



Hawkesbury City Council



general purpose
and
special purpose
financial reports
and
special schedules
for the period ended
30th june 2007

Hawkesbury City Council

GENERAL PURPOSE FINANCIAL REPORT
for the year ended 30 June 2007

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



Hawkesbury City Council

General Purpose Financial Report for the financial year ended 30 June 2007

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Overview

- (i) This Financial Report covers 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 nature of Council's operations and its principal activities are provided in Note 2(b).

- (iii) All figures presented in this Financial Report represent Australian Currency.
 - (iv) This Financial Report was authorised for issue by the Council on 19 October 2007.
Council has the power to amend and reissue the financial report.
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HAWKESBURY CITY COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2007

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

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

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

To the best of our knowledge and belief, these reports

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

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 11 September 2007




Councillor Rex Stubbs, Mayor



Councillor Bart Bassett, Deputy Mayor



Peter Jackson, Acting General Manager



Rob Stalley, Responsible Accounting Officer

Hawkesbury City Council

Income Statement

for the financial year ended 30 June 2007

| Budget ⁽¹⁾ | | | Actual | Actual |
|-----------------------|---|-------|---------------|---------------|
| 2007 | \$ '000 | Notes | 2007 | 2006 |
| | Income from Continuing Operations | | | |
| | Revenue: | | | |
| 32,395 | Rates & Annual Charges | 3a | 32,345 | 31,040 |
| 5,399 | User Charges & Fees | 3b | 6,352 | 6,490 |
| 1,313 | Interest & Investment Revenue | 3c | 2,032 | 1,462 |
| 2,407 | Other Revenues | 3d | 2,726 | 1,461 |
| 8,457 | Grants & Contributions provided for Operating Purposes | 3e,f | 8,595 | 10,091 |
| 1,974 | Grants & Contributions provided for Capital Purposes | 3e,f | 2,681 | 1,429 |
| | Other Income: | | | |
| | Net gains from the disposal of assets | 5 | 511 | - |
| | Share of interests in Joint Ventures & Associated Entities using the Equity Method | 19 | 691 | - |
| 51,945 | Total Income from Continuing Operations | | 55,933 | 51,973 |
| | Expenses from Continuing Operations | | | |
| 14,408 | Employee Benefits & on-costs | 4a | 19,314 | 19,383 |
| 2 | Borrowing Costs | 4b | 212 | 201 |
| 21,257 | Materials & Contracts | 4c | 15,896 | 14,367 |
| 7,447 | Depreciation & Amortisation | 4d | 7,018 | 7,739 |
| 7,454 | Other Expenses | 4e | 7,916 | 7,683 |
| | Net Losses from the Disposal of Assets | 5 | - | 262 |
| 50,568 | Total Expenses from Continuing Operations | | 50,356 | 49,635 |
| 1,377 | Net Operating Result for the Year | | 5,577 | 2,338 |
| | Net Operating Result for the year before Gants and Contributions provided for Capital Purposes | | | |
| (597) | | | 2,896 | 909 |

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

Hawkesbury City Council

Balance Sheet

as at 30 June 2007

| \$ '000 | Notes | Actual 2007 | Actual 2006 |
|---|-------|----------------|----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash & Cash Equivalents | 6a | 4,147 | 3,736 |
| Investments | 6b | 30,084 | 22,304 |
| Receivables | 7 | 3,847 | 3,632 |
| Inventories | 8 | 313 | 336 |
| Other | 8 | 47 | 132 |
| Total Current Assets | | 38,438 | 30,140 |
| Non-Current Assets | | | |
| Receivables | 7 | 509 | 144 |
| Infrastructure, Property, Plant & Equipment | 9 | 319,361 | 331,198 |
| Investments Accounted for using the equity method | 19 | 691 | - |
| Investment Property | 14 | 29,268 | 18,116 |
| Total Non-Current Assets | | 349,829 | 349,458 |
| TOTAL ASSETS | | 388,267 | 379,598 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 10 | 4,722 | 2,539 |
| Interest Bearing Liabilities | 10 | 6 | 5 |
| Provisions - anticipated as being payable within the next 12 months | 10 | 2,092 | 1,501 |
| Provisions - anticipated as being payable after the next 12 months | 10 | 3,783 | 3,925 |
| Total Current Liabilities | | 10,603 | 7,970 |
| Non-Current Liabilities | | | |
| Interest Bearing Liabilities | 10 | 56 | 62 |
| Provisions | 10 | 4,777 | 4,728 |
| Total Non-Current Liabilities | | 4,833 | 4,790 |
| TOTAL LIABILITIES | | 15,436 | 12,760 |
| Net Assets | | 372,831 | 366,838 |
| EQUITY | | | |
| Retained Earnings | 20 | 350,816 | 125,810 |
| Revaluation Reserves | 20 | 22,015 | 241,028 |
| Council Equity Interest | | 372,831 | 366,838 |
| Total Equity | | 372,831 | 366,838 |

