



Hawkesbury City Council

attachment 1
to
item 238

unaudited annual
financial reports
for 2009/2010

date of meeting: 12 October 2010
location: council chambers
time: 6:30 p.m.

Hawkesbury City Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2010

*Lifestyle, Environment, Access
and Opportunity @ Hawkesbury*



Hawkesbury City Council

General Purpose Financial Statements for the financial year ended 30 June 2010

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Hawkesbury City Council.
- (ii) Hawkesbury City Council is a body corporate of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

Council's Statutory Charter is specified in Section 8 of the LGA and includes;

- carrying out activities and providing goods, services & facilities appropriate to the current & future needs of the Local community and of the wider public
- responsibility for administering regulatory requirements under the LGA and other applicable legislation, &
- a role in the management, improvement and development of the resources of the local government area.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 12/10/10. Council has the power to amend and reissue the financial statements.
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Hawkesbury City Council

General Purpose Financial Statements

for the financial year ended 30 June 2010

Statement by Councillors and Management

made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

The attached General Purpose Financial Statements have been prepared in accordance with:

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

To the best of our knowledge and belief, these Financial Statements:

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

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

Signed in accordance with a resolution of Council made on 12 October 2010.

Councillor Bart Bassett
MAYOR

Councillor Kevin Conolly
COUNCILLOR

Peter Jackson
GENERAL MANAGER

Emma Galea
RESPONSIBLE ACCOUNTING OFFICER

Hawkesbury City Council

Income Statement

for the financial year ended 30 June 2010

Budget ⁽¹⁾			Actual	Actual
2010	\$ '000	Notes	2010	2009
Income from Continuing Operations				
<i>Revenue:</i>				
35,877	Rates & Annual Charges	3a	36,076	34,419
4,505	User Charges & Fees	3b	6,218	6,416
930	Interest & Investment Revenue	3c	2,219	2,695
3,108	Other Revenues	3d	4,434	3,986
6,397	Grants & Contributions provided for Operating Purposes	3e,f	7,028	8,769
2,721	Grants & Contributions provided for Capital Purposes	3e,f	21,243	7,261
<i>Other Income:</i>				
	Net gains from the disposal of assets	5	256	526
	Entities using the equity method	19	377	9
53,538	Total Income from Continuing Operations		77,851	64,081
Expenses from Continuing Operations				
15,249	Employee Benefits & On-Costs	4a	20,985	20,376
4	Borrowing Costs	4b	377	5
17,725	Materials & Contracts	4c	16,235	17,793
9,194	Depreciation & Amortisation	4d	10,734	10,424
10,255	Other Expenses	4e	8,799	8,543
52,427	Total Expenses from Continuing Operations		57,130	57,141
1,111	Net Operating Result for the Year		20,721	6,940
1,111	Net Operating Result attributable to Council		20,721	6,940
(1,610)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(522)	(321)

(1) Original Budget as approved by Council - refer Note 16

Hawkesbury City Council

Statement of Comprehensive Income
for the financial year ended 30 June 2010

\$ '000	Notes	Actual 2010	Actual 2009
Net Operating Result for the year (as per Income statement)		20,721	6,940
Other Comprehensive Income			
Gain (loss) on revaluation & impairment of I,PP&E	20b (ii)	183,254	989
Total Other Comprehensive Income for the year		183,254	989
Total Comprehensive Income for the Year		203,975	7,929

Hawkesbury City Council

Balance Sheet
as at 30 June 2010

\$ '000	Notes	Actual 2010	Actual 2009
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	17,126	20,048
Investments	6b	27,500	20,500
Receivables	7	5,080	3,472
Inventories	8	209	178
Other	8	111	170
Total Current Assets		50,026	44,368
Non-Current Assets			
Receivables	7	844	751
Infrastructure, Property, Plant & Equipment	9	628,858	426,502
Investments accounted for using the equity method	19	1,418	1,041
Investment Property	14	25,855	25,649
Other	8	-	(668)
Total Non-Current Assets		656,975	453,275
TOTAL ASSETS		707,001	497,643
LIABILITIES			
Current Liabilities			
Payables	10	5,506	5,015
Borrowings	10	-	-
Provisions	10	6,611	6,018
Total Current Liabilities		12,117	11,033
Non-Current Liabilities			
Provisions	10	4,944	4,645
Total Non-Current Liabilities		8,944	4,645
TOTAL LIABILITIES		21,061	15,678
Net Assets		685,940	481,965
EQUITY			
Retained Earnings	20	291,905	346,101
Revaluation Reserves	20	394,035	135,864
Council Equity Interest		685,940	481,965
Total Equity		685,940	481,965

Hawkesbury City Council

Statement of Changes in Equity
for the financial year ended 30 June 2010

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2010						
Opening Balance (as per Last Year's Audited Accounts)		346,769	135,864	482,633	-	482,633
a. Correction of Prior Period Errors	20 (c)	(668)		(668)		(668)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-		-		-
Revised Opening Balance (as at 1/7/09)		346,101	135,864	481,965	-	481,965
c. Net Operating Result for the Year		20,721		20,721	-	20,721
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Reserve	20b (ii)		183,254	183,254		183,254
Other Comprehensive Income		-	183,254	183,254	-	183,254
Total Comprehensive Income (c&d)		20,721	183,254	203,975	-	203,975
e. Distributions to/(Contributions from) Minority Interests				-	-	-
f. Transfers between Equity		(74,917)	74,917	-		-
Equity - Balance at end of the reporting period		291,905	394,035	685,940	-	685,940

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2009						
Opening Balance (as per Last Year's Audited Accounts)		339,715	134,875	474,590	-	474,590
a. Correction of Prior Period Errors	20 (c)	(554)	-	(554)	-	(554)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/08)		339,161	134,875	474,036	-	474,036
c. Net Operating Result for the Year		6,940	-	6,940	-	6,940
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	989	989	-	989
Other Comprehensive Income		-	989	989	-	989
Total Comprehensive Income (c&d)		6,940	989	7,929	-	7,929
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		346,101	135,864	481,965	-	481,965

Hawkesbury City Council

Statement of Cash Flows

for the financial year ended 30 June 2010

Budget 2010	\$ '000	Notes	Actual 2010	Actual 2009
Cash Flows from Operating Activities				
Receipts:				
35,877			35,894	34,625
4,505			6,878	6,480
930			1,502	2,557
6,397			26,692	15,856
3,108			7,829	7,182
Payments:				
(15,249)			(20,790)	(20,450)
(17,725)			(15,809)	(19,334)
(4)			-	(5)
(10,255)			(12,582)	(10,552)
7,584		11b	29,614	16,359
Cash Flows from Investing Activities				
Receipts:				
			-	16,822
781			910	1,110
			44	40
Payments:				
			(7,000)	(27,322)
(11,147)			(30,490)	(16,112)
(10,366)			(36,536)	(25,462)
Cash Flows from Financing Activities				
Receipts:				
-			4,000	-
Payments:				
			-	(56)
-			4,000	(56)
(2,782)			(2,922)	(9,159)
20,048	plus: Cash & Cash Equivalents - beginning of year	11a	20,048	29,207
17,266	Cash & Cash Equivalents - end of the year	11a	17,126	20,048
Additional Information:				
	plus: Investments on hand - end of year	6b	27,500	20,500
Total Cash, Cash Equivalents & Investments			44,626	40,548
Please refer to Note 11 for information on the following:				
- Non Cash Financing & Investing Activities.				
- Financing Arrangements.				
- Net cash flow disclosures relating to any Discontinued Operations				

Hawkesbury City Council

Balance Sheet
as at 30 June 2010

\$ '000	Notes	Actual 2010	Actual 2009	Actual 2008
ASSETS				
Current Assets				
Cash & Cash Equivalents	6a	17,126	20,048	29,207
Investments	6b	27,500	20,500	9,822
Receivables	7	5,080	3,472	3,529
Inventories	8	209	178	239
Other	8	111	170	47
Total Current Assets		50,026	44,368	42,844
Non-Current Assets				
Receivables	7	844	751	627
Infrastructure, Property, Plant & Equipment	9	628,858	426,502	420,409
Investments accounted for using the equity method	19	1,418	1,041	1,032
Investment Property	14	25,855	25,649	25,318
Other	8	-	(668)	-
Total Non-Current Assets		656,975	453,275	447,386
TOTAL ASSETS		707,001	497,643	490,230
LIABILITIES				
Current Liabilities				
Payables	10	5,506	5,015	4,522
Borrowings	10	-	-	6
Provisions	10	6,611	6,018	6,032
Total Current Liabilities		12,117	11,033	10,560
Non-Current Liabilities				
Borrowings	10	4,000	-	50
Provisions	10	4,944	4,645	5,030
Total Non-Current Liabilities		8,944	4,645	5,080
TOTAL LIABILITIES		21,061	15,678	15,640
Net Assets		685,940	481,965	474,590
EQUITY				
Retained Earnings	20	291,905	346,101	339,715
Revaluation Reserves	20	394,035	135,864	134,875
Council Equity Interest		685,940	481,965	474,590
Minority Equity Interest		-	-	-
Total Equity		685,940	481,965	474,590

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2010

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Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these financial statements are set out below in order to assist in its general understanding.

Under Australian Accounting Standards, accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial statements.

(a) Basis of preparation

(i) Background

These financial statements are general purpose financial statements which have been prepared in accordance with;

- Australian Accounting Standards,
- Urgent Issues Group Interpretations,
- the Local Government Act (1993) and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

(ii) Compliance with International Financial Reporting Standards (IFRSs)

Because Australian Accounting Standards (AASB's) are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's, or
- (b) specifically exclude application by Not for Profit entities.

Examples include;

- excluding Local Government from applying AASB 120 (IAS 20) for Grant Accounting and AASB 118 (IAS 18) for Segment Reporting, &
- different requirements on (a) Impairment of Assets relating to Not-For-Profit AASB 136 (IAS 36) and (b) AASB 116 (IAS 16) regarding accounting for the Revaluation of Assets.

Accordingly in preparing these financial statements and accompanying notes, Council has been unable to comply fully with International Accounting Standards, but it has complied fully with Australian Accounting Standards.

Under the Local Government Act, Regulations and Local Government Code of Accounting Practice & Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with Australian Accounting Standards.

(iii) Basis of Accounting

These financial statements have been prepared under the **historical cost convention** except for (i) financial assets and liabilities at fair value through profit or loss, available-for-sale financial assets and investment properties which are all valued at fair value, (ii) the write down of any Asset on the basis of Impairment (if warranted) and (iii) certain classes of Infrastructure, property, plant & equipment that are accounted for at fair valuation.

The accrual basis of accounting has also been applied in their preparation.

(iv) Changes in Accounting Policies

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Unless otherwise stated, there have also been no changes in accounting policies when compared with previous financial statements.

(v) Critical Accounting Estimates

The preparation of these financial statements requires the use of certain critical accounting estimates (in conformity with AASB's).

It also requires Council management to exercise their judgement in the process of applying Council's accounting policies.

(vi) Financial Statements Presentation

The Council has applied the revised **AASB 101, Presentation of Financial Statements** which became effective on 1 January 2009.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity.

All non-owner changes in equity must now be presented in the statement of comprehensive income.

As a consequence, the Council had to change the presentation of its financial statements.

Comparative information has been re-presented so that it is also in conformity with the revised standard.

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Council's activities as described below.

Council bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

Income from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, **(i)** it is probable that the economic benefits comprising the contribution will flow to the Council and **(ii)** the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

Whilst Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon their physical receipt by Council, due to the possibility that individual Development Consents may not be acted upon by the applicant and accordingly would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required but the Council may apply contributions according to the priorities established in work schedules.

A detailed Note relating to developer contributions can be found at Note 17.

User Charges, Fees and Other Income

User charges, fees and other income (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

A provision for the impairment of these receivables is recognised when collection in full is no longer probable.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

Interest Income from Cash & Investments is accounted for using the Effective Interest method in accordance with AASB 139.

(c) Principles of Consolidation

These financial statements incorporate (i) the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30/6/10) and (ii) all the related operating results (for the financial year ended the 30th June 2010).

The financial statements also include Council's share of the assets, liabilities, income and expenses of any **Jointly Controlled Operations** under the appropriate headings.

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and reporting period transactions have been eliminated in full between Council and its controlled entities.

(i) The Consolidated Fund

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

The Consolidated Fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

The following entities have been included as part of the Consolidated Fund:

- General Purpose Operations
- Sewerage Service
- Hawkesbury Leisure Centre
- Hawkesbury Sports Council Incorporated

(ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those monies.

Trust monies and property subject to Council's control have been included in these statements.

Trust monies and property held by Council but not subject to the control of Council, have been excluded from these statements.

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

(iii) Joint Venture Entities

Jointly Controlled Assets & Operations

The proportionate interests in the assets, liabilities and expenses of a Joint Venture Activity have been incorporated throughout the financial statements under the appropriate headings.

