

Annual Report 2004-2005

WARRINGAH COUNCIL

Appendix

Financial statements
and Auditor's Report



Warringah Council

APPENDIX A

Audited financial statements and Auditor's Report

WARRINGAH COUNCIL

Financial Report in Plain English

Introduction

The General Purpose Financial Report shows how the Council performs financially during the 2004/05 financial year and presents the financial position as at the end of the financial year.

Council presents its financial report in accordance with Australian Accounting Standards. Particular terms required by these Standards may not be familiar to some readers. Further, Council is a "not-for-profit" organisation and some of the generally recognised terms used in the private sector corporate reports are not ideally transferable to the Local Government environment.

Warringah Council is mindful of its role of acting in the public interest and it is in this context that the plain English guide is provided to assist readers in understanding and analysing the financial report.

What is Contained in the General Purpose Financial Report?

Council's Financial Report has two sections, namely:

- (1) The Principal Financial Statements
- (2) The Notes to and Forming Part of the Principal Financial Statements.

There are four (4) Principal Financial Statements and twenty two (22) Notes. These are prepared by Council staff, examined by the Council's Audit

Committee and by Council and then audited by an independent Auditor. The four Principal Financial Statements appear immediately after the statement by Council on Pages 2-5 of the General Purpose Financial Report and comprise the following:

- > Statement of Financial Performance
- > Statement of Financial Position
- > Statement of Changes in Equity
- > Statement of Cash Flows

The Notes detail Council's accounting policies and the make up of values contained in the Principal Financial Statements.

Statement by Councillors and Management

The Statement is made by the Council, the General Manager and the Responsible Accounting Officer to indicate that, in their opinion, the General Purpose Financial Report has met all the statutory and professional reporting requirements and has been prepared in accordance with Council's records.

Statement of Financial Performance

The Statement of Financial Performance shows:

- > The sources of Council's Revenue under various income headings
- > The expenses incurred in running the Council during the year

These expenses relate only to the operations and do not include the cost associated with the purchase or the building of assets. While asset purchase costs are not included in expenses there is an item for depreciation. This is the annual allocation of the cost of assets by reference to the remaining useful life of assets.

The key figure is the surplus from ordinary activities before capital amounts and indicates that revenues from operations exceeded expenses.

Statement of Financial Position

This statement is a snap shot of the financial position of the Council as at 30 June 2005. It shows what the Council owns as assets and what it owes as liabilities. The bottom line of this statement is net assets and is equivalent to the net worth of the Council that has built up since incorporation in 1906.

The assets and liabilities are separated into current and non-current. Current means those assets and liabilities which fall due in the next 12 months.

Statement of Changes in Equity

During the course of the year the value of total equity as set out in the Statement of Financial Position changes. This Statement shows the values of such changes and how these changes arose.

The main reasons for a change in equity are as follows:

- > Surplus from operations as disclosed in the Statement of Financial Performance
- > Changes in minority interest of the subsidiary.

Statement of Cash Flows

Statement of Cash Flows summarises Council's cash payments and cash receipts for the year. This statement is presented according to a very specific accounting standard and needs some care and analysis. The values differ from those shown in the Statement of Financial Performance because the Statement of Financial Performance is prepared on an accrual accounting basis.

Cash in this statement refers to bank deposits and other forms of highly liquid investments that can be readily converted to cash.

Council's cash arises from and is used in three main areas:

Operating activities

- > Investing activities – this term relates to only assets such as new capital plant and other long term revenue producing assets.
- > Financing activities – this is used to record the receipt and repayment of external financing such as loans and leases.
- > The bottom line of the Statement of Cash Flows is the cash at the end of the financial year.

Notes to the Accounts

The Notes are a very important and informative section of the Report. Rather than expecting the reader to have a working knowledge of the numerous and forever-changing Australian Accounting Standards, the Notes are provided to enable the reader to understand the basis on which the values shown in the Statements are established. These are described in Note 1.

Apart from the Accounting Policies, the Notes also give details behind many of the summary figures contained in the Statements. The Note numbers are shown beside the relevant items in the Statement of Financial Performance, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows.

Where Council wishes to disclose other information which cannot be incorporated into the Statements then this is shown in Note 18.

The Notes should be read at the same time as, and together with, other parts of the Financial Statements to get a clear picture of the Accounts.

Auditor's Report on the Financial Statements and on the Conduct of the Audit

The independent Audit Report is the external and independent opinion on the Financial Statements. It provides the reader with a totally independent opinion and covers both the statutory and professional requirements and also the fairness aspects of the Financial Statements.

Local Government Financial Health Check

Attached to this plain English guide is Council's Sustainable Finances Health Check prepared in accordance with the industry's accepted guidelines.

Warringah Council - Financial Health Check Performance Indicators

Revenue Sources

Information Note - Revenue Sources Information
Note Title: Sources of Total Ordinary Revenue Before Capital

Indicator Definition: Revenue from Ordinary Activities is classified by source
Commentary:





Trend analysis for 2005 very similar to 2004, although greater management focus on generating User Charges and Fees is recommended.

Domestic Waste Management revenue decreased by 12.63% due to lower charges.

	Last Year 2 June 2002	% age of total revenue	Last Year 2 June 2003	% age of total revenue	Last Year 2 June 2004	% age of total revenue	Last Year 2 June 2005	Current % age of total revenue
Rates & Charges								
General Purpose	42,926	44.89%	44,989	48.89%	47,147	48.73%	49,061	49.62%
Specific Purpose (DWM)	10,150	10.61%	10,972	10.972	11,911	11.92%	10,407	10.53%
User Charges & Fees	21,963	22.97%	21,030		21,032	21.74%	21,195	21.44%
Interest	2,417	2.53%	3,391	3.69%	4,395	4.54%	5,385	5.45%
Grants (operating)								
General Purpose	3,560	3.72%	3,734	4.06%	3,766	3.89%	3,851	3.90%
Specific Purpose	2,722	2.85%	4,038	4.39%	4,276	4.42%	3,600	3.64%
contributions	1,240	1.30%	1,285	1.40%	940	0.97%	1,345	1.36%
Profit on Sales of Assets	8,550	8.94%	0	0.00%	182	0.19%	855	0.86%
Other	2,103	2.20%	2,574	2.80%	3,110	3.21%	3,170	3.21%
Total Ordinary Revenue								
Before Capital \$	95,631	100%	92,013	100%	96,759	100%	98,869	100%

CASH/LIQUIDITY POSTION

Indicator # 1 - Cash / Liquidity Position - after accounting for external reserves

Indicator Title:	1.1 Unrestricted Current Ratio			
Indicator Definition:	<i>Current Assets less Externally Restricted Current Assets / Current Liabilities less Specific Purpose Current Liabilities</i>			
Indicator / Local Government Benchmark:	Greater than 2:1 Between 1:1 and 2:1 Less than 1:1 Successive years > 10:1			
	   			
	Year Ended June 2005	Year Ended June 2006	Year Ended June 2007	Year Ended June 2008
	3.32	2.68	3.00	3.00

Commentary:
 Council's liquidity is more than satisfactory. Council can easily pay its debts as they fall due. During 2006 it is expected that this ratio will decrease due to increased Sect.94 expenditure and Kimbriki property acquisition.

Indicator # 1 - Cash / Liquidity Position - after accounting for external reserves

Indicator Title:	1.2 Available Cash Position			
	[a] Available Cash Assets			
	[b] Unrestricted Available Cash Assets			
Indicator Definition:	<i>[a] Cash Assets less Externally Restricted Assets</i>			
	<i>[b] Available Cash Assets less Internally Restricted Assets</i>			
Indicator / Local Government Benchmark:	<i>For Information Only</i>			
	Year Ended June 2005	Year Ended June 2006	Year Ended June 2007	Year Ended June 2008
<i>[a]</i>	\$ 51,395	\$ 40,611	\$ 40,741	\$ 40,741
<i>[b]</i>	\$ 16,255	\$ 7,294	\$ 7,317	\$ 7,317

Commentary:
 This indicator is used to interpret indicator 1.1 in \$ amount. More than adequate funds available, providing the capacity to respond to opportunities or react to unforeseen commitments that may arise. Based on forecasted cashflows, it is expected that Cash Assets will decrease in the future due to increased Sect.94 expenditure and Kimbriki property acquisition.

Indicator # 1 - Cash / Liquidity Position - after accounting for external reserves

Indicator Title: 1.3 Availability of Cash Assets as a % of total Revenue

[a] Available Cash Assets

[b] Unrestricted Available Cash Assets

Indicator Definition:

[a] Available cash Assets / Total Ordinary Revenue before Capital

[b] Unrestricted Available Cash Assets / Total Ordinary Revenue before Capital

Indicator / Local Government Benchmark:

For Information Only

	Year Ended June 2005	Year Ended June 2006	Year Ended June 2007	Year Ended June 2008
[a]	51.98%	40.61%	39.17%	37.72%
[b]	16.44%	7.29%	7.17%	7.04%

Commentary:

This indicator is used to interpret indicator 1.1 in % amount. This demonstrates that Council funds are available either for unplanned works or commitments or the existence of emergency provisions.

OPERATING RESULT

Indicator # 2 - Operating Result - using trend analysis

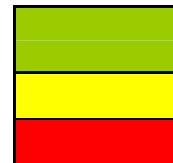
Indicator Title: Result from Ordinary Operations before Capital Grants & Contributions

Indicator Definition:

Result from ordinary operations before receipt of Capital Grants and Contributions ie. Operating Result or 'Profit' after depreciation

Indicator / Local Government Benchmark:

*Three (3) successive surplus'
Surplus
Deficit*



Year Ended June 2003	Year Ended June 2004	Year Ended June 2005
5,137	4,419	8,501

Commentary:

Council continues to generate sufficient revenue to cover its operating expenditure, including depreciation based on out of date valuations. As this analysis assumes that the current depreciation provisions are adequate to provide for the replacement of existing assets, it should be considered with caution.

ASSET RENEWAL EXPENDITURE

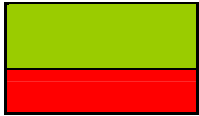
Indicator # 3 - Asset Renewal Expenditure

Indicator Title: Asset Renewal
Capital Renewal Capacity - amount of funds spent on renewing assets (as opposed to maintaining them = Capital Expenditure on Existing Assets /Annual Depreciation

Indicator Definition:

Indicator / Local Government Benchmark:

1 to 1
Less than 1:1



Year Ended June 2003	Year Ended June 2004	Year Ended June 2005	Year Ended June 2006
0.59	0.33	0.35	0.70

Commentary:

This is a longer term indicator of the condition and cost to maintain public infrastructure assets. A strategic approach to asset management is required to rectify this poor performance.

DEBT SERVICE RATIO

Indicator # 4 - Debt Service Ratio

Indicator Title: Debt Service Ratio
Net Debt Service Cost/Total Revenue from Ordinary Activities

Indicator Definition:

Indicator / Local Government Benchmark:

<10%
10%-15%
>15%



Year Ended June 2005	Year Ended June 2006	Year Ended June 2007	Year Ended June 2008
2.46%	2.27%	3.65%	2.11%

Commentary:

This indicator shows the amount of annual revenue necessary to service annual debt obligations (loan repayments). Council's ability to service its debt is excellent.

In 2006/2007 Council's net Debt Service Cost will increase due to repayment of an interest only loan of \$1.346M.

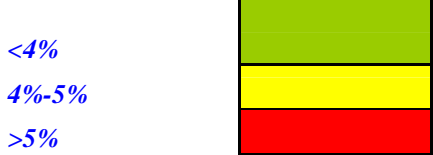
COLLECTION PERFORMANCE

Indicator # 5 - Collection Performance

Indicator Title: 5.1 Outstanding Rates, Charges & Fees

Indicator Definition: 5.2 Rates, Annual, Interest and Extra charges outstanding
 5.1 Total Outstanding Rates Charges and Fees/ Invoices raised plus Arrears B/Fwd
 5.2 Rates, Annual, Interest and Extra Charges Outstanding/Rates Annual, Interest and Extra Charges Collectible

Indicator / Local Government Benchmark:



	Year Ended June 2005	Year Ended June 2006	Year Ended June 2007	Year Ended June 2008
5.1	6.62%	4.00%	4.00%	4.00%
5.2	3.93%	3.90%	3.85%	3.80%

Commentary:

5.1 Outstanding Rates, Charges & Fees indicator measures the effectiveness of Council in recovering all debts legally owed to it whereas 5.2 Rates, Annual, Interest and Extra charges outstanding assesses only the impact of Rates, Annual, Interest and Extra Charges on liquidity and the adequacy of recovery efforts. An unfavourable result for 5.1 due to outstanding debtors of \$1.1m for a Kimbriki distribution and \$475K for property sale, with a 1.62% increase over 2004/5. The two (2) stated major debtors account for 2.28%. A favourable result was achieved for 5.2 in 2004/2005 with a 0.08% improvement over 2003/2004.

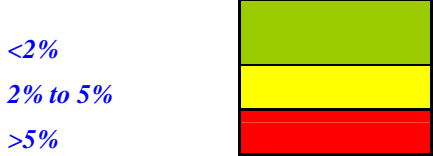
RE-VOTES OF EXPENDITURE

Indicator # 6 - Re - Votes of Expenditure

Indicator Title: Re-Votes of Expenditure

Indicator Definition: Revotes / Ordinary and Capital Expenditure

Indicator / Local Government Benchmark:



	Year Ended June 2002	Year Ended June 2003	Year Ended June 2004	Year Ended June 2005
	2.15%	2.71%	3.55%	1.06%

Commentary:

The existence of re-votes at year end indicates that funded projects/outcomes were not delivered in accordance with the management plan. The % reduction is an improvement on previous years however, when it is noted that projects totalling \$3.26m were placed into the 2005/06 Management Plan in the March Quarterly Budget Review, there is room for further improvement in the planning and completing of agreed works. Further, it should be noted that \$610K of carry-overs comprised operational activities.

