-	-	-
c.	- Finance Leases	-	-	-
37	Provisions			
	- Dividend	-	-	-
	- Other	50	73	123
38	**Total Liabilities**	85	119	204
39	**NET ASSETS COMMITTED**	2,571	52,270	54,841
	EQUITY			
40	Accumulated Surplus			20,828
41	Asset Revaluation Reserve			34,013
42	**Total Equity**			54,841

43	Current Replacement Cost of System Assets	59,968
44	Accumulated Current Cost Depreciation of System Assets	7,579
45	Written Down Current Cost of System Assets	52,389

HAWKESBURY CITY COUNCIL

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

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense '000	Cost '000	Valuation '000	Accumulated Depreciation '000	Carrying Value '000	Asset Condition (see Notes attached)	Estimated Cost to bring to a Satisfactory Standard '000	Estimated Annual Maintenance Expense '000	Program Maintenance Works for current year '000
	References	*Note 9*	*Note 3*		*Note 9*			*Local Govt. Act 1993, Section 428 (2d)*			
Public Buildings	Council Offices	1% to 2%	44	3,252	-	(87)	3,165	6	1,535	154	63
	Works Depot	1% to 2%	25	1,259	-	(45)	1,214	5	170	85	172
	Halls	1% to 5%	903	34,200	-	(1,539)	32,661	3	799	400	493
	Houses	1% to 2%	4	204	-	(9)	195	6	-	3	142
	Museum	1% to 10%	8	765	-	(14)	751	5	250	25	3
	Library	1% to 10%	165	16,535	-	(259)	16,276	1	550	55	18
	Childcare Centres	1% to 2%	41	4,058	-	(174)	3,884	4	332	33	14
	Amenities/Toilets	1% to 5%	134	7,271	-	(366)	6,905	4	803	120	99
	Subtotal		1,324	67,544	-	(2,493)	65,051		4,439	875	1,004
Public Roads	Sealed Roads	1%	764	76,090	-	(6,224)	69,866	3-6	30,185	6,037	2,485
	Sealed Roads Str	0	-	-	-	-	-	0	27,860	2,786	778
	Unsealed Roads	1%	162	17,820	-	(1,242)	16,578	4	22,181	2,218	690
	Bridges	1.25%	80	6,427	-	(542)	5,885	3	2,964	296	126
	Footpaths	2%	63	3,139	-	(290)	2,849	3-4	1,365	137	6
	Cycleways	2%	23	1,138	-	(77)	1,061	2-3	-	8	-
	Kerb & Gutter	1%	188	18,778	-	(1,444)	17,334	3-5	9,532	953	-
	Road Furniture	1% to 10%	534	9,434	-	(2,176)	7,258	3-4	450	45	100
	Subtotal		1,814	132,826	-	(11,995)	120,831		94,537	12,480	4,185

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 2006

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense '000	Cost '000	Valuation '000	Accumulated Depreciation '000	Carrying Value '000	Asset Condition (see Notes attached)	Estimated Cost to bring to a Satisfactory Standard '000	Estimated Annual Maintenance Expense '000	Program Maintenance Works for current year '000
	References	*Note 9*	*Note 3*		*Note 9*				*Local Govt. Act 1993, Section 428 (2d)*		
Sewerage	Pump Stations	1.25%	391	30,553	-	(3,949)	26,604	3	700	342	202
	Treatment Works	1% to 1.43%	430	26,471	-	(1,916)	24,555	3	0	694	854
	Subtotal		821	57,024	-	(5,865)	51,159		700	1036	1197
Drainage Works	Retarding Basins	0		-	-			0	0	0	0
	Outfalls	0	-	-	-	-	-	0	0	0	0
	Conduits	1% to 1.67%	301	30,493	-	(1,958)	28,535	4-5	3468	347	29
	Inlet & Junction P	1.67% to 3.3%	131	3,459	-	(729)	2,730	4-5	0	35	0
	Head Walls	.67% to 3.33%	9	438	-	(68)	370	4-5	0	20	0
	Subtotal		441	34,390	-	(2,755)	31,635		3468	402	29
Total Classes - All Assets			4,400	291,784	-	(23,108)	268,676		103,144	14,793	6,415

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 2006

"SATISFACTORY" CONDITION OF PUBLIC ASSETS

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

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

The information contained in this Schedule comprises accounting estimates formulated in accordance with the NSW 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

HAWKESBURY CITY COUNCIL

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

	2006 $'m	2007 $'m	2008 $'m	2009 $'m	2010 $'m	2011 $'m	2012 $'m	2013 $'m	2014 $'m	2015 $'m	2016 $'m
Recurrent Budget											
Income from continuing operations	52	35	36	37	39	40	41	43	44	46	47
Expenses from continuing operations	50	35	37	38	39	41	42	44	45	47	49
Operating result from continuing operatio	2	0	(1)	(0)	(0)	(1)	(1)	(1)	(1)	(1)	(1)
Capital Budget											
New Works	-	-	-	-	-	-	-	-	-	-	-
Replacement of existing assets	7	7	7	7	7	7	7	7	8	8	8
	7	7	7	7	7	7	7	7	8	8	8
Funded by											
- Loans	-	-	-	-	-	-	-	-	-	-	-
- Asset Sales	1	1	1	1	1	1	1	1	1	1	1
- Reserves	-	-	-	-	-	-	-	-	-	-	-
- Grants/Contributions	1	1	1	1	0	1	0	0	1	0	0
- Recurrent revenue	5	5	5	5	6	6	6	6	6	7	7
- Other	-	-	-	-	-	-	-	-	-	-	-
	7	7	7	7	7	8	7	7	8	8	8