Jointly Controlled Entities

Any interests in Joint Venture Entities & Partnerships are accounted for using the equity method and is carried at cost.

Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in retained earnings & reserves is recognised in the balance sheet.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

(iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity), ie. where Council is deemed to have "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the Equity Method of Accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed Associates.

(v) County Councils

Council is a member of the following County Councils (which are bodies corporate under the Local Government Act);

▪ Hawkesbury River County Council

Control of noxious weeds, incorporating 4 member councils.

The governing body of each County Council is responsible for managing its own affairs.

Council is of the opinion that it neither controls nor significantly influences the above County Councils and accordingly these entities have not been consolidated or otherwise included within these financial statements.

(vi) Additional Information

Note 19 provides more information in relation to Joint Venture Entities, Associated Entities and Joint Venture Operations where applicable.

(d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either a Finance Lease or an Operating Lease.

Finance Leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased

property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of each leased asset's useful life and the lease term.

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(e) Cash and Cash Equivalents

Cash and cash equivalents includes;

- cash **on hand**,
- deposits held **at call** with financial institutions,
- other short-term, highly liquid investments **with original maturities of three months or less** that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and
- bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

(f) Investments and Other Financial Assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- **financial assets at fair value through profit or loss,**
- **loans and receivables,**
- **held-to-maturity investments,** and
- **available-for-sale financial assets.**

Each classification depends on the purpose/intention for which the investment was acquired & at the time it was acquired.

Management determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss include financial assets that are “held for trading”.

A financial asset is classified in the “held for trading” category if it is acquired principally for the purpose of selling in the short term.

Derivatives are classified as held for trading unless they are designated as hedges.

Assets in this category are primarily classified as current assets as they are primarily held for trading &/or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

They are included in current assets, except for those with maturities greater than 12 months after the

balance sheet date which are classified as non-current assets.

(iii) Held-to-maturity investments

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

In contrast to the “Loans & Receivables” classification, these investments are generally quoted in an active market.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Investments must be designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

Financial Assets – Reclassification

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Council may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at "fair value through profit or loss", directly attributable transactions costs

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

(ii) Subsequent Measurement

Available-for-sale financial assets and **financial assets at fair value through profit and loss** are subsequently carried at fair value.

Loans and receivables and **held-to-maturity** investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as "**fair value through profit or loss**"

category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as "**available-for-sale**" are recognised in equity in the available-for-sale investments revaluation reserve.

When securities classified as "**available-for-sale**" are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

Investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the Local Government Investment Order.

Council maintains its investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Council amended its policy following revisions to the Investment Order arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked notes), however they have been retained under grandfathering provisions of the Order.

These will be disposed of when most financially advantageous to Council.

(g) Fair value estimation

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

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(h) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (ie. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Impairment losses are recognised in the Income Statement within other expenses.

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

Raw materials and stores, work in progress and finished goods in respect of business undertakings are all stated at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Costs are assigned to individual items of inventory on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential.

Land Held for Resale/Capitalisation of Borrowing Costs

Land held for resale is stated at the lower of cost and net realisable value.

Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development.

When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made.

Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

(j) Infrastructure, Property, Plant and Equipment (I,PP&E)

Acquisition of assets

Council's non current assets are being progressively revalued to fair value in accordance with a staged implementation as advised by the Division of Local Government.

At balance date, the following classes of I,PP&E were stated at their Fair Value;

- **Investment Properties** – refer Note 1(p),
- **Sewerage Networks**
(External Valuation)
- **Operational Land** (External Valuation)

- **Buildings – Specialised/Non Specialised**
(External Valuation)

- **Plant and Equipment** (as approximated by depreciated historical cost)

- **Roads Assets incl. roads, bridges & footpaths**
(Internal Valuation)

- **Drainage Assets** (Internal Valuation)

- **Bulk Earthworks** (Internal Valuation)

The only remaining asset class that is to be revalued in a future reporting period is;

- **2010/11:** Community land, land improvements, other structures and other assets

Until the designated future reporting periods, the above remaining asset class is stated at cost (or deemed cost) less accumulated depreciation and any accumulated impairment losses.

Initial Recognition

On initial recognition, an asset's cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value.

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Council and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Asset Revaluations (including Indexation)

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

- Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve.
- To the extent that the increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water Rates Reference Manual.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5 year cycle.

Council has elected to undertake a full revaluation (external valuation) of its sewerage network assets for 30.6.10.

The previous revaluation was undertaken at 30.6.07.

Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

Land	
- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (purchases after 30/6/08)	100% Capitalised

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

Buildings & Land Improvements	
Park Furniture & Equipment	> \$1,000

Building	
- construction/extensions	> \$1,000
- renovations	> \$1,000

Other Structures	> \$1,000
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Sewer Assets	
Reticulation extensions	> \$1,000
Other	> \$1,000

Stormwater Assets	
Drains & Culverts	> \$1,000
Other	> \$1,000

Transport Assets	
Road construction & reconstruction	> \$1,000
Reseal/Re-sheet & major repairs:	> \$1,000

Bridge construction & reconstruction	> \$1,000
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Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

Estimated useful lives for Council's I,PP&E include:

Plant & Equipment	
- Office Equipment	5 to 10 years
- Office furniture	10 to 15 years
- Computer Equipment	4 years

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years

Other Equipment

- Playground equipment	5 to 15 years
- Benches, seats etc	10 to 20 years

Buildings

- Buildings	50 to 100 years
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Stormwater Drainage

- Drains	60 to 80 years
- Culverts	50 to 80 years

Transportation Assets

- Sealed Roads : Surface	12 to 25 years
- Sealed Roads : Structure	50 to 60 years
- Bridge : Concrete	80 to 100 years
- Bridge : Other	50 to 60 years
- Road Pavements	60 years
- Kerb, Gutter & Paths	40 to 60 years

Sewer Assets

- Reticulation pipes : PVC	80 years
- Reticulation pipes : Other	25 to 75 years
- Pumps and telemetry	20 to 25 years

Other Infrastructure Assets

- Bulk earthworks	Infinite
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All asset residual values and useful lives are reviewed and adjusted (where appropriate), at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1(s) on Asset Impairment.

Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

(k) Land

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either Operational or Community.

This classification of Land is disclosed in Note 9(a).

(l) Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment.

(m) Intangible Assets

IT Development and Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project.

Amortisation is calculated on a straight line bases over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where Council has an intention and ability to use the asset.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

(n) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating the reserves are recognised within Council's Income Statement.

Representations are currently being sought across State and Local Government to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

(o) Rural Fire Service assets

Under section 119 of the Rural Fires Act 1997, *"all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed"*.

At present, the accounting for such fire fighting equipment is not treated in a consistent manner across all Councils.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as it has been doing in previous years, which is to incorporate the assets, their values and depreciation charges within these financial statements.

(p) Investment property

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both that is not occupied by Council.

Investment property is carried at fair value, representing an open-market value determined annually by external valuers.

Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of "Other Income".

Full revaluations are carried out every three years with an appropriate index utilised each year in between the full revaluations.

The last full revaluation for Council's Investment Properties was dated 30/06/10.

(q) Provisions for close down, restoration and for environmental clean up costs – including Tips and Quarries

Close down, Restoration and Remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas.

Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance.

Costs are estimated on the basis of a closure plan.

The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close down, Restoration and Remediation costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations.

Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period.

This amortisation of the disclosed as a borrowing cost in Note 4(b).

Other movements in the provisions for Close down, Restoration and Remediation costs including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment.

These costs are then depreciated over the lives of the assets to which they relate.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the income statement.

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date.

These costs are charged to the income statement.

Movements in the environmental clean up provisions are presented as an operating cost, except for the unwind of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations.

The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates.

As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

Specific Information relating to Council's provisions relating to Close down, Restoration and Remediation costs can be found at Note 26.

(r) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either (i) their carrying amount and (ii) fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

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

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

A Discontinued Operation is a component of the entity that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

(s) Impairment of assets

All Council's I,PP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For non-cash generating assets of Council such as roads, drains, public buildings etc - value in use is represented by the "deprival value" of the asset which is approximated as it's written down replacement cost.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

(t) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

(u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income

Statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

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

(v) Borrowing costs

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

(w) Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:

- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

(x) Employee benefits

(i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables..

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

(ii) Other Long Term Obligations

The liability for all long service and annual leave (which is not expected to be settled within the 12 months after the reporting period) are recognised in the provision for employee benefits in respect of services provided by employees up to the reporting date.

These liabilities are measured at the present value of the expected future payments to be made using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national

government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

(iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death.

Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B"

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

This Scheme has been deemed to be a “multi employer fund” for the purposes of AASB 119.

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

Accordingly, Council’s contributions to the scheme for the current reporting year have been recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a).

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities amounting to around \$286 million at 30 June 2010.

As a result, they have asked for significant increases in future contributions to recover that deficiency.

Council’s share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in these financial statements.

Council has, however, disclosed a contingent liability in note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

Define Contribution Plans

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

(iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be

payable upon the future payment of certain Leave Liabilities accrued as at 30/6/10.

(y) Self insurance

Council has determined to self-insure for various risks including public liability and professional indemnity.

A provision for self-insurance has been made to recognise outstanding claims the amount of which is detailed in Note10.

Council also maintains cash and investments to meet expected future claims and these are detailed in Note6(c).

(z) Allocation between current and non-current assets & liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council’s operational cycle.

Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

In the case of inventories that are “held for trading”, these are also classified as current even if not expected to be realised in the next 12 months.

(aa) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Cash Flow Statement are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

(ab) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2010.

Council has not adopted any of these standards early.

Council's assessment of the impact of these new standards and interpretations is set out below.

Applicable to Local Government with implications:

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting

Standards arising from AASB 9 (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect Council's accounting for its financial assets.

The standard is not applicable until 1 January 2013 but is available for early adoption.

Council is yet to assess its full impact.

However, initial indications are that it may affect Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

Applicable to Local Government but no implications for Council;

AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions [AASB 2] (effective from 1 January 2010)

The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the group settles the transaction or whether the transaction is settled in shares or cash.

They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as an equity- or a cash-settled transaction.

AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (effective from 1 February 2010)

In October 2009 the AASB issued an amendment to AASB 132 Financial Instruments: Presentation which addresses the accounting for rights issues that are

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

denominated in a currency other than the functional currency of the issuer.

Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities.

The amendment must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (effective from 1 January 2011)

In December 2009, the AASB made an amendment to Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme.

It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements.

Council does not make any such prepayments. The amendment is therefore not expected to have any impact on Council.

AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective from 1 July 2010)

AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap).

It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Applicable to Local Government but not relevant to Council at this stage;

None

Not applicable to Local Government per se;

Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively.

The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party.

(ac) Rounding of amounts

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

(ad) Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(ae) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 2(a). Council Functions / Activities - Financial Information

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2010	Actual 2010	Actual 2009	Original Budget 2010	Actual 2010	Actual 2009	Original Budget 2010	Actual 2010	Actual 2009	Actual 2010	Actual 2009	Actual 2010	Actual 2009
Governance			-	683		933	(683)	-	(933)	-	-	-	(6,084)
Administration	3,264	3,181	1,791	2,003	3,552	2,848	1,261	(371)	(1,057)				71,366
Public Order & Safety	1,173	1,440	1,230	2,985	3,163	3,010	(1,812)	(1,723)	(1,780)	56	46		2,680
Health	338	329	277	570	579	564	(232)	(250)	(287)				187
Community Services & Education	63	70	63	1,128	1,230	590	(1,065)	(1,160)	(527)	69	63		7,866
Housing & Community Amenities	14,846	14,700	15,319	13,183	12,105	13,426	1,663	2,595	1,893	223	165		54,486
Sewerage Services	4,198	12,838	5,379	5,390	5,493	5,174	(1,192)	7,345	205	35	36		93,858
Recreation & Culture	527	3,922	3,783	11,792	16,336	14,966	(11,265)	(12,414)	(11,183)	1,198	657		82,659
Fuel & Energy	314	568	204	316	463	480	(2)	105	(276)				233
Mining, Manufacturing & Construction	400	453	362	803	781	887	(403)	(328)	(525)				-
Transport & Communication	2,655	8,282	3,465	12,086	12,051	12,789	(9,431)	(3,769)	(9,324)	4,495	2,102		353,189
Economic Affairs	1,879	2,144	1,946	1,488	1,377	1,474	391	767	472	8	-		39,059
Total Functions & Activities	29,657	47,927	33,819	52,427	57,130	57,141	(22,770)	(9,203)	(23,322)	6,084	3,069		705,583
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)		377	9		-	-	-	377	9				1,418
General Purpose Income ¹	23,881	29,547	30,253				23,881	29,547	30,253	4,605	5,764		-
Operating Result from Continuing Operations	53,538	77,851	64,081	52,427	57,130	57,141	1,111	20,721	6,940	10,689	8,833		707,001
													497,643

1. Includes: Rates & Annual Charges (incl. Ex-Gratia), Untied General Purpose Grants & Unrestricted Interest & Investment Income.