**ACCURACY / TIMELINESS OF FINANCIAL DATA /
BUDGET / COMPLIANCE**

Indicator # 7 - Management Practices

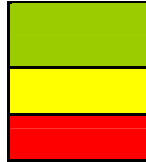
Indicator Title: Accuracy / Timeliness of Financial Data / Budget / Compliance

As Indicated

Indicator Definition: Below

Indicator / Local Government

Benchmark: 8 to 10 Achieved
5 to 7 Achieved
< or = 4 Achieved



	Year Ended June 2001	Year Ended June 2002	Year Ended June 2003	Year Ended June 2004	Year Ended June 2005
1. Financial Bottom Line (before capital matched to forecasts to a level of + or - 10%)	No	No	No	No	No
2. Receipt of an unqualified Audit Report	Yes	Yes	Yes	Yes	? Future
3. Statements lodged to meet compliance deadline	Yes	Yes	Yes	Yes	? Future
4. Do you report monthly to management 5 days of month end	Yes	Yes	Yes	Yes	Yes
5. Do you report quarterly – within 21 days of quarter end	No	No	No	No	No
6. Do you report annually – within 21 days of year end	No	No	No	No	No
7. Budgets incorporate a 3 year plan where the 2 nd year becomes the base for the following year	No	No	No	No	No
8. Rigour of budget review and then ongoing monthly / quarterly budget to actual results analysis	No	No	Yes	Yes	Yes
9. Does RAO (Responsible Accounting Officer) formally report to Council on the sign off of Financial Statements - Section 413 (2) (c)	Yes	Yes	Yes	Yes	Yes
10. Has the Council established an Audit Committee comprising elected members and community representatives in the interests of best corporate governance practice.	Yes	Yes	Yes	Yes	Yes
	5	5	6	6	?

Commentary

In 2005/2006 a new Financial system is being planned and implemented, to assist us in striving for the 'Green Light' status.

WARRINGAH COUNCIL

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

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WARRINGAH COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2005

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 30 August 2005



.....
(Dick Persson)

ADMINISTRATOR



.....
(Stephen Blackadder)

GENERAL MANAGER



.....
(Gary Mottau)

RESPONSIBLE ACCOUNTING OFFICER

WARRINGAH COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30th June 2005

Budget 2005 \$'000		Notes	Actual 2005 \$'000	Actual 2004 \$'000
	EXPENSES FROM ORDINARY ACTIVITIES			
38,164	Employee Costs	3	35,052	35,365
26,378	Materials & Contracts		32,426	34,448
648	Borrowing Costs	3	762	755
11,098	Depreciation & Amortisation	3	11,651	11,817
19,246	Other Expenses	3	10,093	9,564
1,450	Loss from interests in Joint Ventures & Associates	19	384	391
96,984	Total Expenses from Ordinary Activities		90,368	92,340
	REVENUES FROM ORDINARY ACTIVITIES			
58,323	Rates & Annual Charges	4	59,468	59,058
20,089	User Charges & Fees	4	21,195	21,032
3,132	Investment Revenues	4	5,385	4,395
7,051	Grants & Contributions - Operating	4	8,796	8,982
4,630	Other Revenues	4	3,170	3,110
	Profit from Disposal of Assets	5	855	182
93,225	Revenues from Ordinary Activities before Capital Amounts		98,869	96,759
(3,759)	SURPLUS(DEFICIT) FROM ORDINARY ACTIVITIES BEFORE CAPITAL AMOUNTS		8,501	4,419
2,847	Grants & Contributions - Capital	4	2,916	5,567
(912)	SURPLUS(DEFICIT) FROM ORDINARY ACTIVITIES AFTER CAPITAL AMOUNTS		11,417	9,986
-	Share attributable to Minority Interests	19	(1,356)	(1,269)
(912)	NET SURPLUS(DEFICIT) ATTRIBUTABLE TO COUNCIL		\$ 10,061	\$ 8,717
(912)	TOTAL CHANGES IN EQUITY		\$ 10,061	\$ 8,717

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

WARRINGAH COUNCIL

STATEMENT OF FINANCIAL POSITION as at 30th June 2005

	Notes	Actual 2005 \$'000	Actual 2004 \$'000
CURRENT ASSETS			
Cash Assets	6	64,611	54,919
Receivables	7	5,047	4,718
Inventories	8	127	123
Other	8	813	357
TOTAL CURRENT ASSETS		<u>70,598</u>	<u>60,117</u>
NON-CURRENT ASSETS			
Cash Assets	6	15,881	23,984
Investment Securities	6	12,000	4,000
Receivables	7	503	485
Property, Plant & Equipment	9	4,053,178	4,054,811
Investments accounted for using the equity method	19	685	657
TOTAL NON-CURRENT ASSETS		<u>4,082,247</u>	<u>4,083,937</u>
TOTAL ASSETS		<u>4,152,845</u>	<u>4,144,054</u>
CURRENT LIABILITIES			
Payables	10	11,897	12,227
Borrowings	10	1,472	1,661
Provisions	10	3,741	3,690
TOTAL CURRENT LIABILITIES		<u>17,110</u>	<u>17,578</u>
NON-CURRENT LIABILITIES			
Payables	10	3,955	4,503
Borrowings	10	9,931	10,633
Provisions	10	7,741	7,499
TOTAL NON CURRENT LIABILITIES		<u>21,627</u>	<u>22,635</u>
TOTAL LIABILITIES		<u>38,737</u>	<u>40,213</u>
NET ASSETS		<u>\$ 4,114,108</u>	<u>4,103,841</u>
EQUITY			
Accumulated Surplus		4,108,772	4,098,711
Asset Revaluation Reserve		-	-
Council Equity Interest		<u>4,108,772</u>	<u>4,098,711</u>
Outside Interest in Equity	19	5,336	5,130
TOTAL EQUITY		<u>\$ 4,114,108</u>	<u>4,103,841</u>

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

WARRINGAH COUNCIL

STATEMENT OF CHANGES IN EQUITY

for the year ended 30th June 2005

	Note Ref	Accum Surplus	Asset Reval. Reserve	2005 \$'000 Council Equity Interest	Outside Equity Interest	Total	Accum Surplus	Asset Reval. Reserve	2004 \$'000 Council Equity Interest	Outside Equity Interest	Total
Balance at beginning of the reporting period		4,098,711	-	4,098,711	5,130	4,103,841	4,089,994	-	4,089,994	4,327	4,094,321
Change in Net Assets recognised in the Statement of Financial Performance		10,061		10,061	1,356	11,417	8,717		8,717	1,269	9,986
Cash Distributions to Outside Equity Interests	19				(1,150)	(1,150)				(466)	(466)
Other Adjustments to Outside Equity Interest	19				-	-				-	-
Balance at end of the reporting period		4,108,772	-	4,108,772	5,336	4,114,108	4,098,711	-	4,098,711	5,130	4,103,841

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

WARRINGAH COUNCIL

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

Budget 2005 \$'000		Notes	Actual 2005 \$'000	Actual 2004 \$'000
	CASH FLOWS FROM OPERATING ACTIVITIES			
	<u>Receipts</u>			
58,946	Rates & Annual Charges		59,515	58,941
24,550	User Charges & Fees		22,838	22,339
3,089	Investments Income		5,368	4,369
10,395	Grants & Contributions		11,999	14,841
3,215	Other operating receipts		6,312	8,013
	<u>Payments</u>			
(35,541)	Employee Costs		(34,348)	(35,292)
(36,052)	Materials & Contracts		(36,749)	(35,362)
(648)	Borrowing Costs		(762)	(748)
(18,084)	Other operating payments		(12,656)	(12,625)
9,870	Net Cash provided by (or used in) Operating Activities	11	21,517	24,476
	CASH FLOWS FROM INVESTING ACTIVITIES			
	<u>Receipts</u>			
	Proceeds from sale of Property, Plant & Equipment		2,546	2,099
1,893	Proceeds from sale of Real Estate	5, 8		-
	Proceeds from sale of Investment Securities		-	
	Repayments from Deferred Debtors			9
	Contributions to joint ventures by minority interests	19	-	
	Distribution received from associated entities	19	-	
	<u>Payments</u>			
(11,221)	Purchase of Property, Plant & Equipment		(12,705)	(8,732)
	Purchase of Real Estate	8		-
	Purchase of Investment Securities		(8,000)	(4,000)
	Loans to Deferred Debtors		-	
(1,781)	Distributions from joint ventures to minority interests	19	(466)	(398)
(412)	Capital contributed to associated entities	19	(412)	(412)
(11,521)	Net Cash provided by (or used in) Investing Activities		(19,037)	(11,434)
	CASH FLOWS FROM FINANCING ACTIVITIES			
	<u>Receipts</u>			
	Proceeds from Borrowings & Advances		661	609
	Proceeds from Retirement Home Contributions		-	
	<u>Payments</u>			
(729)	Repayments of Borrowings & Advances		(758)	(741)
(673)	Repayment of Finance Lease Liabilities		(794)	(877)
	Repayment of Retirement Home Contributions		-	
(1,402)	Net Cash provided by (or used in) Financing Activities		(891)	(1,009)
(3,053)	Net Increase (Decrease) in cash held		1,589	12,033
78,903	Cash at beginning of reporting period	11	78,903	66,870
	Adjustment to opening Cash due to adoption of revised Accounting Standards	1	-	-
	Adjustment to Cash arising from Council restructure	24		
<u>75,850</u>	Cash at end of reporting period	11	80,492	78,903

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

WARRINGAH COUNCIL

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

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

1. The Local Government Reporting Entity

Warringah Council is incorporated under the NSW Local Government Act 1993 (as amended) and has its principal place of business at Civic Centre, 725 Pittwater Road, Dee Why. These general purpose 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.

1.1 The Consolidated Fund

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

The following Committees established pursuant to the Act are included:

- Allambie Heights Community Centre
- Beacon Hill War Memorial Hall
- Collaroy Plateau Progress Hall
- Cromer Community Centre
- Curl Curl Sports Centre Management Committee
- Curl Curl Youth & Community Centre
- Forest Community Arts Centre
- Forestville Memorial Hall
- Forestville Youth Centre
- Forestville RSL Playing Field Committee
- Frenchs Forest Showground Management Committee
- Glen Street Theatre
- Harbord Literary Institute
- Lionel Watts Park
- North Balgowlah Community Centre
- Terrey Hills Community Centre
- Tramshed Community Centre
- Wyatt Avenue Tennis Centre

Other joint ventures and associated entities in which Council is involved are included to the extent set out in paragraph 14 below and in Note 19.

1.2 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.

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

Note 1 - Significant Accounting Policies (cont)

2. Basis of Accounting

2.1 Compliance

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

2.2 Basis

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

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

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

3. Rates

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

4. Grants, Contributions and Donations

Grants, donations and other contributions are recognised as revenues when the Council obtains control over the assets comprising the contributions. Control over granted assets is normally obtained upon their receipt. Where prior advice of grants has been received and expenditure has been incurred in accordance with the relevant terms and conditions, unreceived grant entitlements are recorded as receivables.

Unreceived contributions over which the Council has control are recognised as receivables.

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.

5. Cash Assets and Investment Securities

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

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

6. Receivables

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

Other receivables are generally unsecured and do not bear interest.

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

Note 1 - Significant Accounting Policies (cont)

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

7. 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.

7.1 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.

8. Property, Plant & Equipment

8.1 Transitional Provisions

At the date of these accounts, the following infrastructure assets have not been capitalised:
Land under Roads

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

8.2 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.

8.3 Valuation

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

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

Further detail of existing valuations, methods and valuers are provided at Note 9. Plant, equipment and similar assets are carried at historical cost less accumulated depreciation.

8.4 Depreciation of Non-Current Assets

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

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

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

Note 1 - Significant Accounting Policies (cont)

8.5 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with Australian Accounting Standard AAS 34 (AASB 1036) "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 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 4. All borrowing costs capitalised relate to funds borrowed specifically for the qualifying assets, and accordingly paragraph 5.2 of the standard does not apply.

9. Payables

Goods & Services

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

Payments Received in Advance & Deposits

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

10. 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"

11. Employee Benefits

11.1 Salaries, Wages & Compensated Absences

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

Liabilities for employee benefits not expected to be paid or settled within 12 months are 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.

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

11.2 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 2004/05; 9% in 2003/04). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

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

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

Note 1 - Significant Accounting Policies (cont)

12. Financial Instruments

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

13. 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".

14. Joint Ventures and Associated Entities

Council participates in cooperative arrangements with other Councils for the provision of services and facilities.

Entities over which Council exercises "control" (as defined in the Standards) have been consolidated in accordance with Australian Accounting Standard AAS 24 (AASB 1024) "Consolidated Financial Reports", ***Kimbriki Recycling and Waste Disposal Centre***, and are disclosed in detail in Note 19 (a). An annual provision is made for the ultimate cost to embellish the site operated by ***Kimbriki Recycling and Waste Disposal Centre***, on closure. *In excess of \$2.588 million of real estate has been restricted for this purpose.*

Entities over which no Council exercises "control" have been accounted for in accordance with Australian Accounting Standard AAS 19 (AASB 1006) "Accounting for Interests in Joint Ventures", ***Warringah and Pittwater Rural Bushfire Service***, and are disclosed in detail in Note 19 (b).

15. Leases

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

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed as assets under lease, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

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.

16. Self-Generating and Regenerating Assets

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

17. GST Implications

In accordance with UIG Abstract 31 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

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

Note 1 - Significant Accounting Policies (cont)

18. 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.

19. 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.

20. Comparative Information

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

21. First Time Adoption of International Accounting Standards

The anticipated financial effects of the adoption of International Accounting Standards is set out in Note 22.

WARRINGAH COUNCIL

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

Note 2 - FUNCTIONS

REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES													
	REVENUES			EXPENSES			OPERATING RESULT			GRANTS INCLUDED IN REVENUES		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ORIGINAL BUDGET	ACTUAL	ACTUAL	ORIGINAL BUDGET	ACTUAL	ACTUAL	ORIGINAL BUDGET	ACTUAL	ACTUAL	2005	2004	2005	2004
	2005	2005	2004	2005	2005	2004	2005	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
NATURAL ENVIRONMENT	340	969	2,813	5,966	6,809	10,022	(5,626)	(5,840)	(7,209)	446	452	172,451	175,536
COMMUNITY ENHANCEMENT	10,375	10,464	10,047	15,909	15,578	15,004	(5,534)	(5,114)	(4,957)	1,279	2,730	3,314,122	3,313,082
URBAN DEVELOPMENT	7,736	7,487	3,125	7,581	8,075	6,328	155	(588)	(3,203)			772	559
INFRASTRUCTURE	9,126	9,410	12,230	17,075	17,493	14,812	(7,949)	(8,083)	(2,582)	1,194	932	230,545	232,805
HEALTH & SAFETY	9,899	11,464	13,051	14,022	13,573	16,690	(4,123)	(2,109)	(3,639)	267	115	11,736	12,010
ECONOMIC INITIATIVES				100	13		(100)	(13)	-				-
EXECUTIVE MANAGEMENT	278	255	5,503	3,778	3,367	4,944	(3,500)	(3,112)	559	-	4	7	8
CORPORATE SUPPORT	8,890	12,534	8,283	21,675	25,018	23,804	(12,785)	(12,484)	(15,521)	425	43	423,212	410,054
CAPITAL WORKS	260	141	128	10,878	58	345	(10,618)	83	(217)	91	103		
CONSOLIDATED OTHER ENTITIES							-	-	-				
							-	-	-				
							-	-	-				
TOTALS - FUNCTIONS	46,904	52,724	55,180	96,984	89,984	91,949	(50,080)	(37,260)	(36,769)	3,702	4,379	4,152,845	4,144,054
GENERAL PURPOSE REVENUES	49,168	49,061	47,146				49,168	49,061	47,146	3,851	3,766		
INTEREST IN JOINT VENTURE SHARE ATTRIBUTABLE TO MINORITY INTERESTS					384	391		(384)	(391)				
								(1,356)	(1,269)				
TOTALS	96,072	101,785	102,326	96,984	90,368	92,340	(912)	10,061	8,717	7,553	8,145	4,152,845	4,144,054

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

WARRINGAH COUNCIL

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

Note 3 - EXPENSES FROM ORDINARY ACTIVITIES

	2005 \$'000	2004 \$'000
EMPLOYEE COSTS		
Salaries and Wages	28,780	28,277
Travelling	97	85
Employee Leave Entitlements	3,276	4,282
Superannuation	2,115	2,044
Workers' Compensation Insurance	292	94
Fringe Benefits Tax	63	192
Training Costs (excluding Salaries)	394	352
Other	536	427
Less: Capitalised and distributed costs	(501)	(388)
Total Operating Employee Costs	<u>35,052</u>	<u>35,365</u>
Total Number of Employees	526	512
(Full time equivalent at end of reporting period)		
BORROWING COSTS		
Interest on Overdraft	-	1
Interest on Loans	693	698
Charges on Finance Leases	69	56
Total Interest Charges	<u>762</u>	<u>755</u>
DEPRECIATION & AMORTISATION		
Plant and Equipment	1,494	1,398
Office Equipment	389	444
Furniture & Fittings	299	288
Leased Property, Plant & Equipment	729	885
Land Improvements	4	4
Buildings	1,233	1,223
Other Structures	229	213
Infrastructure		
- roads, bridges & footpaths	3,302	3,292
- stormwater drainage	3,275	3,271
Other assets		
- library books	526	595
- other	171	204
Total Depreciation & Amortisation	<u>11,651</u>	<u>11,817</u>

WARRINGAH COUNCIL

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

Note 3 - EXPENSES FROM ORDINARY ACTIVITIES (cont)

	2005 \$'000	2004 \$'000
OTHER EXPENSES		
Advertising	403	366
Auditor's Remuneration		
- Audit Services	58	40
- Other Services	15	10
Bad and Doubtful Debts	52	69
Donations & Contributions to Local & Regional Bodies	236	269
Insurances Premiums & Claims	1,075	1,414
Insurance - Statewide Pool	-	(488)
Insurance - Self Insurance Liability Measurement	-	(591)
Legal Expenses		
- Planning & Development	1,255	1,725
- Other Legal Expenses	370	382
Light, Power & Heating	835	826
Administrator's Expenses	200	174
Mayoral Allowance	-	3
Members' Fees & Allowances	-	12
Operating Lease Rentals - non-cancellable		
- minimum lease payments	195	82
Payments to other levels of Government	3,116	3,002
Street Lighting	1,263	1,215
Data Services	223	267
Telephone & Communications	785	783
Interest On Bonds and Deposits	12	4
Total Other Expenses	10,093	9,564

INDIVIDUALLY SIGNIFICANT ITEM

Provision for Insurance Losses	-	(1,079)
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Refer Note 18.1

In 2004 as Council is a member of Statewide Mutual there were provisions for liabilities of \$488,000 being written back in 2003/04. The balance referred to \$591,000 to a reduction in the provision for self insurance as per Actuarial Report as at 30 June 2004.

In 2005 there is no provision as there is no current liability with Statewide Mutual.

WARRINGAH COUNCIL

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

Note 4 - REVENUES FROM ORDINARY ACTIVITIES

RATES & ANNUAL CHARGES	2005 \$'000	2004 \$'000
<u>Ordinary Rates</u>		
Residential	39,082	37,649
Business	9,979	9,498
	<u>49,061</u>	<u>47,147</u>
<u>Annual Charges</u>		
Domestic Waste Management	10,407	11,911
	<u>10,407</u>	<u>11,911</u>
Total Rates & Annual Charges	<u>59,468</u>	<u>59,058</u>
USER CHARGES & FEES		
<u>User Charges</u>		
Other Waste Management	554	579
<u>Fees</u>		
Planning & Building	2,789	3,120
Parking Areas	309	386
Libraries	119	148
Community Centres	909	878
Childcare	2,268	2,027
Glen Street Theatre	1,989	2,033
Swimming Centre	2,098	1,971
Sec 611 Charges	58	56
Rent & Hire of Council Property	1,283	1,251
Sec 603 Charges	151	178
Dog Registration/Road Inspection Fees	482	312
Kimbriki Waste & Recycling Centre	7,532	7,484
Other	654	609
	<u>20,641</u>	<u>20,453</u>
Total User Charges & Fees	<u>21,195</u>	<u>21,032</u>

WARRINGAH COUNCIL

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

Note 4 - REVENUES FROM ORDINARY ACTIVITIES (cont)

	2005 \$'000	2004 \$'000
INVESTMENT REVENUES		
Interest on overdue rates & charges	182	168
Interest on investments attributable to		
Section 94 Contributions	1,926	1,634
Other Investments	1,503	815
Other Managed Funds	1,774	1,778
Total Investment Revenues	<u>5,385</u>	<u>4,395</u>
OTHER REVENUES		
Commissions & Agency Fees	1	10
Ex gratia payments in lieu of Rates	22	30
Fines	1,444	1,578
Insurance Claims	12	187
Sponsorships/Sullage Income/Mayoral Ball	166	187
Legal Fees Recovery (Rates)	238	61
Recycling Income (Non domestic)	598	528
Sales - General	324	219
Other	365	310
Total Other Revenues	<u>3,170</u>	<u>3,110</u>

WARRINGAH COUNCIL

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

Note 4 - REVENUES FROM ORDINARY ACTIVITIES (cont)

	OPERATING		CAPITAL	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
GRANTS				
General Purpose (Untied)				
Financial Assistance	3,084	3,047		
Pensioner Rates Subsidies (General)	767	719		
Specific Purpose				
Pensioner Rates Subsidies				
Domestic Waste Management	212	266	-	-
Community Centres	275	455	-	-
Roads & Bridges	408	932	87	42
Coast & Estuaries	446	451	15	23
Heritage & Cultural Services	345	322	-	-
Community Care Services	1,914	1,850	-	38
Total Grants & Subsidies	7,451	8,042	102	103
CONTRIBUTIONS & DONATIONS				
Developer Contributions				
Perentie and Dawson Road Release				642
Traffic Facilities			285	215
Parking			159	156
Open Space			1,650	3,212
Community Facilities			416	887
Other			304	323
RTA Contributions	924	800	-	-
Other Councils - SHOROC	130	70	-	-
Coast & Estuaries	151	30	-	-
Community Centres	38	5	-	16
LEMC Contributions	62	-	-	-
Paving				13
Other	40	35	-	-
Total Contributions & Donations	1,345	940	2,814	5,464
TOTAL GRANTS & CONTRIBUTIONS	8,796	8,982	2,916	5,567

WARRINGAH COUNCIL

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

Note 5 - GAIN OR LOSS ON DISPOSAL OF ASSETS

	2005 \$'000	2004 \$'000
DISPOSAL OF PROPERTY		
Proceeds from disposal	1,019	-
Less: Carrying amount of assets sold	<u>439</u>	<u>149</u>
Gain (Loss) on disposal	<u>580</u>	<u>(149)</u>
DISPOSAL OF PLANT & EQUIPMENT		
Proceeds from disposal	1,993	2,058
Less: Carrying amount of assets sold	<u>1,640</u>	<u>1,593</u>
Gain (Loss) on disposal	<u>353</u>	<u>465</u>
DISPOSAL OF LEASED EQUIPMENT		
Less: Carrying amount of assets sold	<u>78</u>	<u>134</u>
Gain (Loss) on disposal	<u>(78)</u>	<u>(134)</u>
TOTAL GAIN (LOSS) ON DISPOSAL OF ASSETS	<u>855</u>	<u>182</u>

WARRINGAH COUNCIL

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

Note 6 - CASH ASSETS & INVESTMENT SECURITIES

	2005 \$'000		2004 \$'000	
	Current	Non-Current	Current	Non-Current
CASH ASSETS				
Cash on Hand and at Bank	3,020		3,004	
Deposits at Call	-		5,594	
Short Term Deposits & Bills, etc	4,910		5,032	
Managed Funds	56,681	15,881	41,289	23,984
Total Cash Assets	64,611	15,881	54,919	23,984
INVESTMENT SECURITIES				
NCDs, FRNs	-	12,000		4,000
TOTAL CASH ASSETS & INVESTMENT SECURITIES	64,611	27,881	54,919	27,984

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

The permitted forms of investment in financial instruments of the Council are defined in an order made by the Minister of Local Government on 16 November 2000, and may broadly be described as "Trustee Securities". Accordingly, credit risk is considered to be insignificant. Deposits and Bills are with, or have been accepted by, banks and credit unions and bear various rates of interest between 5.52% and 5.63% (2004 4.26% and 5.64%). 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 5.98% and 6.28% (2004 - 4.32% and 6.87%).

RESTRICTED CASH ASSETS & INVESTMENT SECURITIES

	2005 \$'000		2004 \$'000	
	Current	Non-Current	Current	Non-Current
EXTERNAL RESTRICTIONS				
Included in liabilities				
Domestic Waste Management	151		93	
Environmental Stormwater Levy	9		51	
	160	-	144	-
Other				
Developer Contributions	4,984	25,628	5,561	26,317
RTA Contributions	-	323	-	323
Unexpended Grants	939		1,253	
Sportsfield Levy	1,919	1,805	1,467	1,280
Environmental Stormwater Management	2,312	-	1,658	
Domestic Waste Management	2,902	-	1,347	
Other	-	125	-	64
	13,056	27,881	11,286	27,984
Total External Restrictions	13,216	27,881	11,430	27,984
Total Internal Restrictions	35,140		28,722	
TOTAL UNRESTRICTED	16,255	-	14,767	-
TOTAL CASH ASSETS & INVESTMENT SECURITIES	64,611	27,881	54,919	27,984

WARRINGAH COUNCIL

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

Note 6 - CASH ASSETS & INVESTMENT SECURITIES (cont)

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

Notes	Opening Balance 30 June 2004	Movements		Closing Balance 30 June 2005	Proposed Utilisation of Restriction		
		Transfers To Restriction	Transfers From Restriction		Less than 1 Year	Between 1 and 5 years	Greater than 5 years
		\$'000	\$'000		\$'000	\$'000	\$'000
External Restrictions							
Developer Contributions	31,878	5,125	6,391	30,612	4,984	25,628	-
RTA Contributions	323	-	-	323	-	323	-
Unexpended Grants	1,253	597	911	939	939	-	-
Sportsfield Levy	2,747	992	15	3,724	1,919	1,805	-
Environmental Stormwater Management	1,658	3,424	2,770	2,312	2,312	-	-
Domestic Waste Management	1,347	1,916	361	2,902	-	-	-
Subdivision & Duffy's Forest Concur	64	117	56	125	-	125	-
Total External Restrictions	39,270	12,171	10,504	40,937	13,056	27,881	-

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

Glen St Theatre	507	115		622	622	-	-
S355 Community Centre	813		14	799	799		-
Narrabeen Lagoon Entrance	523	150		673		673	-
Closed Roads Reserve	330	31	75	286	100	186	-
Integration & Resources Redundancy	63			63	63		-
Integration & Resources General	-	30		30	30		-
Freshwater Surf Life Saving Club	10			10		10	-
Pollution Events and Spill Clean up	16			16		16	-
St David's Avenue Park Reserve	120			120		120	-
Community Survey	30	30		60	60		-
Kimbriki Property Acq Reserve	125	86		211		211	-
Revenue Producing Asset Reserve	606	313		919		919	-
Developer Contributions Other S94	1			1		1	-
Coastal Open Space Improvements	-	26		26		26	-
Affordable Housing Reserve	105			105		105	-
Harbord Literary Institute	45	2	5	42	42		-
Tramshed Arts and Community Centre	15	1	5	11	11		-
Beacon Hill War Memorial	57	3	5	55	55		-
Terrey Hills Community Centre	19	1		20	20		-
North Balgowlah Community Centre	56	3	25	34	34		-
Elections Reserve	-	100		100		100	-
Child Care Parent Fundraising	9	22	7	24	24		-
Bus Shelter Reserve	182	97	10	269		269	-
Community Advisory Committee (CAC)	100			100		100	-
Community Development	475	13	199	289		289	-
Light Plant Replacement	644	249	44	849	75	774	-
Unexpended Loans	704		38	666	233	433	-
Insurance Reserve	1,413	330		1,743	248	1,495	-
Carry Forward Reserve	722	804	445	1,081	664	417	-
Curl Curl Youth & Community Centre	113	30	106	37		37	-
Heavy Plant Replacement	748	345	235	858	46	812	-
Employee Leave Entitlements	1,638	738		2,376	2,376		-
Brookvale Oval Redevelopment	109	274	378	5	5		-
Computer Reserve	1,195	800	247	1,748	1,748		-
Kimbriki Unrestricted Cash (WCP)	2,365	2,298		4,663	4,663		-
Kimbriki Waste & Recycling (kim)	8,648		456	8,192	8,192		-
Property Development	2,923	33	656	2,300	145	2,155	-
Harbord Village Underground Power	137			137	131	6	-
Tennis Courts	95	35		130		130	-
Beach Parking	329	220		549	50	499	-
Glen St Theatre Maintenance	60	91		151	54	97	-
Loan Repayment (Sinking Fund)	1,171	500		1,671		1,671	-
Sports Union Reserves	196	57		253		253	-
Allambie Heights Com Tennis Club	24	8		32		32	-
Deposits & Bonds	1,052	44		1,096	1,096		-
LEMC Local Emergency Mgmt Cttee	-	63	2	61		61	-
Shoroc Surplus Reserve	37	24		61	61		-
Community Centre Reserve	172		128	44	44		-
RFS Land Accreditation Reserve	20	232		252		252	-
Compulsorily Open Space Acq Reserve	-	1,300		1,300	1,300		-
Total Internal Restrictions	28,722	9,498	3,080	35,140	22,991	12,149	-

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.