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 2(b). Council Functions / Activities - Component Descriptions

Details relating to the Council's functions / activities as reported in Note 2(a) are as follows:

GOVERNANCE

Costs relating to the Council's role as a component of democratic government, including elections, members fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance, together with related administration costs.

ADMINISTRATION

Costs not otherwise attributed to other functions / activities.

PUBLIC ORDER & SAFETY

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

HEALTH

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

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

FUEL & ENERGY - Gas Supplies

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries and pits, other.

TRANSPORT & COMMUNICATION

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RTA works, street lighting, other.

ECONOMIC AFFAIRS

Camping areas, caravan parks, tourism and area promotion, industrial development promotion, saleyards & markets, real estate development, commercial nurseries, other business undertakings.

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2010	Actual 2009
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		20,023	19,842
Farmland		1,324	1,063
Business		2,281	1,693
Total Ordinary Rates		23,628	22,598
Annual Charges (pursuant to s.496 & s.501)			
Domestic Waste Management Services		5,960	5,562
Sewerage Services		3,581	3,437
Waste Management Services (non-domestic)		592	503
Sullage		2,315	2,319
Total Annual Charges		12,448	11,821
<u>TOTAL RATES & ANNUAL CHARGES</u>		<u>36,076</u>	<u>34,419</u>

Council has used 2008 year valuations provided by the NSW Valuer General in calculating its rates.

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Sewerage Services		246	365
Waste Management Services (non-domestic)		9	11
Sullage		201	221
Total User Charges		456	597
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s608, 610A & 611)			
Planning & Building Regulation		900	789
Regulatory/ Statutory Fees		155	103
Registration Fees		4	4
Section 149 Certificates (EPA Act)		160	148
Section 603 Certificates		83	84
Section 611 Charges		15	14
SMF Inspection Fees		159	164
Total Fees & Charges - Statutory/Regulatory		1,476	1,306
(ii) Fees & Charges - Other (incl. General User Charges (per s.610C))			
Caravan Park		2	3
Cemeteries		136	127
Co-Generation Plant		-	204
Dog Pound		478	451
Leaseback Fees - Council Vehicles		160	145
Library		75	72
Park Rents		15	7
Restoration Charges		64	55
Swimming Centres / Sports Stadium		2,199	2,107
Vehicle Inspection Fees		13	12
Waste Management Facility		1,123	1,314
Other		21	16
Total Fees & Charges - Other		4,286	4,513
TOTAL USER CHARGES & FEES		6,218	6,416

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		204	226
- Interest earned on Investments (interest & coupon payment income)		2,014	2,289
- Interest & Dividend Income - Other		1	2
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		-	178
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>2,219</u>	<u>2,695</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges		204	226
General Council Cash & Investments		1,207	1,760
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94 / S94A		294	381
- Section 64		23	14
Sewerage Fund Operations		218	37
Domestic Waste Management operations		45	73
Stormwater Management		108	128
Other Externally Restricted Assets		13	-
Restricted Investments/Funds - Internal:			
Internally Restricted Assets		107	76
Total Interest & Investment Revenue Recognised		<u>2,219</u>	<u>2,695</u>
(d). Other Revenues			
Fair Value Adjustments - Investment Properties	14	206	331
Rental Income - Investment Properties	14	1,659	1,806
Rental Income - Other Council Properties		304	338
Parking Fines		420	304
Other Fines		62	77
Legal Fees Recovery - Rates & Charges (Extra Charges)		282	240
GST Fuel Rebates		66	50
NSW Rural Fire Reimbursement		126	122
Recycling Income		225	237
Other		1,084	481
<u>TOTAL OTHER REVENUE</u>		<u>4,434</u>	<u>3,986</u>

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	2010 Operating	2009 Operating	2010 Capital	2009 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance - General Component	2,841	3,703	-	-
Financial Assistance - Local Roads Component	1,462	1,768	-	-
Pensioners' Rates Subsidies - General Component	302	293	-	-
Total General Purpose	4,605	5,764	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Sewerage	35	36	-	-
- Domestic Waste Management	96	88	-	-
Aged Care	39	32	-	-
Agriculture & Forestry	-	5	-	-
Child Care	-	27	-	-
Community Care	41	75	-	-
Housing and Community	126	31	-	-
Public Order & Safety	56	46	-	-
Recreation & Culture	444	419	839	233
Street Lighting	86	84	-	-
Transport (Roads to Recovery)	-	840	-	-
Transport (Other Roads & Bridges Funding)	770	629	3,544	524
Other	-	-	8	-
Total Specific Purpose	1,693	2,312	4,391	757
Total Grants	6,298	8,076	4,391	757
Grant Revenue is attributable to:				
- Commonwealth Funding	4,737	6,728	2,608	79
- State Funding	1,569	1,348	1,775	678
- Other Funding	(8)	-	8	-
	6,298	8,076	4,391	757

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	2010 Operating	2009 Operating	2010 Capital	2009 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 94 - Contributions towards amenities/services	-	-	155	288
S 94A - Fixed Development Consent Levies	-	-	378	319
S 64 - Sewerage Service Contributions	-	-	10,394	990
Total Developer Contributions	17	-	10,927	1,597
Other Contributions:				
Nil				
Bushfire Prevention	205	190	-	-
Dedications (other than by S94)	-	-	4,729	-
Other Councils - Joint Works/Services	192	208	-	-
Parks Contributions	57	145	-	-
Regional & Local Infrastructure	-	-	360	834
Roads & Bridges	-	-	-	4,053
RTA Contributions (Regional/Local, Block Grant)	137	-	-	-
Sewerage (excl. Section 64 contributions)	3	126	699	-
SES Vehicles	-	-	80	-
Other	136	24	57	20
Total Other Contributions	730	693	5,925	4,907
Total Contributions	730	693	16,852	6,504
TOTAL GRANTS & CONTRIBUTIONS	7,028	8,769	21,243	7,261

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2010	Actual 2009
(g). Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	10,687	10,846
add: Grants and contributions recognised in the current period which have not been spent:	4,100	3,883
less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(3,702)	(4,042)
Net Increase (Decrease) in Restricted Assets during the Current Reporting Period	398	(159)
Unexpended at the Close of this Reporting Period and held as Restricted Assets	11,085	10,687
Comprising:		
- Specific Purpose Unexpended Grants	4,614	3,355
- Developer Contributions	6,471	7,332
	11,085	10,687

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2010	Actual 2009
(a) Employee Benefits & On-Costs			
Salaries and Wages		16,280	16,088
Travelling		12	7
Employee Leave Entitlements (ELE)		2,004	2,089
Superannuation		2,295	1,707
Workers' Compensation Insurance		691	598
Fringe Benefit Tax (FBT)		23	25
Payroll Tax		21	19
Training Costs (other than Salaries & Wages)		215	215
Other		8	8
Total Employee Costs		21,549	20,756
less: Capitalised Costs		(564)	(380)
TOTAL EMPLOYEE COSTS EXPENSED		20,985	20,376
Number of "Equivalent Full Time" Employees at year end		248	248
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		260	259
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		-	5
Total Interest Bearing Liability Costs Expensed		-	5
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE		-	-
- Remediation Liabilities	26	377	-
Total Other Borrowing Costs		377	-
TOTAL BORROWING COSTS EXPENSED		377	5

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(c) Materials & Contracts			
Raw Materials & Consumables		10,939	12,432
Contractor & Consultancy Costs		4,287	4,344
Auditors Remuneration			
i. Audit Services - Council's Auditor		46	46
ii. Other Services - Council's Auditor (provide details)		17	25
iv. Audit Services - Auditors of other Consolidated Entities		66	12
Legal Expenses:			
- Legal Expenses - Planning & Development		142	345
- Legal Expenses - Other		109	82
Operating Leases:			
Operating Lease Rentals - Minimum Lease Payments ⁽¹⁾		22	20
Other		607	487
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>16,235</u>	<u>17,793</u>
1. Operating Lease Payments are attributable to:			
- Other		22	20
		<u>22</u>	<u>20</u>

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2010	Actual 2009	Actual 2010	Actual 2009
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	1,229	1,016
Office Equipment		-	-	371	289
Furniture & Fittings		-	-	59	65
Land Improvements (depreciable)		-	-	280	203
Buildings - Non Specialised		-	-	582	149
Buildings - Specialised		-	-	2,783	3,170
Other Structures		-	-	357	329
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	2,003	1,885
- Stormwater Drainage		-	-	494	494
- Sewerage Network		-	-	2,146	1,947
Other Assets					
- Library Books		-	-	299	252
- Other		-	-	58	8
Asset Reinstatement Costs	9 & 26	-	-	73	617
<u>TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED</u>		-	-	10,734	10,424

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		164	177
Bad & Doubtful Debts		12	2
Bank Charges		192	190
Cleaning		296	544
Computer Software Charges		406	484
Contributions/Levies to Other Levels of Government			
- NSW Fire Brigade Levy		127	94
- Bushfire Fighting Fund		367	415
- Waste S88 EPA Contribution		1,345	1,377
- Other Contributions/Levies		502	462
Councillor Expenses - Mayoral Fee		34	33
Councillor Expenses - Councillors' Fees		183	176
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		82	73
Donations, Contributions & Assistance to other organisations (Section 3		120	85
Electricity & Heating		686	540
Fire Control Expenses		147	169
Gas		116	142
Insurance		774	698
Licences & Subscriptions		69	105
Office Expenses (including computer expenses)		84	118
Postage		133	132
Printing & Stationery		100	144
Security		38	60
Sewerage Treatment Works Operations		606	981
Stormwater - Environmental		112	144
Street Lighting		531	525
Telephone & Communications		244	284
Valuation Fees (Rates)		110	97
Water		130	118
Other		1,089	174
<u>TOTAL OTHER EXPENSES</u>		<u>8,799</u>	<u>8,543</u>

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2010	Actual 2009
Property (excl. Investment Property)			
Proceeds from Disposal		-	273
less: Carrying Amount of Property Assets Sold		-	(97)
Net Gain/(Loss) on Disposal		-	176
Plant & Equipment			
Proceeds from Disposal		898	837
less: Carrying Amount of P&E Assets Sold		(654)	(487)
Net Gain/(Loss) on Disposal		244	350
Infrastructure			
Proceeds from Disposal		12	-
less: Carrying Amount of Infrastructure Assets Sold		-	-
Net Gain/(Loss) on Disposal		12	-
Financial Assets*			
Proceeds from Disposal		-	16,822
less: Carrying Amount of Financial Assets Sold / Redeemed		-	(16,822)
Net Gain/(Loss) on Disposal		-	-
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>256</u>	<u>526</u>

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 6a. - Cash Assets and Note 6b. - Investment Securities

\$ '000	Notes	2010	2010	2009	2009
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		346	-	898	-
Cash-Equivalent Assets ¹					
- Deposits at Call		6,780	-	6,150	-
- Short Term Deposits		10,000	-	13,000	-
Total Cash & Cash Equivalents		17,126	-	20,048	-
Investment Securities (Note 6b)					
- Long Term Deposits		27,500	-	20,500	-
Total Investment Securities		27,500	-	20,500	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		44,626	-	40,548	-

¹ Those Investments where time to maturity (from date of purchase) is < 3 mths.