WARRINGAH COUNCIL

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

Note 7 - RECEIVABLES

	2005 \$'000		2004 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
Rates & Annual Charges	1,794	303	1,754	390
Interest & Extra Charges	154	195	262	70
User Charges & Fees	1,467	6	1,537	38
Sale of Motor Vehicle	158		203	
Cash Due on Finance Lease	71		221	
Interest on Investment	173		116	
Sale of Property	511		-	
Government Grants & Subsidies	183		102	
GST Receivable	605		582	
Other	156		132	
Total	5,272	504	4,909	498
Less: Provision for Doubtful Debts				
Rates & Annual Charges	3		5	
User Charges & Fees	222	1	186	13
	5,047	503	4,718	485

Rates, Annual Charges, Interest & Extra Charges

Overdue rates and annual charges (being amounts not paid on or before the due date determined in accordance with the Local Government Act) are secured over the relevant land and are subject to simple interest at a rate of 9.00% (2004: 9.00%). Although Council is not materially exposed to any individual ratepayer, credit risk exposure is concentrated within the Council boundaries in the State of New South Wales.

Other levels of Government

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

WARRINGAH COUNCIL

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

Note 7 - RECEIVABLES (cont)

RESTRICTED RECEIVABLES

Environmental Stormwater Levy	137	-	135	
Sportsfield Rectification Levy	40	-	39	
Sale of Property net of GST	469		-	-
Domestic Waste Management	389	72	340	177
Sale of Motor Vehicles Net of GST	90	-	184	
Total Restrictions	1,125	72	698	177
Unrestricted Receivables	3,922	431	4,020	308
Total Receivables	5,047	503	4,718	485

WARRINGAH COUNCIL

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

Note 8 - INVENTORIES & OTHER ASSETS

	2005 \$'000		2004 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
INVENTORIES				
Stores & Materials	106		104	
Trading Stock	21		19	
Total Inventories	<u>127</u>	-	<u>123</u>	-
<i>Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical inaccuracies during stores operations.</i>				
OTHER ASSETS				
Prepayments	813		357	
Total Other Assets	<u>813</u>	-	<u>357</u>	-

WARRINGAH COUNCIL

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

Note 9 - PROPERTY, PLANT & EQUIPMENT

	2004 \$'000				CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000						2005 \$'000			
	AT COST	AT FAIR VALUE	ACCUM DEPN	CARRYING AMOUNT	Asset Purchases	Council Restructure	Asset Disposals	Depreciation	Write Downs (ref Note 3)	Net Revaluation	AT COST	AT FAIR VALUE	ACCUM DEPN	CARRYING AMOUNT
Plant & Equipment	11,542	-	5,845	5,697	2,946	-	(1,639)	(1,494)	-	-	11,500	-	5,990	5,510
Office Equipment	7,695	-	6,437	1,258	273	-	(1)	(389)	-	-	7,952	-	6,811	1,141
Furniture & Fittings	3,461	-	1,312	2,149	84	-	-	(299)	-	-	3,502	-	1,568	1,934
Leased Plant & Equipment	2,423	-	960	1,463	661	-	(78)	(729)	(67)	-	2,809	-	1,559	1,250
Land														
- Council owned (freehold)	-	190,237	-	190,237	2,872	-	(383)	-	-	-	-	192,726	-	192,726
- Council controlled	-	3,365,530	-	3,365,530	-	-	(56)	-	-	-	-	3,365,474	-	3,365,474
Land Improvements - depreciable	-	386	16	370	-	-	-	(4)	-	-	-	386	20	366
Buildings	130	119,566	53,946	65,750	1,483	-	-	(1,233)	-	-	-	121,179	55,179	66,000
Other Structures	16,820	-	1,243	15,577	2,153	-	-	(229)	-	-	18,973	-	1,472	17,501
Infrastructure														
- Roads, bridges, footpaths	-	320,390	88,913	231,477	1,140	-	-	(3,302)	-	-	-	321,529	92,214	229,315
- Stormwater drainage	-	327,473	153,705	173,768	176	-	-	(3,275)	-	-	-	327,649	156,980	170,669
Other Assets														
- Library Books	7,831	-	6,472	1,359	454	-	-	(526)	-	-	8,285	-	6,998	1,287
- Other	975	-	799	176	-	-	-	(171)	-	-	975	-	970	5
Totals	50,877	4,323,582	319,648	4,054,811	12,242	-	(2,157)	(11,651)	(67)	-	53,996	4,328,943	329,761	4,053,178

WARRINGAH COUNCIL

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

Note 9 (cont) - PROPERTY, PLANT & EQUIPMENT

Valuation of Assets

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

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

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

Major depreciation periods are:

Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles & Road-making Equip	5 to 8 years
Other Plant & Equipment	5 to 15 years

Asset capitalisation thresholds include:

Office Furniture & Equipment	\$2,000
Other Plant & Equipment	\$2,000

Land - Council owned and Council controlled

Freehold land was valued by independent valuation in the reporting period ended 30 June 1995. Pursuant to Council's election, these amounts are disclosed at deemed cost.

Land over which Council has control, but does not have title, was valued by Council officers at municipal site value during the reporting period ended 30 June 1995. Pursuant to Council's election, these amounts are disclosed at deemed cost. All land acquired after 1 July 1995 is recorded at cost. No capitalisation threshold is applied to the acquisition of land or interests in land.

Current valuation

Council Officers have valued all land at a municipal site value of \$320 per square meter as recommended by staff at the State Valuations Office during the reporting period ending 30 June 2003 which totals \$5,395 million and includes adjustments for acquisitions and sales during the last year. These new valuations have not been brought to account as Council will continue to adopt the "cost" basis for recording these classes of assets.

New land valuations will be obtained in accordance with International Financial Reporting Standards and will be brought into account in the 2006 Financial Statements and back-dated to 1 July 2004.

Buildings

Buildings were valued by independent valuation during the reporting period ended 30 June 1996 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are:

Buildings - masonry	50 to 100 years
Buildings - other construction	20 to 40 years

Asset capitalisation thresholds include:

New construction/extensions	\$10,000
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Current valuation

An independent valuation of major buildings (being individual buildings the loss of which would have a material effect on the operations of Council), as at 30 June 2005 was undertaken by Scott Fullarton Valuations Pty Limited and totalled \$164,968,000. The valuation has been made in accordance with recognised valuation procedures as to fair and reasonable value, useful life and remaining life.

These new valuations have not been brought to account as Council will continue to adopt the "cost" basis for recording this class of assets.

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

Note 9 – Property, Plant & Equipment (cont)

Land Improvements, Other Structures and Infrastructure

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

Park Structures - masonry	50 to 100 years
Park Structures – other construction	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years

Asset capitalisation thresholds include:

Park Furniture & Equipment	\$25,000
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Transportation assets were valued by Council officers at written down current replacement cost during the reporting period ended 30 June 1996 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are:

Sealed Roads – Structure	100 years
Bridges – Concrete	100 years
Bulk Earthworks	indefinite

Asset capitalisation thresholds include:

Road construction & reconstruction	\$25,000
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Stormwater drainage infrastructure was valued by Council officers as at 30 June 1997 at written down current replacement cost, based on actual costs incurred during the reporting period ended 30 June 1997 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are:

Drains	100 years
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Asset capitalisation thresholds include:

Drains & Culverts	\$5,000
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All other assets

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

Major depreciation periods are:

Library Books	5 to 15 years
Artworks	indefinite

Restricted Assets

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

	2005 \$'000	2004 \$'000
Land held for Kimbriki	2,588	2,871
Land held for childcare services	238	238
Domestic Waste Management		
Other		
Total	\$2,826	\$3,109

Note 9A – Of the property assets held, No s 8, 8A and 10 Kimbriki Road, Ingleside have been partly funded by the Domestic Waste Management Reserve to the extent of 35.5%. These assets were acquired during previous reporting periods. As at June 2005, Council holds equity in three (3) properties at Kimbriki Road, Ingleside for the purpose of site closure by agreement with Manly, Mosman and Pittwater Councils.

WARRINGAH COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2005 Note 10 - LIABILITIES

	2005 \$'000		2004 \$'000	
	Current	Non-Current	Current	Non-Current
PAYABLES				
Goods & Services	7,361		8,433	
Payments received in advance	888		905	
Kimbriki Accrued Expenses	542		650	
FBT Accrual	40		43	
Interest on Bonds	17		6	
Interest on Loans	122		117	
Due to Other Councils - Kimbriki Dist	1,151		466	
Land Purchase - Settlement	-		680	
Glen Street Theatre Accrual	81		31	
Deposits, Retentions & Bonds	1,615	3,955	812	4,503
Other	80		84	
Total Payables	11,897	3,955	12,227	4,503
BORROWINGS				
Loans	793	9,335	756	10,130
Finance Lease Liability	679	596	905	503
Total Borrowings	1,472	9,931	1,661	10,633

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

PROVISIONS				
Annual Leave	2,318	173	2,245	148
Sick Leave	153	523	195	515
Long Service Leave	633	4,622	334	4,561
Gratuities	15	76	40	64
On Costs	177	152	133	231
Self Insurance Claims - Workers Comp	197	1,272	272	1,038
Public Liabilities & Prof. Indemnity	248	923	471	942
Total Provisions	3,741	7,741	3,690	7,499

Movements in Provision - Annual Leave		Current & Non-Current	Current & Non-Current
Opening Balance		2,393	2,434
Add Additional amounts recognised		2,423	2,123
(Less) Payments		(2,325)	(2,164)
Closing Balance		<u>2,491</u>	<u>2,393</u>

Movements in Provision - Long Service Leave		Current & Non-Current	Current & Non-Current
Opening Balance		4,895	4,726
Add Additional amounts recognised		1,531	883
(Less) Payments		(1,171)	(714)
Closing Balance		<u>5,255</u>	<u>4,895</u>

Movements in Provision - Insurance Losses		Current & Non-Current	Current & Non-Current
Opening Balance		2,723	3,802
Add Additional amounts recognised		(83)	(336)
(Less) Payments			
Add (Less) Remeasurement Adjustments			(743)
Closing Balance		<u>2,640</u>	<u>2,723</u>

	\$'000		\$'000	
	Current	Non-Current	Current	Non-Current
AGGREGATE LIABILITY ARISING FROM EMPLOYEE BENEFITS	3,296	5,546	2,947	5,519

LIABILITIES relating to RESTRICTED ASSETS

External Restrictions

Domestic Waste Management

Payables	151	93
Subtotal	<u>151</u>	<u>93</u>

Environmental Stormwater Levy

Payables	9	51
Subtotal	<u>9</u>	<u>51</u>
Subtotal	<u>160</u>	<u>144</u>

Internal Restrictions

Deposits, Retentions & Bonds	1,096	-	812	170
Employee Leave Entitlements	2,376	-	1,638	1,171
Self Insurance Claims	248	1,495	743	619
Subtotal	<u>3,720</u>	<u>1,495</u>	<u>3,193</u>	<u>1,960</u>
TOTAL	3,880	1,495	3,337	1,960

WARRINGAH COUNCIL

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

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	2005 \$'000	2004 \$'000
Total Cash Assets (Note 6)	80,492	78,903
Less: Bank Overdraft (Note 10)	-	-
Balances per Statement of Cash Flows	80,492	78,903

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

Change in Net Assets resulting from Operations	10,061	8,717
Minority Interest in Operating Result	1,356	1,269
Add: Depreciation and Amortisation	11,651	11,817
Increase in provision for doubtful debts	22	-
Increase in employee benefits	376	69
Increase in other provisions	-	-
Decrease in receivables	-	3,280
Decrease in inventories	-	-
Decrease in other assets	-	-
Increase in trade creditors	-	4,093
Increase in accrued expenses payable	-	-
Increase in other payables	-	-
Loss on Sale of Assets	-	-
Equity share of loss in Associates	384	391
Equity adjustment in Associates (decrease)	-	-
Decrements from Revaluations	-	-
Loss on Council restructure	-	-
	23,850	29,636
Less: Decrease in provision for doubtful debts	-	3,727
Decrease in employee benefits	-	-
Decrease in other provisions	83	1,079
Increase in receivables	53	-
Increase in inventories	4	17
Increase in other assets	456	155
Decrease in trade creditors	882	-
Decrease in accrued expenses payable	-	-
Decrease in other payables	-	-
Gain on Sale of Assets	855	182
Equity share of profit in Associates	-	-
Equity adjustment in Associates (increase)	-	-
Reversal of previous Revaluation Decrements	-	-
Non-cash Capital Grants and Contributions	-	-
Gain on Council restructure	-	-
Net Cash provided by (or used in) operations	21,517	24,476

WARRINGAH COUNCIL

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

Note 11 (cont) - RECONCILIATION TO CASH FLOW STATEMENT

	2005 \$'000	2004 \$'000
(d) Financing Arrangements		
Unrestricted access was available at balance date to the following lines of credit:		
Bank Overdrafts		
Total Facilities	500	500
Corporate Credit Cards	85	85
Bank Guarantee for possible Workers Compensation Claims	2,000	2,000
Bank Guarantee for possible Public Liability Claims	-	1,150

Public Liability claims- council has restricted cash in the form of an Insurance Reserve (see Note 6) to meet an estimate of all outstanding claims at balance date.

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.

WARRINGAH COUNCIL

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

Note 12 - COMMITMENTS FOR EXPENDITURE

	2005 \$'000	2004 \$'000
(a) Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Land	-	250
Buildings	10	49
	10	299
These expenditures are payable:		
Not later than one year	10	299
	10	299

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

(b) Other Expenditure Commitments		
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	140	158
Waste Management Services	40,280	25,150
Other	2,266	3,037
	42,686	28,345
These expenditures are payable:		
Not later than one year	8,812	6,441
Later than one year and not later than 5 years	33,874	21,904
	42,686	28,345

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

(c) Finance Lease Commitments		
Commitments under finance leases at the reporting date are as follows:		
Not later than one year	734	956
Later than one year and not later than 5 years	620	525
Minimum lease payments	1,354	1,481
Less: future finance charges	(79)	(73)
Net Lease Liability	1,275	1,408
Representing lease liabilities:		
Current	679	905
Non-Current	596	503
	1,275	1,408

No Joint Ventures or Partnerships have any finance lease arrangements.

WARRINGAH COUNCIL

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

Note 12 (CONT) - COMMITMENTS FOR EXPENDITURE

	2005 \$'000	2004 \$'000
(d) Operating Lease Commitments (Non-Cancellable)		
Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows:		
<u>Total Future Minimum Lease Payments</u>		
Not later than one year	171	172
Later than one year and not later than 5 years	464	587
	<u>635</u>	<u>759</u>

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

- (i) Contingent rental payments have been determined in accordance with Council's Annual Management Plan which have been publicly notified in Council's Annual Management Plans.
- (ii) No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

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

WARRINGAH COUNCIL

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

Note 13 - STATEMENT OF PERFORMANCE MEASUREMENT

	<u>Amounts</u>	<u>2005 Indicators</u>	2004	2003	2002
Current Ratio					
<u>Current Assets</u>	\$70,598	4.13:1	3.42:1	3.5:1	2.78:1
Current Liabilities	\$17,110				
Unrestricted Current Ratio					
<u>Unrestricted Current Assets*</u>	\$56,257	3.32:1	2.75:1	3.09:1	2.62:1
Current Liabilities not relating to Restricted Assets	\$16,950				
* as defined in the Code					
Debt Service Ratio					
<u>Net Debt Service Cost</u>	\$2,314	2.46%	2.60%	2.56%	2.25%
Operating Revenue	\$93,924				
* as defined in the Code					
Rate & Annual Charges Coverage Ratio					
<u>Rates & Annual Charges Revenues</u>	\$59,468	58.43%	57.72%	56.58%	51.46%
Total Revenues	\$101,785				
Rates & Annual Charges Outstanding Percentage					
<u>Rates & Annual Charges Outstanding</u>	\$2,443	3.93%	4.01%	3.97%	4.09%
Rates & Annual Charges Collectible	\$62,121				
<u>Rates , Annual Charges, Interest & Extra Charges Outstanding</u>	\$1,718	2.76%	2.92%	2.90%	3.01%
Rates , Annual Charges, Interest & Extra Charges Collectible	\$62,180				

Note 13A : It is Council's policy not to pursue pensioners. This calculation is used to demonstrate to users the effect of actively pursuing outstanding amounts from pensioners.

WARRINGAH COUNCIL

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

Note 14 - CONDITIONS OVER GRANTS & CONTRIBUTIONS

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

	2005 \$'000		2004 \$'000	
	<u>Grants</u>	<u>Contrib</u>	<u>Grants</u>	<u>Contrib</u>
Unexpended at the close of the previous reporting period		32,116		27,710
Natural Environment	686		622	
Health & Safety	22		12	
Community Enhancement	253		329	
Executive Management	0		12	
Corporate Support	0		2	
Infrastructure	292		359	
Less: expended during the current period from revenues recognised in previous reporting periods				
Section 94/64 Developer Contributions		6,388	0	2,665
Natural Environment	389		199	
Health & Safety	38		4	
Community Enhancement	138		146	
Executive Management	0		12	
Corporate Support	286		2	
Infrastructure	0		323	
Subtotal	<u>851</u>	<u>6,388</u>	<u>650</u>	<u>2,665</u>
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions				
Section 94/64 Developer Contributions		5,122		7,071
Natural Environment	370		264	
Health & Safety	52		13	
Community Enhancement	115		70	
Infrastructure	0		256	
Subtotal	<u>537</u>	<u>5,122</u>	<u>603</u>	<u>7,071</u>
Unexpended at the close of this reporting period and held as restricted assets	<u>939</u>	<u>30,850</u>	1,253	32,116
Net increase (decrease) in restricted assets in the current reporting period.	<u>939</u>	<u>-1,266</u>	<u>-83</u>	<u>4,406</u>

WARRINGAH COUNCIL

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

Note 15 - FINANCIAL INSTRUMENTS

Interest Rate Risk Exposures

2005	Floating	Fixed interest maturing in			Non- interest bearing	Total
	Interest	≤ 1 year	> 1 year ≥ 5 years	> 5 years		
<u>Financial Assets</u>	Rate	'000	'000	'000	'000	'000
Cash Assets		80,492			-	80,492
Investment Securities		12,000	-		-	12,000
Receivables						
Rates & Annual Charges			1,945	498		2,443
User Charges & Fees					1,652	1,652
Other levels of Govt.					788	788
Other					667	667
Total		92,492	1,945	498	-	98,042
<i>Weighted Average Interest Rate</i>		5.85%	9.00%	9.00%		

Financial Liabilities

Payables						
Goods & Services					7,361	7,361
Payments in advance					888	888
Deposits, Retentions, Bonds			878	4,692	-	5,570
Other					2,033	2,033
Interest Bearing Liabilities		-	793	8,964	371	10,128
Finance Lease Liabilities			679	596	-	1,275
Total		-	2,350	14,252	371	10,282
<i>Weighted Average Interest Rate</i>			6.65%			

2004

Financial Assets

Cash Assets		78,903			-	78,903
Investment Securities		4,000	-		-	4,000
Receivables						
Rates & Annual Charges			2,011	460		2,471
User Charges & Fees					1,916	1,916
Other levels of Govt.					102	102
Other					714	714
Total		82,903	2,011	460	-	88,106
<i>Weighted Average Interest Rate</i>			5.5%			

Financial Liabilities

Payables						
Goods & Services					8,433	8,433
Payments in advance					905	905
Deposits, Retentions, Bonds			882	4,500	(67)	5,315
Other					2,077	2,077
Interest Bearing Liabilities			756	5,025	4,387	10,886
Finance Lease Liabilities			905	503	-	1,408
Total		-	2,543	10,028	4,387	12,066
<i>Weighted Average Interest Rate</i>			6.47%			

WARRINGAH COUNCIL

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

Note 15 (CONT) - FINANCIAL INSTRUMENTS

Credit Risk Exposures

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

Reconciliation of Financial Assets & Liabilities

	2005 \$'000	2004 \$'000
Net financial assets from previous page		
Financial Assets	98,042	88,106
Financial Liabilities	<u>27,255</u>	<u>29,024</u>
	<u>70,787</u>	<u>59,082</u>
Non-financial assets and liabilities		
Accrued Revenues	0	0
Inventories	127	123
Property, Plant & Equipment	4,053,178	4,054,811
Interest in Associated Bodies	685	657
Other Assets	813	357
Accrued Expenses	0	0
Provisions	<u>-11,482</u>	<u>-11,189</u>
	<u>4,043,321</u>	<u>4,044,759</u>
Net Assets per Statement of Financial Position	<u>4,114,108</u>	<u>4,103,841</u>

Net Fair Value

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

WARRINGAH COUNCIL

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

Note 16 - SIGNIFICANT VARIATIONS FROM ORIGINAL BUDGET

Council's original budget comprised part of the Management Plan adopted by Council on 22 June 2004. The original projections on which the budget was based have been affected by decisions and new grant programs initiated by State and Federal Governments, by the weather, 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.

1.1 STATEMENT OF FINANCIAL PERFORMANCE Employee Costs (F 3,112 K)

During the year Council employees are engaged in both maintenance and capital works, the proportions of which vary from year to year. Costs in relation to the capital works are excluded from the Operating Statement, and it is not Council's practice to make detailed calculations for this as part of its budgeting procedures. Accordingly, significant variations will often arise in this area.

Salaries & Wages (F 394 K)
Leave Entitlements (F 997 K)
Superannuation (F 966 K)
Training Cost (F 169 K)
Capitalisation of Employee Cost (F 501 K)

1.2 Materials & Contracts (U 6,047 K)

Council's budget is based on a "normal" mix of self-constructed and contract works. The process of calling and accepting tenders during the year can result in substantial changes in this mix, resulting in significant budget variations in this item.

Material Cost (U 1,716 K)
Equipment (F 340 K)
IT Cost (U 598 K)*
Maintenances Cost (U 293 K)
Capitalisation of Capital Works projects (F 4,354 K)
External Service Providers (U 6,884 K)*

*The original budget for Computer Software Purchases & Licence and some of the External services Providers is under other expenses amounting to \$ 5,484 K

1.3 Interest Charges (U 114 K)

Overdraft Interest (F 3 K)
Loan Interest (U 54 K)
Deposit Interest (F 6 K)
Finance Lease Interest (U 69 K)

1.4 Depreciation & Amortisation (U 553 K)

1.5 Other Operating Expenses (F 9,153 K)

Professional Services (F 327 K)
Bad & Doubtful Debt Expenses (F 599 K)
Lease Rental Expenses (F 744 K)
Insurance Costs (F 549 K)
Utility Cost (F 390 K)
Other Expenses (F 6,542 K)*

* The actual charges for many of the other expenses are shown under Material and Contracts- Some \$6,083 K of original budget is shown here contributing to the favourable variance

1.6 Rates & Annual Charges (F 1,145 K)

Rates Income (U 106 K)
Annual Charge (F 1,251 K)

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

Note 16 - Significant Variations from Original Budget (cont)

1.7 User Charges & Fees (F 1,106 K)

Parking Charges (F 84 K)
Development Fees & Other Regulatory Charges (U 137 K)
Property Charge (F 912 K)*
Hire Fees (F 307 K)
Library Fees (U 26 K)
Waste & Other Fees (U 34 K)

*The original budget for Property charge is under other operating revenues amounting to 925 K

1.8 Interest Received (F 2,253 K)

Interest receipts have been affected by the level of developer contribution held, collection of rates debtors, and favourable changes in interest rates and available on the short-term money market.

Investment Interest (F 2,219 K)
Interest on Charge Outstanding (F 30 K)
Other Interest (F 4 K)

1.9 Grants & Contributions Received – Operating & Capital (F 1,813 K)

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 occurred in grants received for the following purposes: Roads & Bridges, Employment & Training Programs, Community Care Services, Bushfire and Emergency Services

Operational Contribution (F 296 K)
Capital Contribution (F 97 K)
Operational Grants (F 1,449 K)
Capital Grants (U 29 K)

1.10 Other Operating Revenues (U 1,460 K)

Fines (F 114 K)
Legal Fees recovered (F 152 K)
Property Charges (U 925 K)
Insurance Claims (F 12 K)
Computer Services (F 92 K)
Other Income (U 905 K)

1.11 Profit on Disposal of Asset (F 855 K)

WARRINGAH COUNCIL

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

Note 17 - STATEMENT OF CONTRIBUTION PLANS

SUMMARY OF CONTRIBUTIONS

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	EXPENDED IN ADVANCE \$'000	HELD AS RESTRICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Drainage								321
Roads								251
Traffic Facilities	1,510	462		102	317		1,757	720
Parking	3,976	159		243	31		4,347	384
Open Space	17,482	1,692		1,068	4,758		15,484	15,127
Community facilities	4,404	374		265	214		4,829	3,254
Other	3,915	304		221	634		3,806	725
Subtotal S94 under plans	31,287	2,991		1,899	5,954		30,223	20,782
Sec 94 not under plans	829	205		27	434		627	844
Total Contributions	32,116	3,196		1,926	6,388		30,850	21,626
Less land forfeited	238						238	
Cash balance of plan	31,878						30,612	

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

CONTRIBUTION PLAN - NOT UNDERPLAN

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	EXPENDED IN ADVANCE \$'000	HELD AS RESTRICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Drainage	165	169		10	170		174	308
Roads								
Traffic Facilities	159			5	164		0	251
Parking	255			12	100		167	212
Open Space								
Child Care Reserve-Austlink	12	36					48	73
Other								
Total	591	205		27	434		389	844

STATEMENT OF CONTRIBUTION PLANS

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	EXPENDED IN ADVANCE \$'000	HELD AS RESTRICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
CONTRIBUTION PLAN NO 1-Road & Traffic , Frenchs Forest Traffic Facilities E8	167	-	-	10	13	-	164	13
CONTRIBUTION PLAN NO 3-Car parking, Collaroy Parking Open Space E4	389	-	-	23	31	-	381	44
	-	-	-	-	-	-	-	447
CONTRIBUTION PLAN NO 8 - Beacon Hill Community Centre and Narrabeen Tramshed Community Facilities E5	-	-	-	-	-	-	-	574
CONTRIBUTION PLAN PART A- Embellishment of open space Open Space E4	85	-	-	5	-	-	90	126
CONTRIBUTION PLAN PART B- Acquisition of open space - Brookvale, Collaroy/Narrabeen, Other Open Space E6	5,656	-	-	318	2,879	-	3,095	7,220
CONTRIBUTION PLAN PART C- Embellishment of open space - Brookvale, Collaroy/Narrabeen, Other Open Space E6	324	-	-	19	-	-	343	87
CONTRIBUTION PLAN PART D- Open space Specific Facilities - Frenchs Forest Large Parks, Red Hill Large Parks, Open Space E6	-	-	-	-	-	-	-	29
CONTRIBUTION PLAN PART E- Warringah Mall Library Community Facilities E3	6	-	-	-	6	-	-	264
Community Facilities E2	709	1	-	42	-	-	752	328
CONTRIBUTION PLAN PART G Community Centres Community Facilities E5	1,067	-	-	62	-	-	1,129	104
CONTRIBUTION PLAN PART H- Roads & Traffic Management in Frenchs Forest Traffic Facilities E8	43	-	-	2	-	-	45	23