Cash, Cash Equivalents & Investments were classified at year end in accordance with AASB 139 as follows:

Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"		17,126	-	20,048	-
--	--	---------------	----------	---------------	----------

Investments

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)			-	-
- "Designated at Fair Value on Initial Recognition"	6(b-i)			-	-
b. "Held to Maturity"	6(b-ii)	27,500	-	20,500	-
c. "Loans & Receivables"	6(b-iii)			-	-
d. "Available for Sale"	6(b-iv)			-	-
Investments		27,500	-	20,500	-

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 6b. Investments (continued)

\$ '000	2010	2010	2009	2009
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Balance at the Beginning of the Year	-	-	2,822	-
Revaluations (through the Income Statement)	-	-	178	-
Additions	-	-	13,822	-
Disposals (sales & redemptions)	-	-	(16,822)	-
Balance at End of Year	-	-	-	-
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	20,500	-	7,000	-
Additions	7,000	-	20,500	-
Disposals (sales & redemptions)	-	-	(7,000)	-
Balance at End of Year	27,500	-	20,500	-
Comprising:				
- Long Term Deposits	27,500	-	20,500	-
Total	27,500	-	20,500	-
Note 6(b-iii)				
Reconciliation of Investments classified as "Loans & Receivables"				
Nil				
Note 6(b-iv)				
Reconciliation of Investments classified as "Available for Sale"				
Nil				

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 6c. Restricted Cash, Cash Equivalents & Investments

\$ '000	2010	2010	2009	2009
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	44,626	-	40,548	-
attributable to:				
External Restrictions (refer below)	18,102	-	17,608	-
Internal Restrictions (refer below)	18,783	-	18,019	-
Unrestricted	7,741	-	4,921	-
	44,626	-	40,548	-

2010 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Nil

External Restrictions - Other

Developer Contributions - General (D)	7,000	939	(1,468)	6,471
Developer Contributions - Sewer Fund (D)	332	-	(332)	-
Specific Purpose Unexpended Grants (F)	3,270	-	(3,270)	-
Specific Purpose Unexpended Grants (F) - Sewer Fund	85	4,529	-	4,614
Sewerage Services (G)	3,458	247	-	3,705
Domestic Waste Management (G)	1,116	7,086	(7,115)	1,087
Stormwater Management (G)	2,347	108	(230)	2,225
External Restrictions - Other	17,608	12,909	(12,415)	18,102
Total External Restrictions	17,608	12,909	(12,415)	18,102

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 6c. Restricted Cash, Cash Equivalents & Investments (continued)

2010 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	586	3	(384)	205
Employees Leave Entitlement	2,097	27	(297)	1,827
Council S94 Contributions	576	8	(27)	557
Kerb & Gutter	361	2	(240)	123
Tip Remediation	2,556	5,227	(4,103)	3,680
Risk Management	401	6		407
Workers Compensation	1,046	16	(320)	742
Unexpended Contributions	517	8		525
Unspent Work Reserve	5,874	4,565	(3,958)	6,481
Roadworks	1,424	1,182	(1,419)	1,187
Information Technology	451	4	(147)	308
Drainage	17			17
Election	100	271	(2)	369
Glossodia/Freemans	52	1		53
Sullage	1,021	2,600	(2,447)	1,174
Trees	42	1		43
Parks & Gardens	48	1		49
Heritage	87	1	(13)	75
Other	763	473	(275)	961
Total Internal Restrictions	18,019	14,396	(13,632)	18,783
TOTAL RESTRICTIONS	35,627	27,305	(26,047)	36,885

- A Loan moneys which must be applied for the purposes for which the loans were raised.
- B Advances by the Roads and Traffic Authority for works on the State's classified roads.
- C Self Insurance liability resulting from reported claims or incurred claims not yet reported.
- D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- E RTA Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- G Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 7. Receivables

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		1,528	718	1,407	657
Interest & Extra Charges		141	86	163	53
User Charges & Fees		339	34	1,060	29
Private Works		51	-	37	-
Accrued Revenues					
- Interest on Investments		903	-	197	-
Government Grants & Subsidies		1,943	-	364	-
Deferred Debtors		5	6	43	12
Net GST Receivable		264	-	295	-
Total		5,174	844	3,566	751
less: Provision for Impairment					
User Charges & Fees		(94)	-	(94)	-
Total Provision for Impairment - Receivables		(94)	-	(94)	-
TOTAL NET RECEIVABLES		5,080	844	3,472	751
Externally Restricted Receivables					
Sewerage Services					
- Rates & Availability Charges		184	-	178	-
- Other		26	-	15	-
Domestic Waste Management		312	-	318	-
Total External Restrictions		522	-	511	-
Internally Restricted Receivables					
Nil					
Internally Restricted Receivables		-	-	-	-
Unrestricted Receivables		4,558	844	2,961	751
TOTAL NET RECEIVABLES		5,080	844	3,472	751

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest is charged on overdue rates & charges at 9.00% (2009 10.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 8. Inventories & Other Assets

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		200	-	168	-
Trading Stock		9	-	10	-
Total Inventories		209	-	178	-
Other Assets					
Prepayments		111	-	170	-
Total Other Assets		111	-	170	-
<u>TOTAL INVENTORIES & OTHER ASSETS</u>		320	-	348	-

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 8. Inventories & Other Assets (continued)

\$ '000	2010		2009	
	Current	Non Current	Current	Non Current
(i) Externally Restricted Assets				
Sewerage				
Nil				
Domestic Waste Management				
Nil				
Other				
Nil				
Total Externally Restricted Assets	-	-	-	-
Total Internally Restricted Assets			-	-
Total Unrestricted Assets	320	-	348	-
TOTAL INVENTORIES & OTHER ASSETS	320	-	348	-

(ii) Other Disclosures**(a) Current Assets not anticipated to be settled within the next 12 months**

The following Inventories & Other Assets, even though classified as current are not expected to be recovered in the next 12 months;

	2010	2009
	-	-

(b) Inventories recognised as an expense for the year included:

- Stores & Materials	-
- Trading Stock	-

(c) Inventory Write Downs

There were no amounts recognised as an expense relating to the write down of Inventory balances held during the year.

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 9a. Infrastructure, Property, Plant & Equipment

	as at 30/6/2009										as at 30/6/2010					
	At		At		Accumulated		Carrying		WDV of Asset Disposals	Depreciation Expense	Revaluation Increments to Equity (ARR)	At		Accumulated		Carrying Value
	Cost	Fair Value	Cost	Fair Value	Deprec.	Impairment	Value	Value				Cost	Fair Value	Dep'n	Impairment	
Plant & Equipment	-	11,643	7,380	-	4,263	2,830	(654)	(1,229)	-	12,642	7,432	-	5,210			
Office Equipment	-	3,951	3,157	-	794	238	-	(371)	-	4,189	3,528	-	661			
Furniture & Fittings	-	1,518	1,317	-	201	20	-	(59)	-	1,527	1,365	-	162			
Land:																
- Operational Land	-	96,758	-	-	96,758	-	-	-	-	96,758	-	-	96,758			
- Community Land	29,742	-	-	-	29,742	-	-	-	-	29,742	-	-	29,742			
- Land under Roads (post 30/6/08)	-	377	-	-	377	-	-	-	-	377	-	-	377			
Land Improvements - depreciable	4,419	-	2,851	-	1,568	-	-	(280)	-	4,419	3,131	-	1,288			
Buildings - Non Specialised	-	19,477	8,662	-	10,815	183	-	(582)	-	19,693	9,249	-	10,444			
Buildings - Specialised	-	93,743	29,531	-	64,212	1,732	-	(2,783)	-	95,442	32,309	-	63,133			
Other Structures	10,388	-	3,747	-	6,641	919	-	(357)	-	11,308	4,105	-	7,203			
Infrastructure:																
- Roads, Bridges, Footpaths	143,169	-	17,074	-	126,095	12,015	-	(2,003)	-	474,398	241,380	-	233,018			
- Bulk Earthworks (non-depreciable)	-	-	-	-	-	-	-	-	-	31,904	-	-	31,904			
- Stormwater Drainage	36,579	-	4,597	-	31,982	646	-	(494)	-	154,958	74,503	-	80,455			
- Sewerage Network	-	103,518	52,103	-	51,415	11,265	-	(2,146)	-	128,801	62,149	-	66,652			
Other Assets:																
- Heritage Collections	60	-	60	-	-	-	-	-	-	60	60	-	-			
- Library Books	3,319	-	2,578	-	741	257	-	(299)	-	3,576	2,877	-	699			
- Other	386	-	28	-	358	385	-	(58)	-	770	85	-	685			
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)																
- Tip Asset	900	-	360	-	540	-	-	(73)	-	900	433	-	467			
TOTAL INFRASTRUCTURE,	228,962	330,965	133,445	-	426,502	30,490	(654)	(10,734)	183,254	50,775	442,606	-	628,858			
PROPERTY, PLANT & EQUIP.																

Additions to Buildings and Infrastructure are made up of Asset Renewals (\$4.5m), Sewerage Infrastructure works in kind (\$10m) and a combination of Asset Renewals and new assets. Assets Renewal amount to \$5,411 M and new assets to \$6,849M. Renewals are defined as replacements of existing assets as opposed to the acquisition of new assets.

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 9b. Externally Restricted Infrastructure, Property, Plant & Equipment

\$ '000 Class of Asset	Actual 2010				Actual 2009			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Sewerage Services								
Plant & Equipment		537	341	196	-	455	322	133
Land								
- Operational Land		9,720		9,720	-	9,720	-	9,720
- Community Land	7			7	7	-	-	7
Buildings		970	474	496	-	970	453	517
Infrastructure		128,801	62,149	66,652	-	103,518	52,103	51,415
Total Sewerage Services	7	140,028	62,964	77,071	7	114,663	52,878	61,792
Domestic Waste Management								
Plant & Equipment		1,559	912	647	-	1,513	978	535
Buildings		10		10	-	8	-	8
Other Assets		368	29	339	-	-	-	-
Total DWM	-	1,937	941	996	-	1,521	978	543
TOTAL RESTRICTED I,PP&E	7	141,965	63,905	78,067	7	116,184	53,856	62,335

Note 9c. Infrastructure, Property, Plant & Equipment - Current Year Impairments

\$ '000	Notes	Actual 2010	Actual 2009
(i) Impairment Losses recognised in the Income Statement include:			
Total Impairment Losses		-	-
(ii) Reversals of Impairment Losses previously recognised in the Income Statement include:			
Total Impairment Reversals		-	-
IMPAIRMENT of ASSETS - GAINS/(LOSSES)		-	-

NB. Impairment Adjustments relating to I,PP&E assets may have been recognised direct to Equity - refer Note 20 (ii).

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		4,611	-	4,154	-
Payments Received In Advance		266	-	308	-
Security Bonds, Deposits & Retentions		629	-	553	-
Total Payables		5,506	-	5,015	-
Borrowings					
Loans - Secured ¹		-	4,000	-	-
Total Borrowings		-	4,000	-	-
Provisions					
Employee Benefits;					
Annual Leave		1,506	-	1,462	-
Sick Leave		794	-	901	-
Long Service Leave		3,438	344	3,136	400
Leave in Lieu		127	-	115	-
Sub Total - Aggregate Employee Benefits		5,865	344	5,614	400
Self Insurance - Workers Compensation		670	970	350	970
Asset Remediation/Restoration (Future Works) ²⁶		76	3,630	54	3,275
Total Provisions		6,611	4,944	6,018	4,645
Total Payables, Borrowings & Provisions		12,117	8,944	11,033	4,645

(i) Liabilities relating to Restricted Assets

	2010		2009	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Domestic Waste Management	440	17	472	17
Sewer	4,280	22	518	22
Liabilities relating to externally restricted assets	4,720	39	990	39
Internally Restricted Assets				
Nil				
Total Liabilities relating to restricted assets	4,720	39	990	39

¹ Loans are secured over the General Rating Income of Council

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 10a. Payables, Borrowings & Provisions (continued)

\$ '000	2010	2009
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	3,914	3,771
Payables - Security Bonds, Deposits & Retentions	145	145
Other Liabilities	125	125
	<u>4,184</u>	<u>4,041</u>

Note 10b. Description of and movements in Provisions

Class of Provision	2009			2010		Closing Balance as at 30/6/10
	Opening Balance as at 1/7/09	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	1,462	1,078	(1,034)			1,506
Sick Leave	901	329	(436)			794
Long Service Leave	3,536	779	(533)			3,782
Gratuities	-	-	-			-
Leave in Lieu	115	15	(3)			127
Self Insurance	1,320	320	-			1,640
Asset Remediation	3,329	377				3,706
TOTAL	<u>10,663</u>	<u>2,898</u>	<u>(2,006)</u>	-	-	<u>11,555</u>

- a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- b. Self Insurance Provisions represent both (i) Claims Incurred but Not reported and (ii) Claims Reported & Estimated as a result of Council's being a self insurer up to certain levels of Excess.
- c. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2010	Actual 2009
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	17,126	20,048
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		17,126	20,048
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		20,721	6,940
Adjust for non cash items:			
Depreciation & Amortisation		10,734	10,424
Net Losses/(Gains) on Disposal of Assets		(256)	(526)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "@ Fair Value" or "Held for Trading"		-	(178)
- Investment Properties		(206)	(331)
- Other		(668)	114
Amortisation of Premiums, Discounts & Prior Period Fair Valuations		377	-
Unwinding of Discount Rates on Reinstatement Provisions		(377)	(9)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(1,745)	(107)
Decrease/(Increase) in Inventories		(31)	61
Decrease/(Increase) in Other Current Assets		59	(123)
Increase/(Decrease) in Payables		457	401
Increase/(Decrease) in Other Current Liabilities		34	92
Increase/(Decrease) in Employee Leave Entitlements		195	(39)
Increase/(Decrease) in Other Provisions		320	(360)
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		29,614	16,359

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 11. Statement of Cash Flows - Additional Information (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(c) Non-Cash Investing & Financing Activities			
Nil		_____	_____
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		800	800
Credit Cards / Purchase Cards		1,000	1,000
Total Financing Arrangements		1,800	1,800

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

(ii) Secured Loan Liabilities

Loans are secured by a mortgage over future years Rate Revenue only.

(e) Net Cash Flows Attributable to Discontinued Operations

Please refer to Note 24 for details of Cash Flows that relate to Discontinued Operations

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2010	Actual 2009
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Property, Plant & Equipment		3,026	2,125
Total Commitments		3,026	2,125
These expenditures are payable as follows:			
Within the next year		3,026	2,125
Later than one year and not later than 5 years			-
Later than 5 years			-
Total Payable		3,026	2,125
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		1,016	1,036
Unexpended Grants		172	784
Externally Restricted Reserves		448	241
Internally Restricted Reserves		1,390	64
Total Sources of Funding		3,026	2,125
(b) Other Expenditure Commitments (exclusive of GST)			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
DWM & Recycling Services		8,725	1,353
Audit Services		47	23
Effluent Collection		92	2,775
Other		2,425	1,663
Total Commitments		11,289	5,814
These expenditures are payable as follows:			
Within the next year		3,936	4,297
Later than one year and not later than 5 years		4,957	1,087
Later than 5 years		2,396	430
Total Payable		11,289	5,814

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(c) Finance Lease Commitments			
Nil			
(d) Operating Lease Commitments (Non Cancellable)			
a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:			
Within the next year		241	360
Later than one year and not later than 5 years		419	525
later than one year and not later than 5 years			-
Total Non Cancellable Operating Lease Commitments		660	885

b. Non Cancellable Operating Leases include the following assets:

Office Rentals

Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2010	Actual 2009
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Conditions relating to Finance & Operating Leases:

- All Finance & Operating Lease Agreement are secured only against the Leased Asset.
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

(e) Investment Property Commitments

Nil

(f) Remuneration Commitments

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

Within the next year	848	918
Later than one year and not later than 5 years	1,016	2,866
Later than 5 years		-
Total Payable	1,864	3,784

(g) Investment in Associates / Joint Ventures - Commitments

For Capital Commitments and Other Commitments relating to Investments in Associates & Joint Ventures, refer to Note 19 (b)

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 13a. Statement of Performance Measurement - Indicators (Consolidated)

\$ '000	Amounts 2010	Indicator 2010	Prior Periods 2009 2008	
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	<u>31,402</u>	9.77 : 1	4.37	4.43
Current Liabilities less Specific Purpose Liabilities ^(2,3)	<u>3,213</u>			
2. Debt Service Ratio				
Debt Service Cost	<u>-</u>	0.00%	0.11%	0.02%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>54,185</u>			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	<u>36,076</u>	46.34%	53.71%	57.50%
Revenue from Continuing Operations	<u>77,851</u>			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	<u>2,473</u>	6.37%	6.12%	6.68%
Rates, Annual & Extra Charges Collectible	<u>38,842</u>			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾ [Buildings & Infrastructure]	<u>5,411</u>	67.57%	66.24%	54.51%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	<u>8,008</u>			

Notes

(1) Refer Notes 6-8 inclusive.

Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

(2) Refer to Note 10(a).

(3) Refer to Note 10(c) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

(4) Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity or performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 13a. Statement of Performance Measurement - Graphs (Consolidated)

\$ '000

<p>1. Unrestricted Current Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>3.63</td> </tr> <tr> <td>2008</td> <td>4.43</td> </tr> <tr> <td>2009</td> <td>4.37</td> </tr> <tr> <td>2010</td> <td>9.77</td> </tr> </tbody> </table>	Year	Ratio : 1	2007	3.63	2008	4.43	2009	4.37	2010	9.77	<p>Purpose of Unrestricted Current Ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>Commentary on 2009/10 Result</p> <p>2009/10 Ratio 9.77 : 1</p> <p>Ratio increased due to an increase in invested funds.</p>
Year	Ratio : 1											
2007	3.63											
2008	4.43											
2009	4.37											
2010	9.77											
<p>2. Debt Service Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>0.02%</td> </tr> <tr> <td>2008</td> <td>0.02%</td> </tr> <tr> <td>2009</td> <td>0.11%</td> </tr> <tr> <td>2010</td> <td>0.00%</td> </tr> </tbody> </table>	Year	Ratio %	2007	0.02%	2008	0.02%	2009	0.11%	2010	0.00%	<p>Purpose of Debt Service Ratio</p> <p>To assess the impact of loan principal & interest repayments on the discretionary revenue of council.</p>	<p>Commentary on 2009/10 Result</p> <p>2009/10 Ratio 0.00%</p> <p>Ratio not applicable. Note loan of \$4mil under the Local Infrastructure Fund agreement is interest free.</p>
Year	Ratio %											
2007	0.02%											
2008	0.02%											
2009	0.11%											
2010	0.00%											
<p>3. Rates & Annual Charges Coverage Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>57.83%</td> </tr> <tr> <td>2008</td> <td>57.50%</td> </tr> <tr> <td>2009</td> <td>53.71%</td> </tr> <tr> <td>2010</td> <td>46.34%</td> </tr> </tbody> </table>	Year	Ratio %	2007	57.83%	2008	57.50%	2009	53.71%	2010	46.34%	<p>Purpose of Rates & Annual Charges Coverage Ratio</p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p>Commentary on 2009/10 Result</p> <p>2009/10 Ratio 46.34%</p> <p>Ratio reduced due to increased grants.</p>
Year	Ratio %											
2007	57.83%											
2008	57.50%											
2009	53.71%											
2010	46.34%											
<p>4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>5.31%</td> </tr> <tr> <td>2008</td> <td>6.68%</td> </tr> <tr> <td>2009</td> <td>6.12%</td> </tr> <tr> <td>2010</td> <td>6.37%</td> </tr> </tbody> </table>	Year	Ratio %	2007	5.31%	2008	6.68%	2009	6.12%	2010	6.37%	<p>Purpose of Rates & Annual Charges Outstanding Ratio</p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p>Commentary on 2009/10 Result</p> <p>2009/10 Ratio 6.37%</p> <p>Ratio deteriorated due to slight increase in outstanding amounts.</p>
Year	Ratio %											
2007	5.31%											
2008	6.68%											
2009	6.12%											
2010	6.37%											

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 14. Investment Properties

\$ '000	Notes	Actual 2010	Actual 2009
(a) Investment Properties at Fair value			
<u>Investment Properties on Hand</u>		<u>25,855</u>	<u>25,649</u>
Reconciliation of Annual Movement:			
Opening Balance		25,649	25,318
- Net Gain/(Loss) from Fair Value Adjustments		206	331
CLOSING BALANCE - INVESTMENT PROPERTIES		<u>25,855</u>	<u>25,649</u>
(b) Valuation Basis			
The basis of Valuation of Investment Properties is Fair Value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.			
The 2010 revaluations were based on Independent Assessments made by: K.D. Wood Valuations (Aust.) Pty. Ltd. F.A.P.I Registered Valuer No. 11			
(c) Contractual Obligations at Reporting Date			
Refer to Note 12 for disclosures relating to any Capital and Service obligations that have been contracted.			
(d) Leasing Arrangements			
Details of leased Investment Properties are as follows;			
Future Minimum Lease Payments receivable under non-cancellable Investment Property Operating Leases not recognised in the Financial Statements are due:			
Within 1 year		611	600
Later than 1 year but less than 5 years		1,834	2,470
Later than 5 years		176	168
Total Minimum Lease Payments Receivable		<u>2,621</u>	<u>3,238</u>
(e) Investment Property Income & Expenditure - summary			
Rental Income from Investment Properties:			
- Minimum Lease Payments		1,464	1,362
- Contingent Rentals		195	444
Direct Operating Expenses on Investment Properties:			
- that generated rental income		(191)	(202)
- that did not generate rental income		(256)	(265)
Net Revenue Contribution from Investment Properties		<u>1,212</u>	<u>1,339</u>
plus:			
Fair Value Movement for year		<u>206</u>	<u>331</u>
Total Income attributable to Investment Properties		<u>1,418</u>	<u>1,670</u>

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 15. Financial Risk Management

\$ '000

Risk Management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's Finance Section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2010	2009	2010	2009
Financial Assets				
Cash and Cash Equivalents	17,126	20,048	17,126	20,064
Investments				
- "Held to Maturity"	27,500	20,500	27,500	20,500
Receivables	5,924	4,223		4,223
Total Financial Assets	50,550	44,771	44,626	44,787
Financial Liabilities				
Payables	5,240	4,707	5,240	4,707
Loans / Advances	4,000	-	4,000	-
Total Financial Liabilities	9,240	4,707	9,240	4,707

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) **"at far value through profit & loss"** or (ii) **Available for Sale** - are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 15. Financial Risk Management (continued)

\$ '000

(a) Cash & Cash Equivalents, Financial assets "at fair value through the profit & Loss", "Available-for-sale" financial assets & "Held-to-maturity" Investments

Council's objective is to maximise its return on cash & investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's Finance Section manages it's Cash & Investments portfolio with the assistance of independent advisors.

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and it's staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

Cash & Investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns and income.

A further risk associated with Cash & Investments is credit risk - the risk that the counterparty (to an investment) will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

Council also seeks advice from independent advisers before placing any funds in Cash Equivalents & Investments.

The following represents a summary of the sensitivity of Council's Income Statement and Accumulated Surplus (during the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2010				
Possible impact of a 1% movement in Interest Rates	446	446	(446)	(446)
2009				
Possible impact of a 1% movement in Interest Rates	405	405	(405)	(405)

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

Council's major receivables comprise (i) Rates & Annual charges and (ii) User Charges & Fees.

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts - that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates & annual charges at higher than market rates which further encourages the payment of debt.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

A profile of Council's receivables credit risk at balance date follows:

	2010	2010	2009	2009
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	3,646	-	1,829
Overdue	2,246	126	2,064	424
	<u>2,246</u>	<u>3,772</u>	<u>2,064</u>	<u>2,253</u>
(ii) Movement in Provision for Impairment of Receivables			2010	2009
Balance at the beginning of the year			94	94
+ new provisions recognised during the year			13	2
- amounts already provided for & written off this year			(13)	(2)
Balance at the end of the year			<u>94</u>	<u>94</u>

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

Payables & Borrowings are both subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

As well, payment terms can (in extenuating circumstances) be extended & overdraft facilities can be drawn down.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the Liquidity Table below:

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2010									
Trade/Other Payables	629	4,611						5,240	5,240
Loans & Advances		400	400	400	400	400	2,000	4,000	4,000
Total Financial Liabilities	629	5,011	400	400	400	400	2,000	9,240	9,240
2009									
Trade/Other Payables	553	4,154	-	-	-	-	-	4,707	4,707
Total Financial Liabilities	553	4,154	-	-	-	-	-	4,707	4,707

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs & debt servicing requirements. Council manages this risk through the diversification of borrowing types, maturities & interest rate structures.

The following interest rates were applicable to Council's Borrowings at balance date:

	2010		2009	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	5,240		4,707	0.0%
Loans & Advances - Fixed Interest Rate	4,000		-	0.0%
	9,240		4,707	

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 09/10 was incorporated as part of its Management Plan and was adopted by the Council on 16 June 2009.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act requires Council to review its Financial Budget on a Quarterly Basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual result for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

Material Variations represent those variances that amount to **10%** or more of the original budgeted figure.