STATEMENT OF CONTRIBUTION PLANS

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	EXPENDED IN ADVANCE \$'000	HELD AS RESTRICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
CONTRIBUTION PLAN PART I- Roads & Traffic Management in Warringah Traffic Facilities E8	245	178		17	133		307	437
CONTRIBUTION PLAN PART J- Car Parking Dee Why Parking E10	843			50			893	16
CONTRIBUTION PLAN PART K- Car Parking Brook Vale Parking E11	221			13			234	7
Administration and Planning studies Old Plan E12	202			4	182		24	(20)
CONTRIBUTION PLAN E1- Open Space Linkages & Cycleway	44	6		3			53	
CONTRIBUTION PLAN E2 Children's Services	623	9		36	36		632	1,496
CONTRIBUTION PLAN E3 Library Services	496	118		28	147		495	408
CONTRIBUTION PLAN E4 Sports Field Embellishment	631	122		41	25		769	654
CONTRIBUTION PLAN E4 Open Space Field Embellishment	129	42		8	72		107	127
CONTRIBUTION PLAN E5 Community Centres	872	124		56			1,052	
CONTRIBUTION PLAN E6 Open Space Medium Density Areas	6,501	1,114		418	1,428		6,605	6,817
CONTRIBUTION PLAN E7 Open Space Dee Why	4,743	530		297	379		5,191	750
CONTRIBUTION PLAN E8 Roads and Traffic Management	1,055	284		73	171		1,241	247
CONTRIBUTION PLAN E9 Perentie and Dawes Rd Release area	3,013			174	224		2,963	280
CONTRIBUTION PLAN E10 Car Parking Dee Why	2,296	159		143			2,598	317
CONTRIBUTION PLAN E11 Car Parking Brookvale	227			14			241	
CONTRIBUTION PLAN E12 Administration and Planning studies	700	304		43	228		819	465
	31,287	2,991	-	1,899	5,954	-	30,223	21,260

WARRINGAH COUNCIL

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

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

The following 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.

STATEWIDE MUTUAL

Council is a member of Statewide Mutual, an organisation formed for the purchase and management of certain insurances on behalf of its members. Council is liable to contribute its proportionate share of any shortfall arising through the scheme.

Statewide Mutual's Directors again report a surplus.

The Directors suggest "that unless Council resolves to retire from the Scheme at the end of the current Fund Year, there is no necessity to carry provisions in Council's Annual Financial Statements for the year 30 June 2005" As a result no provision for Statewide Mutual liabilities has been recorded.

SALARY SYSTEM

Council have accepted that outstanding performance reviews for employees may create some pay increments relating to this reporting period and it is not possible to reliably estimate these amounts at the time of preparation of these reports.

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 13 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.

RURAL FIRE FIGHTING ASSETS

Council has title to, and is the registered owner of 75 rural fire appliances and associated rural fire fighting equipment. These assets are under the control of the Rural Fire Services to enable that Department to provide the bushfire protection defences set out in their Service Level Agreement with Council, and accordingly have not been recognised in these reports.

In accordance with normal Rural Fire Service funding arrangements, Council continues to contribute to the costs of maintenance of this equipment.

SUPERANNUATION – Defined Benefits Schemes

Council makes employer contributions to the defined benefits categories of the Scheme at rates determined by the Scheme's Trustee. The rate is from 1 July 2005 the rate is 95% of member's contributions plus 1.25% of superable salary. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefit, as defined in the Trust Deed, as they accrue.

Council has an ongoing obligation to share in the future experience of the Scheme. Favourable or unfavourable variations may arise should the experience of the Scheme differ from the assumptions made by the Scheme's actuary in estimating the Scheme's accrued benefits liability. The Fund Secretary advises that Warringah Council's estimated defined benefit asset is, a surplus of \$2,096,679.

RELOCATION OF NETBALL COURTS

Council has resolved to relocate the Netball Courts from John Fisher Park . While Passmore/Nolan is still the preferred site, Council staff are still exploring all opportunities. As this is a regional issue, Warringah Council has written to both Pittwater and Manly Councils to seek financial assistance.

DEVELOPER CONTRIBUTIONS EXPENDITURE

Council has either negotiated or resolved to acquire properties that had not entered into exchange of contract as at the 30th June 2005 for an amount in excess of \$4 million to acquire 5 properties under Section 94 Funding.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2004

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

OPEN SPACE RESERVATION

As at the 30th June 2005 Council has committed to purchase a property in Cromer but will not be exchanging until late October/November 2005.

CAPITAL EXPENDITURE

In addition to those capital commitments disclosed on Note 12 to these statements the Warringah Plan 2005-2008 adopted by Council on 28 June 2005 provides for additional capital expenditure. The significant items, but at reporting date were not committed are:

Frank Grey Reserve, Curl Curl budgeted at \$1,495,000.

(Source of funding is from Sportsfield Rectification Levy and contributions)

Embellishment - 27 Howard Ave, Dee Why budgeted at \$800,000

(Source of funding is from Section 94 Contributions).

Footpath and Streetscape - Pittwater Road budgeted at \$1,600,000

(Source of funding is from Section 94 Contributions).

Seawall at South Curl Curl budgeted at \$700,000

(Source of funding is from General Revenue).

BUILDING COMMENCEMENTS

Today, there are 282 construction certificates on hand awaiting collection. There is still building activity that may have commenced without proper approval and payment of appropriate fees however, the number has dropped significantly due to ongoing investigations and monthly audits that were implemented to monitor the possibility of further unlawful works.

UNPAID INFRINGEMENT NOTICES

Infringement income is collected by the Infringement Processing Bureau and is accounted for on a cash basis. Therefore there is no reliable basis for ascertaining collection ability of outstanding fines.

WARRINGAH COUNCIL

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

Note 19 - JOINT VENTURES & ASSOCIATED ENTITIES

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

Note 19 (a) - Council's interest and "control" exceeds 50% of the cooperative organisation.

Note 19 (b) - Entities of which no one member has "control".

Note 19 (c) - Entities of which another member has "control".

Note 19 (d) - Joint venture operations not comprising an entity.

Note 19 (e) - Joint ventures not recognised.

(a) - Joint Venture "Controlled" by Council

Kimbriki Recycling & Waste Disposal Centre	2005	2004
Council's respective interests are:		
- interest in outputs of the joint operation	49.23%	45.47%
- ownership interest in the joint operation	51.33%	52.45%
- the proportion of voting power in the joint operation	%	%
<u>Movements Attributable in Investment in Joint Operation</u>	<u>\$'000</u>	<u>\$'000</u>
Opening Balance	5,130	4,327
Amount recognised on adoption of AAS24		
Ownership Increment between 03/04 and 04/05	116	165
Share in Operating Result	1,240	1,104
Distributions Declared	(1,150)	(466)
Adjustment to Equity Share		
Share of Minority Equity of Joint Operation	5,336	5,130

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

Expenditure Commitments

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

Capital Expenditures payable

Not later than one year

Later than one year and not later than 5 years

Later than 5 years

	0	0
	0	0

Operating Expenditures payable

Not later than one year

Later than one year and not later than 5 years

Later than 5 years

	3,477	1,138
	1,564	540
	5,041	1,678

Contingent Liabilities

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

- arising from Council's share of the joint operation

- arising from joint and several liability of all members

WARRINGAH COUNCIL

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

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

WARRINGAH PITTWATER RURAL FIRE SERVICE	2005	2004
Council's respective interests are:		
- interest in outputs of the joint operation	50%	50%
- ownership interest in the joint operation	50%	50%
- the proportion of voting power in the joint operation	50%	50%
<u>Movements in Investment in Joint Operation</u>	<u>\$'000</u>	<u>\$'000</u>
Opening Balance	657	636
Amount recognised on adoption of AAS19		
New Capital Contributions	412	412
Share in Operating Result	<u>(384)</u>	<u>(391)</u>
Share in Equity of Joint Operation	<u>685</u>	<u>657</u>

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

Contingent Liabilities

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

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

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

	2005	2004
	<u>\$'000</u>	<u>\$'000</u>
Operating Statement		
Share of joint venture revenues in operating revenues	593	678
Share of joint venture costs in operating expenses	<u>537</u>	<u>657</u>
Net Contribution	<u>56</u>	<u>21</u>
Statement of Financial Position		
Current Assets	568	518
Non-Current Assets	<u>117</u>	<u>139</u>
Share of Assets employed in Joint Ventures	<u>685</u>	<u>657</u>
Current Liabilities	0	0
Non-Current Liabilities	0	0
Share of Liabilities incurred in Joint Ventures	<u>0</u>	<u>0</u>
NET INTEREST IN JOINT VENTURES	<u>685</u>	<u>657</u>

WARRINGAH COUNCIL

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

NOTE 22 - IMPACTS OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The adoption of Australian equivalents to International Financial Reporting Standards from 1 July 2005 is expected to affect the amounts disclosed in the Council's Statement of Financial Position at 30 June 2005 as shown below. Items (including reclassifications) not affecting the net amounts reported in these Statements are not disclosed in this Note.

	Notes	AASB 30/6/2005 \$ '000	AIFRS 1/7/2005 \$' 000
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. These assets are currently included in Property, Plant & Equipment and are recorded at cost.			
Land & Building (at cost less accumulated depreciation)	9	570	
Investment Property (at fair value)			1,870
Financial Instruments (AASB 132 & 139)			
Pursuant to AASB 139.45 Council has categorised certain investments as fair value through P&L or available-for-sale investments. Some of these amounts have a quoted market price in an active market and are measured at fair value; the remaining amounts are measured at cost. All are currently measured at the lower of cost and net realisable value.			
Investment Securities (at the lower of cost and net realisable value)	6	92,492	
Available-for-sale Investments (at fair value)			92,653
Available-for-sale Investments (at cost)			
Employee Benefits Provisions (AASB 119)			
Liabilities for employee benefits (other than long service leave) payable more than 12 months beyond reporting date, currently measured at nominal values, are required to be measured as the present value of the future cash outflows.			
Provisions for Employee Benefits (at nominal amounts)	10	8,513	
Provisions for Employee Benefits (at present value)	10		8,485
Provision for Future Reinstatement (AASB 137)			
Council has identified instances, mostly relating to tips, quarries and borrow pits, where it 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 been recognised as liabilities.			
Provision for Future Reinstatement (at present value)		NOT RECOGNISED	(4,730)
Unexpired costs capitalised			4,321
Land Revaluation			
Council has resolved to revalue land as at 1 July 2004 and thereafter at deemed cost			
		3,558,200	2,736,749
TOTAL EQUITY		<u>4,114,108</u>	<u>3,293,737</u>
Net Difference in Equity at 30 June 2005			<u>(820,371)</u>

WARRINGAH COUNCIL

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

NOTE 22 (cont) - IMPACTS OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The following are the consequential changes in the Statement of Financial Performance / Income Statement resulting from the adoption of the above policies and Standards

	AASB 30/6/2005 \$	AIFRS 1/7/2005 \$
<p>Investment Property (AASB 140)</p> <p>Depreciation expense recognised in Statement of Financial Performance - net (increase) decrease in fair value recognised in Income Statement</p>	<p>Notes</p> <p>6 NIL</p>	<p>NIL 20</p>
<p>Financial Instruments</p> <p>Available For sale Investments-(Fair Value) - net (increase) decrease in fair value recognised in Income Statement</p>		<p>161</p>
<p>Employee Benefits Provisions (AASB 119)</p> <p>Net increase (decrease) in expense recognised</p>		<p>32</p>
<p>Provision for Future Reinstatement (AASB 137)</p> <p>Unwinding of present value discount (borrowing cost) Additional depreciation</p>	<p>NIL NIL</p>	<p>251 158</p>
<p>NET RESULT FOR YEAR (Surplus)/Loss</p>	<p><u><u>(10,061)</u></u></p>	<p>(9,767)</p>
<p>Adjustment to Opening Equity (increase)/decrease</p>		<p><u>820,077</u></p>
<p>Net Difference in Equity at 30 June 2005</p>		<p><u><u>(820,371)</u></u></p>

Impairment of Assets (AASB 136)

Council has reviewed all the Assets and is unaware of any events or circumstances that would lead to the recognition of impairment loss.

31 August 2005

The Administrator
Mr Dick Persson
Warringah Council
Pittwater Road
DEE WHY NSW 2099

Dear Sir,

Audit Report - Year Ended 30 June 2005

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2005 and that all information required by us was readily available. We have signed and attached our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General and Special Purpose Financial Reports.

Our audit has been conducted in accordance with Australian Auditing Standards so as to express an opinion on both the General and Special Purpose Financial Reports of the Council. We have ensured that the accounts have been prepared in accordance with Australian Accounting Standard AAS27 and the Local Government Code of Accounting Practice and Financial Reporting.

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

1. RESULTS FOR THE YEAR

1.1 Operating Result

The operating result for the year was a Surplus of \$10.061 million as compared with \$8.717 million in the previous year.