Note that for Variations: F = Favourable Budget Variation, U = Unfavourable Budget Variation

\$ '000	2010 Budget	2010 Actual	2010 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	35,877	36,076	199	1%	F
User Charges & Fees	4,505	6,218	1,713	38%	F
Hawkesbury Leisure Centre revenue is not included in the budget figure - \$2m					
Interest & Investment Revenue	930	2,219	1,289	139%	F
Investment Revenue is more than budgeted due to a higher level of funds invested. This was due to a number of projects delayed. Also the interest rate achieved was higher than budget					
Other Revenues	3,108	4,434	1,326	43%	F
The variation results from higher revenue from rates \$0.2m, property \$0.2m, parking patrol \$0.1m, unbudgeted insurance reimbursement \$0.1m, unbudgeted Hawkesbury Leisure Centre \$0.1m, higher than budgeted internal income \$0.2m and other various revenue lines.					
Operating Grants & Contributions	6,397	7,028	631	10%	F
Only known grants are budgeted for in the original budget					
Capital Grants & Contributions	2,721	21,243	18,522	681%	F
Only known grants are budgeted for in the original budget. Contributions in kind - \$14m not budgeted for.					
Net Gains from Disposal of Assets	-	256	256	0%	F
Share of Net Profits - Joint Ventures & Associates	-	377	377	0%	F

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 16. Material Budget Variations (continued)

\$ '000	2010 Budget	2010 Actual	2010 Variance*		
EXPENSES					
Employee Benefits & On-Costs	15,249	20,985	(5,736)	(38%)	U
Employee costs charged to jobs are not budgeted as employee costs. Increases in employee entitlements provisions not budgeted for. Hawkesbury Leisure Centre employee costs not budgeted.					
Borrowing Costs	4	377	(373)	(9325%)	U
The variation relates to the unbudgeted unwinding of the discount in respect of the Waste Management Facility restoration liability.					
Materials & Contracts	17,725	16,235	1,490	8%	F
Depreciation & Amortisation	9,194	10,734	(1,540)	(17%)	U
At the time the original budget was prepared, the building asset was not split in different components. The split of the building asset into the components in line with the Local Government Code of Accounting resulted in higher depreciation.					
Impairment Expenses	-	-	-	0%	F
Other Expenses	10,255	8,799	1,456	14%	F
The under expenditure variance is attributed in part to lower than budget DECC Levies - \$0.7m. The remaining variance relates to several minor under expenditures.					
Net Losses from Disposal of Assets	-	-	-	0%	F
Share of Net Losses - Joint Ventures & Associates	-	-	-	0%	F
Operating Result from Discontinued Operations	-	-	-	0%	F
Budget Variations relating to Council's Cash Flow Statement include:					
Cash Flows from Operating Activities	7,584	29,614	22,030	290.5%	F
Work in kind contributions and asset dedications not budgeted. Also grants received during the year not included in the original budget.					
Cash Flows from Investing Activities	(10,366)	(36,536)	(26,170)	252.5%	U
Higher than budgeted capital expenditure due to expenditure incurred in relation to amounts carried over from previous year and unbudgeted grants, contributions and works in kind.					
Cash Flows from Financing Activities	-	4,000	4,000	0.0%	F
This relates to an unbudgeted interest free loan received under the Local Infrastructure Fund. This loan will be used to finance a sewerage project.					

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 17. Statement of Developer Contributions

\$ '000

Council recovers contributions, raises levies & enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions & levies and the value of all remaining funds which are "restricted" in their future use.

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	415	-	-	21	-	-	436	10	(446)	-	-
Roads	470	-	-	24	-	-	494	2	(496)	-	-
Parking	584	-	-	30	-	-	614	-	(614)	-	-
Open Space	663	3	-	34	(6)	-	694	20	(714)	-	-
Community Facilities	1,863	9	-	64	(629)	-	1,307	52	(1,359)	-	-
Recreational Facilities	1,083	3	-	56	-	-	1,142	20	(1,162)	-	-
Bushfire	44	-	-	2	-	-	46	-	(46)	-	-
Extractive Industries	1,141	139	-	14	(1,011)	-	283	70	(353)	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
S94 Contributions - under a Plan	6,263	154	-	245	(1,646)	-	5,016	174	(5,190)	-	-
S94A Levies - under a Plan	737	378	-	49	(154)	-	1,010				
Total S94 Revenue Under Plans	7,000	532	-	294	(1,800)	-	6,026				
S64 Contributions	332	90	10,305	23			445				
Total Contributions	7,332	622	10,305	317	(1,800)	-	6,471	174	(5,190)	-	-

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - HAWKESBURY CITY

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	415	-	-	21			436	10	(446)	-	
Roads	470	-	-	24			494	2	(496)	-	
Parking	584	-	-	30			614	-	(614)	-	
Open Space	663	3		34	(6)		694	20	(714)	-	
Community Facilities	1,863	9		64	(629)		1,307	52	(1,359)	-	
Recreational Facilities	1,083	3		56			1,142	20	(1,162)	-	
Bushfire	44	-		2			46		(46)	-	
Extractive Industries	1,141	139		14	(1,011)		283	70	(353)	-	
Other	-	-		-			-			-	
Total	6,263	154	-	245	(1,646)	-	5,016	174	(5,190)	-	-

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN - HAWKESBURY CITY

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other	737	378		49	(154)		1,010	300	(1,310)	-	
Total	737	378	-	49	(154)	-	1,010	300	(1,310)	-	-

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but their knowledge & disclosure is considered relevant to the users of Council's Financial Report.

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Westpool

Council is one of seven members to Westpool, an insurance pool managed by Willis Aust. Ltd.

Council contributes to Westpool's operations and in return receives Public Liability & Professional Indemnity insurance coverage, and associated services such as training and risk assessment.

Council's contribution represented 7.57% of the total amounts paid in by member Councils.

The pool ended with a surplus of \$16.5M of which Council's proportional share is \$1.345M.

Should the pool ever require additional funding as a result of past insurance events, Council would be required to make any necessary contributions.

(ii) Workers Compensation Claims

Council holds a Workers Compensation Self Insurers licence and recognises that it might pay out future claims based upon past events.

Amounts that cannot be paid out of of Council's recurrent Workers Compensation expenditure budget will be funded from a reserve that is set up specifically for this purpose - refer Note 6(c).

(iv) Other Guarantees

Council has provided no other Guarantees other than those listed above.

2. Superannuation Schemes

(i) Defined Benefit Superannuation Contribution Plans

Council participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

Member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category and that member Councils will need to make significantly higher contributions from 2009/10 & beyond.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from it's Defined Benefit Scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable - similar to the accounting for Defined Contributions Plans.

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

LIABILITIES NOT RECOGNISED (continued):

3. Other Liabilities

(i) Third Party Claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its Insurance Coverage and does not expect any material liabilities to eventuate.

(ii) S94 Plans

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's General Funds.

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Councils intention to spend funds in the manner and timing set out in those Plans.

(iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

(iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council (continued)

At reporting date, reliable estimates as to the value of any potential liability (& subsequent land asset) from such potential acquisitions has not been possible.

ASSETS NOT RECOGNISED:

(i) Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30/6/08.

(ii) Infringement Notices/Fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at Year End, there is a potential asset due to Council representing issued but updated Infringement Notices.

Due to the limited information available on the status, value and duration of outstanding Notices, Council is unable to determine the value of outstanding income.

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

\$ '000

Council's objectives can and in some cases are best met through the use of separate entities & operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils, Bodies and other Outside Organisations.

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of Councils (i) interest and (ii) control and the type (form) of entity/operation, as follows;

Subsidiaries

Note 19(a)

Operational Arrangements where Councils Control (but not necessarily Interest) exceeds 50%

Associated Entities & Joint Venture Entities

Note 19(b)(i)&(ii)

Arrangements in the form of a Separate Entity that deploys the resources of the operation itself. Under Associated Entities, Council significantly influences the operations (but does not control them, whilst for JV Entities, Council Jointly Controls the Operations with other parties.

Joint Venture Operations

Note 19(c)

Arrangements that do not comprise an actual individual entity which can deploy the resources of the individual participants. Under JV Operations, Council Jointly Controls the operations with the Other Parties involved.

Subsidiaries, Associated Entities and Joint Ventures Not Recognised

Note 19(d)

Accounting Recognition:

(i) Subsidiaries disclosed under Note 19(a), and Joint Venture Operations disclosed at Note 19(c), are accounted for on a Line by Line Consolidation basis within the Income Statement and Balance Sheet.

(ii) Associated Entities and Joint Venture Entities as per Notes 19(b)(i) & (ii) are accounted for using the Equity Accounting Method - and are disclosed as a 1 line entry in both the Income Statement and Balance Sheet.

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2010	Actual 2009	Actual 2010	Actual 2009
Associated Entities	-	-	-	-
Joint Venture Entities	377	9	1,418	1,041
Total	377	9	1,418	1,041

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

\$ '000

19(a) Subsidiaries (ie. Entities & Operations controlled by Council)

These consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with AASB 127 and the accounting policy described in Note 1(c).

Name of Operation/Entity	Principal Activity	Type of Entity	Equity Holding	
			2010	2009
1. Hawkesbury Leisure Centre	Sports, fitness & swimming	Non Reporting	100%	100%
Current Year Financial Movements in Total Operation/Entity		Gross Financial Summary of Subsidiary		
Opening Equity Balance	18,016	Assets		275
New Capital Contributions		Liabilities		(275)
Operating Result	(97)	Net Equity		-
Adjustment to Equity Share				
Distributions Paid		Revenues		2,165
Closing Equity Balance	17,919	Net Profit		(97)
Minority Interest Share		Minority Interest Share		
2. Hawkesbury Sports Centre	Sports & Sporting Recreation areas		100%	100%
Current Year Financial Movements in Total Operation/Entity		Gross Financial Summary of Subsidiary		
Opening Equity Balance	332	Assets		442
New Capital Contributions		Liabilities		(49)
Operating Result	(247)	Net Equity		393
Adjustment to Equity Share				
Distributions Paid		Revenues		775
Closing Equity Balance	85	Net Profit		(247)
Minority Interest Share		Minority Interest Share		-

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

\$ '000

19(b) Associated Entities & Joint Venture Entities (continued)

(a) Carrying Amounts

Name of Entity	Principal Activity	2010	2009
Westpool	Local Govt. Insurance pool	1,345	1,025
United Independent Pools	Local Govt. Insurance pool	73	16
Total Carrying Amounts - Joint Venture Entities		1,418	1,041

(b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2010	2009	2010	2009	2010	2009
Westpool	8%	7%	8%	8%	14%	14%
United Independent Pools	6%	7%	6%	8%	7%	7%

(c) Movement in Carrying Amounts

	Westpool		United Independent Pools	
	2010	2009	2010	2009
Opening Balance	1,025	1,032	16	-
Share in Operating Result	320	(7)	57	16
Councils Equity Share in the Joint Venture Entity	1,345	1,025	73	16

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

\$ '000

19(b) Associated Entities & Joint Venture Entities (continued)

(d) Share of Joint Ventures Assets & Liabilities

	Assets		Liabilities		Net Assets
	Current	Non Current	Current	Non Current	
2010					
Westpool	2,361	2	181	837	1,345
United Independent Pools	257		141	43	73
Totals	2,618	2	322	880	1,418
2009					
Westpool	1,873	2	157	693	1,025
United Independent Pools	228	-	174	38	16
Totals	2,101	2	331	731	1,041

(e) Share of Joint Ventures Revenues, Expenses & Results

	2010			2009		
	Revenues	Expenses	Result	Revenues	Expenses	Result
Westpool	572	252	320	383	390	(7)
United Independent Pools	353	296	57	232	216	16
Totals	925	548	377	615	606	9

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2010	Actual 2009
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		346,769	339,715
a. Correction of Prior Period Errors	20 (c)	(668)	(554)
b. Changes in Accounting Policies (Prior Period Effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		20,721	6,940
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		(74,917)	-
g. Other Changes (disclosure required)		-	-
Balance at End of the Reporting Period		291,905	346,101
b. Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		319,118	135,864
- Other Reserves (Specify)		74,917	-
Total		394,035	135,864
(ii). Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		135,864	134,875
- Revaluations for the year	9(a)	183,254	989
- Balance at End of Year		319,118	135,864
Other Reserves			
- Opening Balance		-	-
- Transfers to Retained Earnings		74,917	-
- Balance at End of Year		74,917	-
TOTAL VALUE OF RESERVES		394,035	135,864
(iii). Nature & Purpose of Reserves			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.			
"Available for Sale" Financial Investments Revaluation Reserve			
- The "Available for Sale" Financial Investments Revaluation Reserve is used to account for the Fair Value movements in all financial assets so classified that remain on hand at year end.			
Upon sale, amounts in Reserves are recognised in the Income Statement (in full) by way of transfer from the Reserve.			

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

\$ '000	Notes	Actual 2010	Actual 2009
c. Correction of Error/s relating to a Previous Reporting Period			
the amount of the correction taken to the prior period closing balance of equity		668	-
Correction of Errors in the prior reporting year			-
Council revalued the following asset classes for the 08/09 Year End:			
- Landfill Remediation			114
This adjustment resulted in a net increase / (decrease) in Council's Accumulated Surplus as at 30/6/08.			
In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.			
These amounted to the following Equity Adjustments:			
- Adjustments to Opening Equity - 1/7/08 (relating to adjustments for the 30/6/08 reporting year end and prior periods)			-
- Adjustments to Closing Equity - 30/6/09 (relating to adjustments for the 30/6/09 year end)		(668)	114
Total Prior Period Adjustments - Prior Period Errors		(668)	114

d. Voluntary Changes in Accounting Policies

Council made no voluntary changes in any accounting policies during the year.

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund	Actual	Actual	Actual	Actual
\$ '000	2010	2010	2010	2010
Continuing Operations	Other	Water	Sewer	General¹
Income from Continuing Operations				
Rates & Annual Charges		-	3,580	32,496
User Charges & Fees		-	433	5,785
Interest & Investment Revenue		-	241	1,978
Other Revenues		-	59	4,375
Grants & Contributions provided for Operating Purposes		-	38	6,990
Grants & Contributions provided for Capital Purposes		-	11,086	10,157
Other Income				
Net Gains from Disposal of Assets		-	5	251
Share of interests in Joint Ventures & Associates using the Equity Method				377
Total Income from Continuing Operations	-	-	15,442	62,409
Expenses from Continuing Operations				
Employee Benefits & on-costs		-	448	20,537
Borrowing Costs		-	-	377
Materials & Contracts		-	1,523	14,712
Depreciation & Amortisation		-	2,199	8,535
Other Expenses		-	1,269	7,530
Total Expenses from Continuing Operations	-	-	5,439	51,691
Operating Result from Continuing Operations	-	-	10,003	10,718
Net Operating Result for the Year	-	-	10,003	10,718
Net Operating Result attributable to each Council Fund	-	-	10,003	10,718
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	-	-	(1,083)	561

¹ General Fund refers to all Council's activities other than Water, Sewer & Other

NB. All amounts disclosed above are Gross - that is, they include internal charges & recoveries made between the Funds.

Hawkesbury City Council

Notes to the Financial Statements
as at 30 June 2010

Note 21. Financial Result & Financial Position by Fund

Balance Sheet by Fund	Actual	Actual	Actual	Actual
\$ '000	2010	2010	2010	2010
ASSETS	Other	Water	Sewer	General¹
Current Assets				
Cash & Cash Equivalents		-	8,319	8,807
Investments		-	-	27,500
Receivables		-	210	4,870
Inventories		-	-	209
Other		-	-	111
Total Current Assets	-	-	8,529	41,497
Non-Current Assets				
Receivables		-	-	844
Infrastructure, Property, Plant & Equipment		-	77,071	551,787
Investments Accounted for using the equity method		-	-	1,418
Investment Property		-	-	25,855
Total Non-Current Assets	-	-	77,071	579,904
TOTAL ASSETS	-	-	85,600	621,401
LIABILITIES				
Current Liabilities				
Payables		-	92	5,414
Borrowings		-	4,000	(4,000)
Provisions		-	188	6,423
Total Current Liabilities	-	-	4,280	7,837
Non-Current Liabilities				
Provisions		-	22	4,922
Total Non-Current Liabilities	-	-	22	8,922
TOTAL LIABILITIES	-	-	4,302	16,759
Net Assets	-	-	81,298	604,642
EQUITY				
Retained Earnings		-	42,890	249,015
Revaluation Reserves		-	38,408	355,627
Council Equity Interest		-	81,298	604,642
Total Equity	-	-	81,298	604,642

¹ General Fund refers to all Council's activities other than Water, Sewer & Other
NB. All amounts disclosed above are Gross - that is, they include internal receivables & payables between the Funds.

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 22. "Held for Sale" Non Current Assets & Disposal Groups

\$ '000	2010		2009	
	Current	Non Current	Current	Non Current

Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

Note 23. Events occurring after Balance Sheet Date

\$ '000

Events that occur after the reporting date of 30 June 2010, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 12/10/10.

Events that occur after the Reporting Date represent one of two types:

(i) Events that have provided evidence of conditions that existed at the Reporting Date

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2010.

(ii) Events that have provided evidence of conditions that arose after the Reporting Date

These financial statements (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2010 and which are only indicative of conditions that arose after 30 June 2010.

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 24. Discontinued Operations

\$ '000	Actual 2010	Actual 2009
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Council has not classified any of its Operations as "Discontinued".

Note 25. Intangible Assets

\$ '000

Intangible Assets represent identifiable non-monetary asset without physical substance.

Council is unaware of any control over Intangible Assets that warrant recognition in the Financial Statements, including either internally generated and developed assets or purchased assets.

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

Council has legal/public obligations to make restore, rehabilitate and reinstate the following assets/operations:

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2010	2009
South Windsor Waste Depot	2017	973	900
East Kurrajong Waste Depot	2014	2,733	2,429
Balance at End of the Reporting Period	10	<u>3,706</u>	<u>3,329</u>

Under AASB 116 - Property, Plant & Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 - Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

Specific uncertainties relating to the final costs and the assumptions made in determining the amounts of provisions include:

- basing the future works costs on current reinstatement standards,
- using rates for government securities as the discount rate equivalent to the estimated reinstatement date.
- [list details of any assumptions or uncertainties, including timing issues, cost issues etc](#)

Reconciliation of movement in Provision for year:

Balance at beginning of year	3,329	3,889
Amounts capitalised to new or existing assets:		
Effect of a change in other calculation estimates used		(560)
Amortisation of discount (expensed to borrowing costs)	377	-
Total - Reinstatement, rehabilitation and restoration provision	<u>3,706</u>	<u>3,329</u>

Amount of Expected Reimbursements

Of the above Provisions for Reinstatement, Rehabilitation and Restoration works, those applicable to Garbage Services & Waste Management are able to be funded through future charges incorporated within Council's Annual Domestic Waste Management Charge.

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 27. Additional Council Disclosures - Council Information

Principal Place of Business:

366 George Street
Windsor NSW 2756

Contact Details**Mailing Address:**

PO Box 146
Windsor NSW 2756

Opening Hours

8:30am to 5:00pm
Monday to Friday

Telephone: 02 4560 4444

Facsimile: 02 4587 7740

Internet: www.hawkesbury.nsw.gov.au

Email: council@hawkesbury.nsw.gov.au

Officers**GENERAL MANAGER**

Peter Jackson

RESPONSIBLE ACCOUNTING OFFICER

Emma Galea

PUBLIC OFFICER

Laurie Mifsud

AUDITORS

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney

Other Information

ABN: 54 659 038 834

Elected Members**MAYOR**

Bart Bassett

COUNCILLORS

Kevin Conolly
Barry Calvert
Warwick Mackay
Christine Paine
Bob Porter
Paul Rasmussen
Jill Reardon
Kim Ford
Tiffany Tree
Leigh Williams
Wayne Whelan

Hawkesbury City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2010

**Lifestyle, Environment, Access
and Opportunity @ Hawkesbury**



Hawkesbury City Council

Special Purpose Financial Statements for the financial year ended 30 June 2010

Contents	Page
1. Statement by Councillors & Management	2
2. Special Purpose Financial Statements:	
- Income Statement of Sewerage Business Activity	3
- Income Statement of Other Business Activities	4
- Balance Sheet of Sewerage Business Activity	5
- Balance Sheet of Other Business Activities	6
3. Notes to the Special Purpose Financial Statements	7

Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.
- (ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- (iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

- (iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).
-

Hawkesbury City Council

Special Purpose Financial Statements

for the financial year ended 30 June 2010

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 prepared in accordance with:

- The NSW Government Policy Statement "Application of National Competition Policy to Local Government"
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality"
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".

To the best of our knowledge and belief, these Financial Statements:

- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 12 October 2010.

Councillor Bart Bassett
MAYOR

Councillor Kevin Conolly
COUNCILLOR

Peter Jackson
GENERAL MANAGER

Emma Galea
RESPONSIBLE ACCOUNTING OFFICER

Hawkesbury City Council

Income Statement of Council's Sewerage Business Activity
for the financial year ended 30 June 2010

\$ '000	Actual 2010	Actual 2009	Actual 2008
Income from continuing operations			
Access charges	3,580	3,421	3,325
User charges	433	541	469
Interest	241	51	73
Grants and contributions provided for non capital purposes	38	146	44
Profit from the sale of assets	5	177	4
Other income	59	35	13
Total income from continuing operations	4,356	4,371	3,928
Expenses from continuing operations			
Employee benefits and on-costs	448	962	959
Borrowing costs	-	4	2
Materials and contracts	1,523	1,225	1,414
Depreciation and impairment	2,199	1,993	1,923
Loss on sale of assets	-	-	-
Calculated taxation equivalents	20	17	24
Debt guarantee fee (if applicable)	-	-	-
Other expenses	1,269	972	736
Total expenses from continuing operations	5,459	5,173	5,058
Surplus (deficit) from Continuing Operations before capital amounts	(1,103)	(802)	(1,130)
Grants and contributions provided for capital purposes	11,086	1,007	149
Surplus (deficit) from Continuing Operations after capital amounts	9,983	205	(981)
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	9,983	205	(981)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-
SURPLUS (DEFICIT) AFTER TAX	9,983	205	(981)
plus Opening Retained Profits	32,907	32,702	33,683
plus/less: Prior Period Adjustments	-	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	20	17	24
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	-
less:			
- Tax Equivalent Dividend paid	(20)	(17)	(24)
Closing Retained Profits	42,890	32,907	32,702
Return on Capital %	-1.4%	-1.3%	-1.8%
Subsidy from Council	5,034	4,221	4,983
Calculation of dividend payable:			
Surplus (deficit) after tax	9,983	205	(981)
less: Capital grants and contributions (excluding developer contributions)	(11,086)	(1,007)	-
Surplus for dividend calculation purposes	-	-	-
Potential Dividend calculated from surplus	-	-	-

Hawkesbury City Council

Income Statement of Council's Other Business Activities
for the financial year ended 30 June 2010

\$ '000	Hawkesbury Leisure Centre	
	Actual 2010	Actual 2009
Income from continuing operations		
Access charges	-	-
User charges	2,047	1,960
Fees	-	-
Interest	-	1
Grants and contributions provided for non capital purposes	-	-
Profit from the sale of assets	-	-
Other income	118	226
Total income from continuing operations	2,165	2,187
Expenses from continuing operations		
Employee benefits and on-costs	1,469	1,424
Borrowing costs	-	-
Materials and contracts	301	256
Depreciation and impairment	555	552
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	685	824
Total expenses from continuing operations	3,010	3,056
Surplus (deficit) from Continuing Operations before capital amounts	(845)	(869)
Grants and contributions provided for capital purposes	337	149
Surplus (deficit) from Continuing Operations after capital amounts	(508)	(720)
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	(508)	(720)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	(508)	(720)
plus Opening Retained Profits	5,744	6,464
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
add:		
- Subsidy Paid/Contribution To Operations	-	-
less:		
- TER dividend paid	-	-
- Dividend paid	-	-
Closing Retained Profits	5,236	5,744
Return on Capital %	-4.4%	-4.5%
Subsidy from Council	1,818	1,941

Hawkesbury City Council

Balance Sheet of Council's Sewerage Business Activity
as at 30 June 2009

\$ '000	Actual 2010	Actual 2009
ASSETS		
Current Assets		
Cash and cash equivalents	8,319	3,875
Receivables	210	193
Total Current Assets	8,529	4,068
Non-Current Assets		
Infrastructure, property, plant and equipment	77,071	61,792
Total non-Current Assets	77,071	61,792
TOTAL ASSETS	85,600	65,860
LIABILITIES		
Current Liabilities		
Payables	92	380
Interest bearing liabilities	4,000	-
Provisions	188	138
Total Current Liabilities	4,280	518
Non-Current Liabilities		
Provisions	22	22
Total Non-Current Liabilities	22	22
TOTAL LIABILITIES	4,302	540
NET ASSETS	81,298	65,320
EQUITY		
Retained earnings	42,890	32,907
Revaluation reserves	38,408	32,413
Council equity interest	81,298	65,320
Minority equity interest	-	-
TOTAL EQUITY	81,298	65,320

Hawkesbury City Council

Balance Sheet of Council's Other Business Activities
as at 30 June 2009

\$ '000	Hawkesbury Leisure Centre Category 1	
	Actual 2010	Actual 2009
ASSETS		
Current Assets		
Cash and cash equivalents	(883)	(682)
Receivables	41	40
Inventories	12	9
Other	-	8
Total Current Assets	(830)	(625)
Non-Current Assets		
Infrastructure, property, plant and equipment	19,088	19,347
Total Non-Current Assets	19,088	19,347
TOTAL ASSETS	18,258	18,722
LIABILITIES		
Current Liabilities		
Payables	750	706
Total Current Liabilities	750	706
Non-Current Liabilities		
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	750	706
NET ASSETS	17,508	18,016
EQUITY		
Retained earnings	-	5,236
Revaluation reserves	-	12,272
Council equity interest	-	17,508
Minority equity interest	-	-
TOTAL EQUITY	17,508	18,016

Hawkesbury City Council

Special Purpose Financial Statements for the financial year ended 30 June 2010

Contents of the Notes accompanying the Financial Statements

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3	Sewerage Business Best Practice Management disclosure requirements	11

Hawkesbury City Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2010

Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Division of Local Government.

For the purposes of these statements, the Council's business activities (reported herein) are not reporting entities.

These special purpose financial statements, unless otherwise stated, have been prepared in accordance with;

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Australian Accounting Interpretations,
- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis. They are based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the Division of Local Government in July 1997 has also been adopted.

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These

disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

Declared Business Activities

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

Category 1

(where gross operating turnover is over \$2 million)

a. Sewerage Service

Comprising the operations & net assets of Council's Sewerage Reticulation & Treatment Operations servicing the Hawkesbury City Council area.

b. Hawkesbury Leisure Centre

Comprising the operations & net assets of the Hawkesbury Leisure Centre which includes an aquatic centre as well as an indoor stadium.