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

	2005	% of Total	2004	% of Total	Increase (Decrease)
	\$000		\$000		\$000
Ordinary Expenses					
Employees Costs	35,052	39%	35,365	38%	(313)
Depreciation	11,651	13%	11,817	13%	(166)
Other	43,665	48%	45,158	49%	(1,493)
	90,368	100%	92,340	100%	(1,972)
Ordinary Revenues before Capital					
Rates & Annual Charges	59,468	60%	59,058	61%	410
Grants & Contributions	8,796	9%	8,982	9%	(186)
Other	30,605	31%	28,719	30%	1,886
	98,869	100%	96,759	100%	2,110
Surplus(Deficit) from Ordinary Activities before Capital items	\$ 8,501		\$ 4,419		\$ 4,082
Capital Revenues	2,916		5,567		(2,651)
Surplus(Deficit) from Ordinary Activities after Capital items	\$ 11,417		\$ 9,986		\$ 1,431
Attributable to Minority Interests	(1,356)		(1,269)		\$ (87)
Surplus(Deficit) for the year	\$ 10,061		\$ 8,717		\$ 1,344

The table above shows an overall increase over the previous year of \$1.344 million. Fluctuations of note consisted of;

- rates levied increased by \$1.914 million to \$49.061 million.
- domestic waste management charges decreased by \$1.504 million to \$10.407 million.
- increases in other revenues was mainly brought about by interest on investments which increased by \$990,000 to \$5.385 million for the year and profits from the sale of assets of \$855,000 (\$182,000 in 2003/04).
- savings in operating costs of \$1.972 million was mainly in materials and contracts and employee costs, however in the previous year employee costs included staff redundancies of \$758,000.
- the decrease in capital revenues was almost entirely attributed to reduced contributions from developers under Section 94 which amounted to \$2.814 million as compared to \$5.435 million in 2003/04.

1.2 Funding Result

The operating result does not take into account all revenues and all expenditures and in reviewing the overall financial performance of Council it is useful to take into account the

total source of revenues and where they were spent during the year which is illustrated in the table below.

	2005	2004
	\$000	\$000
Funds were provided by:-		
Operating Result (as above)	10,061	8,717
Add back non funding items:-		
- Depreciation	11,651	11,817
- Book Value of Assets Sold	2,157	1,876
- (Surplus)Deficit in Joint Ventures	384	391
	<u>24,253</u>	<u>22,801</u>
Deferred Payment Creditors	661	830
Increase in Minority Interests	206	803
Net Changes in Current/Non Current Assets & Liabilities	<u>7,830</u>	<u>1,959</u>
	<u>32,950</u>	<u>26,402</u>
Funds were applied to:-		
Purchase and Construction of Assets	(12,175)	(9,410)
Purchase of Investment Securities	(8,000)	(4,000)
Principal repaid on Loans	(758)	(741)
Principal Repaid on Deferred Creditors	(794)	(877)
Net Transfers to Externally Restricted Assets	(2,197)	(4,693)
Net Transfers to Internal Reserves	(6,134)	(4,320)
Capital Contributions to Joint Ventures	(412)	(412)
	<u>(30,470)</u>	<u>(24,453)</u>
Increase(Decrease) in Available Working Capital	\$ 2,480	\$ 1,949

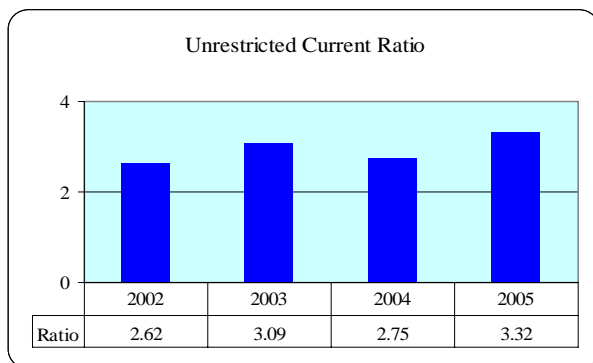
2. FINANCIAL POSITION

2.1 Current Ratios

The **Current Ratio** is a good indicator of the ability of a business to meet its debts and obligations as they fall due. Current assets exceeded current liabilities by \$53.488 million representing a factor of 4.13 to 1.

The **Unrestricted Current Ratio** is a more specific financial indicator for local government. It eliminates net externally restricted assets that must be set aside by law and it in fact represents the general funds of Council.

The **Unrestricted Current Ratio** at the close of the year was **3.32 to 1**.



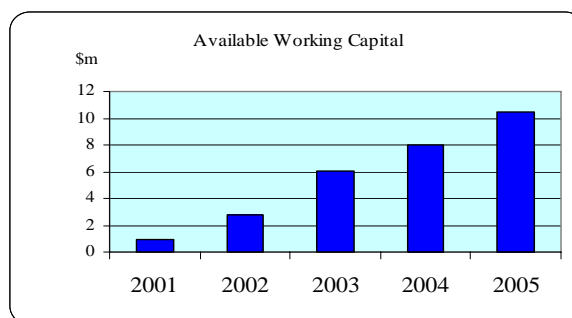
2.2 Available Working Capital – (Working Funds)

At the close of the year the Available Working Capital of Council stood at \$10.476 million as detailed below;

	2005	2004	Change
	\$000	\$000	\$000
Net Current Assets (Working Capital) as per Accounts	53,488	42,539	10,949
Add: Budgetted to Pay in the next 12 mths			
- Borrowings	1,472	1,661	(189)
- Employees Leave Entitlements	3,296	2,947	349
- PL & PI Insurance	445	743	(298)
Adjusted Working Capital	58,701	47,890	10,811
Less: Externally Restricted Assets	(14,181)	(11,984)	(2,197)
Less: Internally Restricted Assets	(34,044)	(27,910)	(6,134)
Available Working Capital as at 30 June	\$ 10,476	\$ 7,996	\$ 2,480

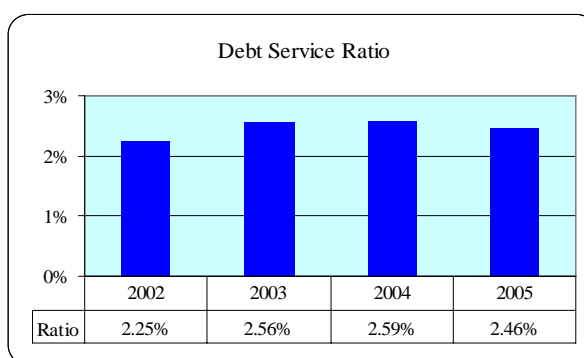
The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures. Taking into consideration the nature and level of the internally restricted assets (Reserves) set aside, we are of the opinion that Available Working Capital as at 30 June 2005 was sound.

The chart alongside shows Available Working Capital has progressively improved over the last 5 years.



2.3 Debt

Operating revenue (excluding special purpose grants and contributions) required to service debt (loan repayments) was 2.46%.



2.4 Summary

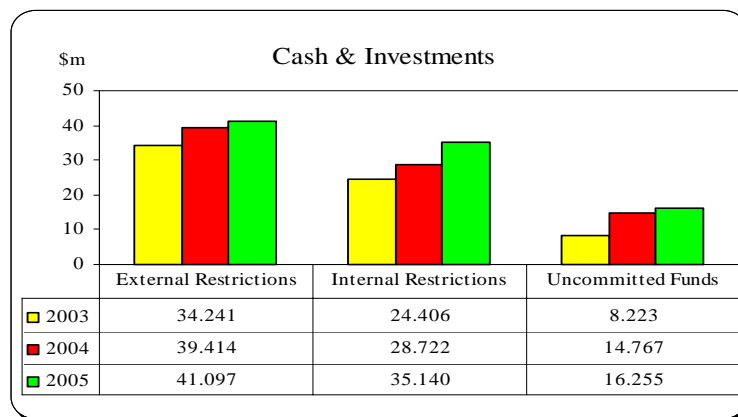
Council's overall financial position, when taking into account the above financial indicators is, in our opinion, sound.

3. CASH ASSETS & INVESTMENT SECURITIES

3.1 Cash & Investment Securities

Cash and investments securities held at the close of the year amounted to \$92.472 million as compared with \$82.903 million and \$66.870 million at the close of financial years 2004 and 2003 respectively.

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



Externally restricted cash and investments are restricted in their use by externally imposed requirements and consisted of unexpended development contributions under Section 94 (\$30.612 million), domestic waste management charges (\$3.053 million), sportsfield rectification levies (\$3.724 million), environmental stormwater management levies (\$2.321 million) and specific purpose grants and contributions (\$1.387 million).

Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's "**Reserves**". These Reserves totalled \$35.140 million and their purposes are more fully disclosed in Notes 6 of the financial statements.

Unrestricted cash and investments amounted to \$16.255 million, which are available to provide liquidity for day to day operations and form the basis of Council's sound financial position.

3.2 Cash Flows

The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year and reveals that cash increased by \$1.539 million to \$80.492 million at the close of the year.

In addition to operating activities which contributed net cash of \$21.517 million were the proceeds from the sale of assets (\$2.546 million), new finance lease commitments (\$661,000).

Cash outflows other than operating activities were used to repay loans (\$758,000), pay finance lease installments (\$794,000), contribute capital to the Rural Fire Service (\$412,000), make distributions to minority interests in the Kimbriki joint venture (\$466,000), purchase investment securities (\$8 million) and to purchase and construct assets (\$12.705 million).

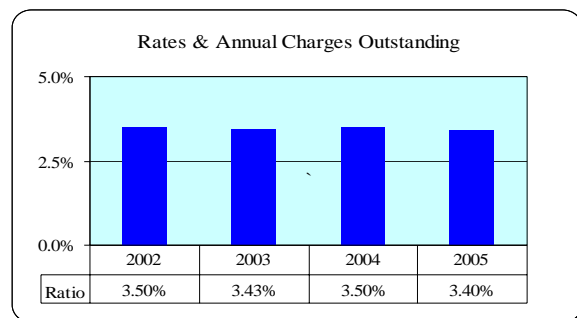
4. RECEIVABLES

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

Net rates and annual charges levied during the year totalled \$59.468 million and represented 58.43% of Council's total revenues which is consistent with previous years.

Including arrears, the total rates and annual charges collectible was \$61.607 million of which \$59.513 million (96.6%) was collected.

Arrears stood at \$2.094 million at the end of the year and represented 3.40% of those receivables.



4.2 Other Receivables

Receivables (other than Rates & Annual Charges) totalled \$3.679 million. Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$226,000.

5. PAYABLES

5.1 Self Insurance

Workers Compensation insurance claims have been actuarially assessed at \$1.469 million (\$1.310 million at 30 June 2004) and a bank guarantee is held to cover these claims as required by the Workcover Authority of NSW.

Public Liability & Professional Indemnity claims payable by Council (ie up to the excess layer) have been actuarially assessed at \$1.171 million (\$1.413 million at 30 June 2004) and is fully funded with internally restricted investments.

5.2 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$8.842 million.

A cash reserve of \$2.376 million was held at year end representing 26.87% of this liability and was, in our opinion, sufficient to meet unbudgeted and unanticipated retirements.

6. NEW ACCOUNTING STANDARDS

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) for reporting periods beginning on or after 1 January 2005. The Australian equivalents to IFRS will be first reflected in Council's financial statements for the year ending 30 June 2006. Whilst the new accounting standards may have a significant impact on the reported results and financial position of some councils, we do not see any significant impact to Warringah's financial results, cash flows or financial position apart the effects of the revaluation of assets and the recognition of investment properties. Current standards require the disclosure of the likely monetary impacts of the new standards had they been applied for the year ending 30 June 2005. These impacts are detailed in Note 22 to the financial statements.

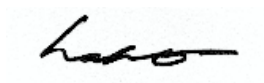
7. CONCLUSION

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

Yours faithfully,

SPENCER STEER

Chartered Accountants



N. MAH CHUT

Partner

WARRINGAH COUNCIL
GENERAL PURPOSE FINANCIAL REPORT
INDEPENDENT AUDITORS' REPORT

SCOPE

We have audited the *general purpose financial report* of Warringah Council for the year ended 30 June 2005, comprising the Statement by Council, Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to the Accounts. The financial statements include the consolidated accounts of the economic entity comprising the Council and the entities it controlled at the year's end or from time to time during the year. The Council is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Council. In respect of the original budget figures disclosed in the Statement of Financial Performance, Statement of Cash Flows and Note 2(a), we have not examined the underlying basis of their preparation. Similarly, we have not examined the variations from the adopted budget disclosed in Note 16 and therefore express no opinion on them.