The centre was managed during the year by the YMCA.

Category 2

(where gross operating turnover is less than \$2 million)

Nil

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 3 (Sewerage Best Practice Management Disclosures).

As required by the NSW Office of Water (Department of Environment, Climate Change and Water) some amounts shown in Note 3 disclosed in whole dollars.

Hawkesbury City Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2010

Note 1. Significant Accounting Policies (continued)

(i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all council nominated business activities (this does not include council's non-business activities):

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first **\$376,000** of combined land values attracts **0%**. From \$376,001 to \$2,299,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,299,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.65%** on the value of taxable salaries and wages in excess of \$638,000.

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Sewerage Business activities.

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a “Dividend for Taxation equivalent”, may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income Tax

An income tax equivalent has been applied on the profits of the business.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved.

Since this taxation equivalent is notional - that is, it is payable to the “Council” as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's GPFS.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

Local Government Rates & Charges

A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face “true” commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

Hawkesbury City Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2010

Note 1. Significant Accounting Policies (continued)

(ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed.

Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations.

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of Business Activities.

Local Government Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either (i) 50% of this surplus in any one year, or (ii) the number of water supply or sewerage assessments at 30 June 2010 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved its payment.

(iii) Return on Investments (Rate of Return)

The Policy statement requires that councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field".

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

Written Down Value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 5.10% at 30/6/10.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

(iv) Dividends

Council is not required to pay dividends to either itself as owner of a range of businesses or to any external entities.

Hawkesbury City Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2010Note 2. Sewerage Business
Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2010

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i) Calculated Tax Equivalents	20,000
(ii) No of assessments multiplied by \$3/assessment	23,133
(iii) Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	20,000
(iv) Amounts actually paid for Tax Equivalents	19,966

2. Dividend from Surplus

(i) 50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii) No. of assessments x (\$30 less tax equivalent charges per assessment)	211,330
(iii) Cumulative surplus before dividends for the 3 years to 30 June 2010, less the cumulative dividends paid for the 2 years to 30 June 2008	(2,886,000)

2010 Surplus	(1,103,000)	2009 Surplus	(802,000)	2008 Surplus	(981,000)
		2009 Dividend	-	2008 Dividend	-

(iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(v) Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

3. Required outcomes for 4 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i) Completion of Strategic Business Plan (including Financial Plan)	NO
(ii) Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	NO
Complying charges (a) Residential [Item 2(c) in Table 1]	NO
(b) Non Residential [Item 2(c) in Table 1]	NO
(c) Trade Waste [Item 2(d) in Table 1]	NO
DSP with Commercial Developer Charges [Item 2(e) in Table 1]	NO
Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	NO
(iii) Complete Performance Reporting Form (by 15 September each year)	NO
(iv) a. Integrated Water Cycle Management Evaluation	NO
b. Complete and implement Integrated Water Cycle Management Strategy	NO

Hawkesbury City Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2010Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2010

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)	\$'000	15,247
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	77,071
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	3,275
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	11,265
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	12.68%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

**National Water Initiative (NWI) Financial Performance Indicators
Water & Sewer (combined)**

NWI F3	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	15,252
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	0.23%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	11,265
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	12.68%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

Hawkesbury City Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2010Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2010

National Water Initiative (NWI) Financial Performance Indicators
Water & Sewer (combined)

NWI F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	<input type="text" value="-5.31%"/>
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): <input type="text" value="9,774"/> Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c) Net Interest: <input type="text" value="- 224"/> Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		<input ">="" 100"="" type="text" value=""/>
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	<input type="text" value="9,963"/>
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	<input type="text" value="35"/>

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
 - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

Hawkesbury City Council

SPECIAL SCHEDULES
for the year ended 30 June 2010

**Lifestyle, Environment, Access
and Opportunity @ Hawkesbury**



Hawkesbury City Council

Special Schedules

for the financial year ended 30 June 2010

Contents		Page
Special Schedules¹		
- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 3	Water Supply - Income Statement	NA
- Special Schedule No. 4	Water Supply - Balance Sheet	NA
- Special Schedule No. 5	Sewerage Service - Income Statement	5
- Special Schedule No. 6	Sewerage Service - Balance Sheet	9
- Notes to Special Schedules No. 3 & 5		10
- Special Schedule No. 7	Condition of Public Works	11
- Special Schedule No. 8	Financial Projections	14

¹ Special Purpose Schedules are not audited.

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water,
 - the Department of Environment, Climate Change and Water, and
 - the Division of Local Government (DLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

Hawkesbury City Council

Special Schedule No. 1 - Net Cost of Services
 for the financial year ended 30 June 2010

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Administration	3,552	3,181	-	(371)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	1,783	342	80	(1,361)
Beach Control	-	-	-	-
Enforcement of Local Govt Regs	533	484	-	(49)
Animal Control	687	478	-	(209)
Other	160	56	-	(104)
Total Public Order & Safety	3,163	1,360	80	(1,723)
Health	579	329	-	(250)
Community Services and Education				
Administration & Education	1,230	70	-	(1,160)
Total Community Services & Education	1,230	70	-	(1,160)
Housing and Community Amenities				
Town Planning	1,433	302	673	(458)
Other Community Amenities	10,672	13,725	-	3,053
Total Housing and Community Amenities	12,105	14,027	673	2,595
Sewerage Services	5,493	1,752	11,086	7,345

Hawkesbury City Council

Special Schedule No. 1 - Net Cost of Services (continued)
for the financial year ended 30 June 2010

Function or Activity	Expenses from continuing operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	2,605	119	50	(2,436)
Museums	435	81	-	(354)
Art Galleries	766	59	-	(707)
Community Centres and Halls	2,728	98	285	(2,345)
Swimming Pools	2,164	1,723	442	1
Parks & Gardens (Lakes)	6,024	430	337	(5,257)
Other Sport and Recreation	1,614	298	-	(1,316)
Total Recreation and Culture	16,336	2,808	1,114	(12,414)
Fuel & Energy	463	568	-	105
Mining, Manufacturing and Construction				
Building Control	781	453	-	(328)
Total Mining, Manufacturing and Const.	781	453	-	(328)
Transport and Communication				
Urban Roads (UR) - Local	7,621	-	3,782	(3,839)
Bridges on Regional Roads	-	-	4,500	4,500
Parking Areas	199	-	-	(199)
Other Transport & Communication	4,231	-	-	(4,231)
Total Transport and Communication	12,051	-	8,282	(3,769)
Economic Affairs				
Camping Areas & Caravan Parks	201	6	8	(187)
Other Economic Affairs	1,176	2,130	-	954
Total Economic Affairs	1,377	2,136	8	767
Totals – Functions	57,130	26,684	21,243	(9,203)
General Purpose Revenues⁽¹⁾		29,547	-	29,547
Share of interests - joint ventures & associates using the equity method	-	377	-	377
NET OPERATING RESULT FOR YEAR	57,130	56,608	21,243	20,721

(1) Includes: Rates & Annual Charges (incl. Ex Gratia), Untied General Purpose Grants & Interest on Investments (excl. Restricted Assets)

Hawkesbury City Council

Special Schedule No. 5 - Sewerage Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2010

\$'000	Actuals 2010	Actuals 2009
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	800	740
b. Engineering and Supervision	648	626
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	110	97
b. Maintenance expenses	210	193
- Pumping Stations		
c. Operation expenses (excluding energy costs)	-	-
d. Energy costs	-	-
e. Maintenance expenses	314	260
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	924	981
g. Chemical costs	-	-
h. Energy costs	-	-
i. Effluent Management	244	289
j. Biosolids Management	-	-
k. Maintenance expenses	20	20
- Other		
l. Operation expenses	5	6
m. Maintenance expenses	-	-
3. Depreciation expenses		
a. System assets	2,167	1,968
b. Plant and equipment	31	26
4. Miscellaneous expenses		
a. Interest expenses	-	4
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Tax Equivalent Dividends (actually paid)	20	17
5. Total expenses	5,493	5,227

Hawkesbury City Council

Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2010

\$'000	Actuals 2010	Actuals 2009
Income		
6. Residential charges (including rates)	2,868	2,741
7. Non-residential charges		
a. Access (including rates)	20	18
b. Usage charges	692	678
8. Trade Waste Charges		
a. Annual Fees	235	357
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	17	19
10. Interest income	224	32
11. Other income	291	254
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	35	35
c. Other grants	-	-
13. Contributions		
a. Developer charges	-	61
b. Developer provided assets	10,387	943
c. Other contributions	702	114
14. Total income	<u>15,471</u>	<u>5,252</u>
15. Gain or loss on disposal of assets	5	180
16. Operating Result	<u>9,983</u>	<u>205</u>
16a. Operating Result (less grants for acquisition of assets)	9,983	205

Hawkesbury City Council

Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2010

\$'000	Actuals 2010	Actuals 2009
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. Subsidised scheme	-	-
b. Other new system assets	-	-
c. Renewals	11,265	1,131
d. Plant and equipment	-	-
18. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	<u>11,265</u>	<u>1,131</u>
Non-operating funds employed		
21. Proceeds from disposal of assets	21	306
22. Borrowing utilised		
a. Loans	4,000	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	<u>4,021</u>	<u>306</u>
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	6,718	6,720
b. Residential (unoccupied, ie. vacant lot)	128	50
c. Non-residential (occupied)	801	844
d. Non-residential (unoccupied, ie. vacant lot)	64	65
26. Number of ETs for which developer charges were received	40 ET	40 ET
27. Total amount of pensioner rebates (actual dollars)	\$ 128,545	\$ 154,863

Hawkesbury City Council

Special Schedule No. 5 - Sewerage Cross Subsidies for the financial year ended 30 June 2010

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/>	<input type="checkbox"/> NO	
If Yes, go to 29a. If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/> YES	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/> NO	
b. Total cross-subsidy in sewerage developer charges for 2009/10 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<input type="text"/> -
<p>* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.</p> <p>However, disclosure of cross-subsidies is not required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.</p>			

Hawkesbury City Council

Special Schedule No. 6 - Sewerage Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2010

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	4,614	4,614
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	3,705	-	3,705
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and charges	184	-	184
c. Other	26	-	26
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	77,071	-	77,071
b. Plant and equipment	-	-	-
35. Other assets	-	-	-
36. Total Assets	<u>80,986</u>	<u>4,614</u>	<u>85,600</u>
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	92	-	92
39. Borrowings			
a. Loans	4,000	-	4,000
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	188	22	210
41. Total Liabilities	<u>4,280</u>	<u>22</u>	<u>4,302</u>
42. NET ASSETS COMMITTED	<u>76,706</u>	<u>4,592</u>	<u>81,298</u>
EQUITY			
42. Accumulated surplus			41,671
44. Asset revaluation reserve			39,627
45. TOTAL EQUITY			<u>81,298</u>
Note to system assets:			
46. Current replacement cost of system assets			140,035
47. Accumulated current cost depreciation of system assets			(62,964)
48. Written down current cost of system assets			<u>77,071</u>

Hawkesbury City Council

Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2010

Administration ⁽¹⁾

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Meter reading.
- Bad and doubtful debts.
- Other administrative/corporate support services.

Engineering and supervision ⁽¹⁾

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Other technical and supervision staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.

Operational expenses (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

Other income (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

Other contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) include capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

⁽²⁾ To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

Hawkesbury City Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2010

\$'000	Actual ⁽¹⁾ 09/10	Forecast 10/11	Forecast 11/12	Forecast ⁽³⁾ 12/13	Forecast ⁽³⁾ 13/14
(i) RECURRENT BUDGET					
Income from continuing operations	77,851	54,506	59,092	60,878	63,573
Expenses from continuing operations	57,130	64,681	66,387	71,119	71,616
Operating Result from Continuing Operations	<u>20,721</u>	<u>(10,175)</u>	<u>(7,295)</u>	<u>(10,241)</u>	<u>(8,043)</u>
(ii) CAPITAL BUDGET					
Capital New, Replacement/Refurbish of Existing Asset:	30,578	22,268	11,561	8,368	11,592
Total Capital Budget	<u>30,578</u>	<u>22,268</u>	<u>11,561</u>	<u>8,368</u>	<u>11,592</u>
Funded by:					
– Loans	4,000				
– Asset sales					
– Reserves	579	3,366	877	671	2,725
– Grants/Contributions	21,244	8,863	2,158	1,475	1,607
– Recurrent revenue					
– Other	4,755	10,039	8,526	6,222	7,260
	<u>30,578</u>	<u>22,268</u>	<u>11,561</u>	<u>8,368</u>	<u>11,592</u>

Notes:

(1) From 09/10 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

(3) If Council has only adopted 3 years of projections then only show 3 years.