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

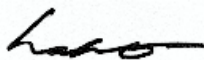
The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion,

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

SPENCER STEER
Chartered Accountants



N. MAH CHUT
Partner

Dated at Sydney this 31st August 2005

WARRINGAH COUNCIL

Special Schedules

for the year ended 30th June 2005

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Special Schedule 7 - Condition of Public Works	S5-S7

WARRINGAH COUNCIL

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

\$'000

Function or Activity	OPERATING EXPENSES		OPERATING REVENUES		NET COST OF SERVICES		
	Expenses	Group Totals	Revenues - Ord. Activities	Capital Rev. Ord. Activities	Group Totals	Net Cost	Group Totals
GOVERNANCE	1,834		1			1,833	
		1,834			1		1,833
ADMINISTRATION							
Corporate Support	26,833		1,285	306		25,242	
Engineering & Works	4,780		434			4,346	
Other Support Services	(1,206)		2,026			(3,232)	
		30,407			4,051		26,356
PUBLIC ORDER & SAFETY							
Statutory Contribution - Fire Service Levy	1,749					1,749	
Fire Protection - Other	-		3			(3)	
Animal Control	108		112			(4)	
Beach Control	314					314	
Enforcement of Local Govt Regulations	750		1,103			(353)	
Emergency Services	13					13	
Other	170		57			113	
		3,104			1,275		1,829
HEALTH							
Administration & Inspection	174					174	
Immunisations	19		2			17	
Food Control						-	
Insect/Vermin Control						-	
Noxious Plants						-	
Health Centres						-	
Other						-	
		193			2		191
COMMUNITY SERVICES & EDUCATION							
Administration	614		263			351	
Family Day Care	835		847			(12)	
Child Care	3,050		2,907	9		134	
Youth Services	244		94			150	
Other Families & Children	812		591			221	
Aged & Disabled	717		354			363	
Migrant Services						-	
Aboriginal Services						-	
Other Community Services	359					359	
Education						-	
		6,631			5,065		1,566
HOUSING & COMMUNITY AMENITIES							
Housing						-	
Town Planning	3,520		1,721			1,799	
Domestic Waste Management	1,440		2,548			(1,108)	
Other Waste Management	8,247		7,971			276	
Street Cleaning	449					449	
Other Sanitation & Garbage	273		293			(20)	
Urban Stormwater Drainage	260		45			215	
Environmental Protection	3,620		581	4		3,035	
Public Cemeteries						-	
Public Conveniences						-	
Other Community Amenities						-	
		17,809			13,163		4,646

WARRINGAH COUNCIL

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

Function or Activity	OPERATING EXPENSES		OPERATING REVENUES		NET COST OF SERVICES		
	Expenses	Group Totals	Revenues - Ord. Activities	Capital Rev. Ord. Activities	Group Totals	Net Cost	Group Totals
WATER SUPPLIES		-			-	-	-
SEWERAGE SERVICES		-			-	-	-
RECREATION & CULTURE		-			-	-	-
Public Libraries	2,940		305	117		2,518	
Museums						-	
Art Galleries	318		12			306	
Community Centres	936		699	124		113	
Public Halls						-	
Other Cultural Services	2,471		2,116			355	
Swimming Pools	2,265		2,263			2	
Sporting Grounds				122		(122)	
Parks & Gardens, Lakes	5,474		307	1,703		3,464	
Other Sport & Recreation						-	
		14,404			7,768		6,636
FUEL & ENERGY		-			-	-	-
Gas Supplies						-	
MINING, MANUFACTURING & CONSTRUCTION		-			-	-	-
Building Control	3,366		1,700			1,666	
Abattoirs						-	
Quarries & Pits						-	
Other						-	
		3,366			1,700		1,666
TRANSPORT & COMMUNICATION		-			-	-	-
Urban Roads: Local	4,557		1,231			3,326	
Urban Roads: Regional						-	
Sealed Rural Roads: Local						-	
Sealed Rural Roads: Regional						-	
Unsealed Rural Roads: Local						-	
Unsealed Rural Roads: Regional						-	
Bridges - Urban Roads: Local						-	
Bridges - Urban Roads: Regional						-	
Bridges - Sealed Rural Roads: Local						-	
Bridges - Sealed Rural Roads: Regional						-	
Bridges - Unsealed Rural Roads: Local						-	
Bridges - Unsealed Rural Roads: Regional						-	
Footpaths				117		(117)	
Aerodromes						-	
Parking Areas				159		(159)	
Bus Shelters & Services						-	
Water Transport						-	
RTA Works - State Roads						-	
Street Lighting	1,272		260			1,012	
Other				255		(255)	
		5,829			2,022		3,807

WARRINGAH COUNCIL

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

Function or Activity	OPERATING EXPENSES		OPERATING REVENUES			NET COST OF SERVICES	
	Expenses	Group Totals	Revenues - Ord. Activities	Capital Rev. Ord. Activities	Group Totals	Net Cost	Group Totals
ECONOMIC AFFAIRS							
Camping Areas						-	
Caravan Parks						-	
Tourism & Area Promotion						-	
Industrial Development Promotion						-	
Saleyards & Markets						-	
Real Estate Development						-	
Commercial Nurseries						-	
Other Business Undertakings	6,406		8,206			(1,800)	
		6,406			8,206		(1,800)
TOTALS - FUNCTIONS		89,983			43,253		46,730
General Purpose Revenues			58,531			58,531	
Joint Ventures/Associated Entities			(384)			(384)	
Correction of Fundamental Error			-			-	
		-			58,147		58,147
SURPLUS (DEFICIT) FROM ORDINARY ACTIVITIES BEFORE EXTRAORDINARY ITEMS							11,417
Extraordinary Items & Council Restructure							(1,356)
SURPLUS (DEFICIT) FROM ALL ACTIVITIES							10,061

WARRINGAH COUNCIL

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

\$'000

Classification of Debt	Principal Outstanding at beginning of year			New Loans Raised	Debt Redemption		Tfrs to Sinking Funds	Interest applicable for year	Principal outstanding at end of year		
	Current	Non-Current	Total		From Revenue	Sinking Funds			Current	Non-Current	Total
LOANS (by source)											
Commonwealth Government			-								-
Treasury Corporation			-								-
Other State Government			-								-
Public Subscription			-								-
Financial Institutions	756	10,130	10,886	-	758			693	793	9,335	10,128
Other			-								-
Total Loans	756	10,130	10,886	-	758	-	-	693	793	9,335	10,128
OTHER LONG TERM DEBT											
Ratepayers' Advances	-	-	-						-	-	-
Government Advances	-	-	-						-	-	-
Finance Leases	905	503	1,408	661	794			69	679	596	1,275
Deferred Payment	-	-	-						-	-	-
Other	-	-	-						-	-	-
Total Other Long Term Debt	905	503	1,408	661	794	-	-	69	679	596	1,275
TOTAL LONG TERM DEBT	1,661	10,633	12,294	661	1,552	-	-	762	1,472	9,931	11,403

This Schedule excludes Internal Loans and refinancing of existing borrowings.

WARRINGAH COUNCIL

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

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense	Cost	Valuation	Accumulated Depreciation	Carrying Value	Asset Condition (see Notes attached)	Estimated Cost to bring to a Satisfactory Standard	Estimated Annual Maintenance Expense	Program Maintenance Works for current year
			'000	'000	'000	'000	'000		'000	'000	'000
	<i>References</i>	<i>Note 9</i>	<i>Note 3</i>			<i>Note 9</i>		<i>Local Govt. Act 1993, Section 428 (2d)</i>			
Public Buildings	Council Offices	1	20	1,987		905	1,082	Poor	4,298	642	152
		1	603	59,241		26,976	32,265	Fair	270	1,288	587
		1	503	49,412		22,500	26,912	Average	-	670	460
		1	60	5,883		2,679	3,204	Good	-	139	139
		1	47	4,656		2,119	2,537	Excellent	-	62	62
										-	
	Subtotal		1,233	121,179	-	55,179	66,000		4,568	2,801	1,400
Public Roads		1	204	19,870		5,699	14,171	Poor	3,103	1,939	450
		1	888	86,480		24,802	61,678	Fair	4,654	2,586	1,050
		1	1,066	103,842		29,782	74,060	Average	-	1,939	750
		1	710	69,121		19,824	49,297	Good	-	-	450
		1	434	42,216		12,107	30,109	Excellent	-	-	300
									-		
	Subtotal		3,302	321,529	-	92,214	229,315		7,757	6,464	3,000

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

WARRINGAH COUNCIL

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

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense	Cost	Valuation	Accumulated Depreciation	Carrying Value	Asset Condition (see Notes attached)	Estimated Cost to bring to a Satisfactory Standard	Estimated Annual Maintenance Expense	Program Maintenance Works for current year
			'000	'000	'000	'000	'000		'000	'000	'000
	<i>References</i>	<i>Note 9</i>	<i>Note 3</i>			<i>Note 9</i>		<i>Local Govt. Act 1993, Section 428 (2d)</i>			
Drainage Works		1	2	167		80	87	Failed	172	20	172
		1		1,806		865	941	Poor	932	100	318
		1		2,008		96,231	104,623	Average	3,604	1,895	
		1		847		40,597	44,137	Good	12		
		1		400		19,207	20,881	Excellent	-		
				-		-	-				
	Subtotal			3,275	327,649	-	156,980		4,720	2,015	490
Total Classes - All Assets				7,810	770,357	-	304,373		17,045	11,280	4,890

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

WARRINGAH COUNCIL
Special Purpose Financial Reports
for the year ended 30th June 2005

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Auditors Report	

WARRINGAH COUNCIL

SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2005

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

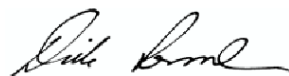
- NSW Government Policy Statement *"Application of National Competition Policy to Local Government"*
- Department of Local Government guidelines *"Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality"*.
- The Department of Energy, Utilities and Sustainability *"Best Practice Management 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 30 August 2005



.....
(Dick Persson)

ADMINISTRATOR



.....
(Stephen Blackadder)

GENERAL MANAGER



.....
(Gary Mottau)

CHIEF FINANCE & INFORMATION OFFICER

WARRINGAH COUNCIL

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

		BUSINESS ACTIVITIES												
		Children Services '000		Kimbriki '000		Reserves & Sportsfields '000		Glen Street Theatre '000		Warringah Aquatic Centre '000		Constr. Certificates '000		
Notes		2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	
EXPENSES FROM ORDINARY ACTIVITIES														
	Employee Costs	2,810	2,428	1,404	1,369	807	741	601	582	1,430	1,313	158	283	
	Materials & Contracts	240	328	1,691	2,051	1,625	1,588	1,619	1,374	360	340	141	58	
	Borrowing Costs													
	Depreciation & Amortisation	197	180	121	127	-		16	27	206	189			
	Other Operating Expenses	1,319	1,114	3,894	3,984	744	809	24	122	475	427	10	376	
	Loss on Disposal of Assets													
	NCP Imputation Payments	131	97	47	33	12	5			50	35			
	TOTAL	4,697	4,147	7,157	7,564	3,188	3,143	2,260	2,105	2,521	2,304	309	717	
REVENUE FROM ORDINARY ACTIVITIES														
	Rates & Annual Charges													
	User Charges & Fees	3,397	3,046	7,532	7,484			1,989	1,879	2,087	2,139	292	331	
	Interest Received			680	534			30	28					
	Grants & Contributions - Operating	895	617	377	491	10		369	360					
	Other Operating Revenues	17		962	1,047	3,037	2,784	70	70	175				
	Gain on Disposal of Assets													
	TOTAL	4,309	3,663	9,551	9,556	3,047	2,784	2,458	2,337	2,262	2,139	292	331	
ORDINARY ACTIVITIES RESULT BEFORE CAPITAL AMOUNTS		(388)		(484)	2,394	1,992	(141)	(359)	198	232	(259)	(165)	(17)	(386)
	Grants & Contributions - Capital						11							
	RESULT FROM ORDINARY ACTIVITIES	(388)		(484)	2,394	1,992	(130)	(359)	198	232	(259)	(165)	(17)	(386)
	Dividend Paid													
	SURPLUS (DEFICIT) BEFORE TAX	(388)		(484)	2,394	1,992	(130)	(359)	198	232	(259)	(165)	(17)	(386)
	Dividend Provided				2266	855								
	Corporate Taxation Equivalent				718	598			60	70				
	SURPLUS (DEFICIT) FOR YEAR	(388)		(484)	(590)	539	(130)	(359)	138	162	(259)	(165)	(17)	(386)
	Allocation Adjustment related to Property, Plant & Equipment	61	312	(1)	2,940	(1)		41	884	81	912	8	11	
	Add: Accumulated Profits brought forward	3,583	3,451	18,801	14,691	19	19	2,393	1,277	13,239	12,398	12	1	
	NCP Imputation Payments retained	131	97	764	631	12	5	60	70	50	35			
	Add: Council Contribution	60	207		-	118	354		-	(3)	59	17	386	
	Less: Dividends Paid													
	ACCUMULATED SURPLUS	3,447	3,583	18,974	18,801	18	19	2,632	2,393	13,108	13,239	20	12	
	RATE OF RETURN ON CAPITAL	NIL	NIL	27.87%	22.99%	NIL	NIL	8.06%	9.67%	NIL	NIL	NIL	NIL	
	NOTIONAL SUBSIDY FROM COUNCIL	566	695	N/A	N/A	131	360	N/A	N/A	934	946	18	387	

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

WARRINGAH COUNCIL

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

		BUSINESS ACTIVITIES											
		Children Services '000		Kimbriki '000		Reserves & Sportsfields '000		Glen Street Theatre '000		Warringah Aquatic Centre '000		Constr. Certificates '000	
Notes		2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
CURRENT ASSETS													
	Cash Assets			12,855	11,013			49	54				
	Investment Securities							573	452				
	Receivables			638	688			21	6		41		
	Inventories							10	10		9		
	Other				1			161	225				
	TOTAL CURRENT ASSETS			13,493	11,702			814	747		50		
NON-CURRENT ASSETS													
	Cash Assets												
	Investment Securities												
	Receivables			57									
	Inventories												
	Other												
	Property, Plant & Equipment			8,590	8,663	18	19	2,457	2,399	13,108	13,189	20	12
	TOTAL NON-CURRENT ASSETS	3,447	3,583	8,647	8,663	18	19	2,457	2,399	13,108	13,189	20	12
	TOTAL ASSETS	3,447	3,583	22,140	20,365	18	19	3,271	3,146	13,108	13,239	20	12
CURRENT LIABILITIES													
	Payables			3,166	1,564			570	683				
	Interest bearing liabilities												
	Provisions							69	70				
	TOTAL CURRENT LIABILITIES			3,166	1,564			639	753				
NON-CURRENT LIABILITIES													
	Payables												
	Interest bearing liabilities												
	Provisions												
	TOTAL NON CURRENT LIABILITIES												
	TOTAL LIABILITIES			3,166	1,564			639	753				
	NET ASSETS	\$ 3,447	3,583	18,974	18,801	18	19	2,632	2,393	13,108	13,239	20	12
EQUITY													
	Accumulated Surplus			18,974	18,801	18	19	2,632	2,393	13,108	13,239	20	12
	Asset Revaluation Reserve												
	TOTAL EQUITY	\$ 3,447	3,583	18,974	18,801	18	19	2,632	2,393	13,108	13,239	20	12

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

WARRINGAH COUNCIL

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

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

1. The Special Purpose Financial Reports

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

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

2. Basis of Accounting

2.1 Compliance

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

Except where directed to the contrary by the above documents, the financial report also complies with all applicable Australian Accounting Standards and 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 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:

Category 1

Children's Services – Child Care and Long Day Care Centres

Kimbriki Waste and Recycling Centre – Domestic and Commercial Waste Management

Reserves and Sportsfield Maintenance

Glen Street Theatre

Category 2

Warringah Aquatic Centre

The Const. Cert. Certification – Construction Certificate Certification activity of the Urban Development Approvals Service (part of Council's Local Approval Service 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