Hawkesbury City Council

Statement of Changes in Equity for the financial year ended 30 June 2007

| \$ '000 | Notes | Retained Earnings | Reserves (Refer 20b) | Council Equity Interest | Minority Interest | Total Equity |
|---|----------|-------------------|----------------------|-------------------------|-------------------|-----------------|
| 2007 | | | | | | |
| Opening Balance (as per Last Years Audited Accounts) | | 125,810 | 241,028 | 366,838 | - | 366,838 |
| a. Correction of Prior Period Errors | 20 (c) | - | - | - | - | - |
| b. Changes in Accounting Policies (prior year effects) | 20 (e) | - | - | - | - | - |
| Revised Opening Balance (as at 1/7/06) | | 125,810 | 241,028 | 366,838 | - | 366,838 |
| c. Current Year Income & Expenses Recognised direct to Equity | | | | | | |
| - Transfers to/(from) Asset Revaluation Reserve | 20b (ii) | | 22,015 | 22,015 | | 22,015 |
| - Transfers to/(from) Other Reserves | 20b (ii) | | - | - | | - |
| - Other Income/Expenses recognised | 20b (ii) | | - | - | | - |
| - Other Adjustments | 20b (ii) | (21,599) | | (21,599) | | (21,599) |
| Net Income Recognised Directly in Equity | | (21,599) | 22,015 | 416 | - | 416 |
| d. Net Operating Result for the Year | | 5,577 | | 5,577 | - | 5,577 |
| Total Recognised Income & Expenses (c&d) | | (16,022) | 22,015 | 5,993 | - | 5,993 |
| e. Distributions to/(Contributions from) Minority Interests | | | | - | - | - |
| f. Transfers between Equity | | 241,028 | (241,028) | - | | - |
| Equity - End of Reporting Period Balance | | 350,816 | 22,015 | 372,831 | - | 372,831 |

| \$ '000 | Notes | Retained Earnings | Reserves (Refer 20b) | Council Equity Interest | Minority Interest | Total Equity |
|---|----------|-------------------|----------------------|-------------------------|-------------------|----------------|
| 2006 | | | | | | |
| Opening Balance (as per Last Years Audited Accounts) | | 123,472 | 241,028 | 364,500 | | 364,500 |
| a. Adjustments on adoption of AASB 132 and AASB139 as at (1/7/05) | | | | - | | - |
| b. Correction of Prior Period Errors | 20 (d) | - | - | - | | - |
| c. Changes in Accounting Policies (prior year effects) | 20 (e) | - | - | - | | - |
| Revised Opening Balance (as at 1/7/05) | | 123,472 | 241,028 | 364,500 | - | 364,500 |
| d. Current Year Income & Expenses Recognised direct to Equity | | | | | | |
| - Transfers to/(from) Asset Revaluation Reserve | 20b (ii) | | | - | | - |
| - Transfers to/(from) Other Reserves | 20b (ii) | | | - | | - |
| - Other Income/Expenses recognised | 20b (ii) | | | - | | - |
| - Other Adjustments | 20b (ii) | | | - | | - |
| Net Income Recognised Directly in Equity | | - | - | - | - | - |
| e. Net Operating Result for the Year | | 2,338 | | 2,338 | - | 2,338 |
| Total Recognised Income & Expenses (c&d) | | 2,338 | - | 2,338 | - | 2,338 |
| f. Distributions to/(Contributions from) Minority Interests | | | | - | | - |
| g. Transfers between Equity | | | | - | | - |
| Equity - End of the Reporting Period Balance | | 125,810 | 241,028 | 366,838 | - | 366,838 |

Hawkesbury City Council

Cash Flow Statement

for the financial year ended 30 June 2007

| Budget 2007 | \$ '000 | Notes | Actual 2007 | Actual 2006 |
|---|---|-------|-----------------|-----------------|
| Cash Flows from Operating Activities | | | | |
| Receipts: | | | | |
| 32,395 | Rates & Annual Charges | | 32,051 | 30,737 |
| 5,399 | User Charges & Fees | | 6,201 | 6,947 |
| 1,313 | Interest & Interest Received | | 254 | 1,235 |
| 10,431 | Grants & Contributions | | 11,880 | 11,880 |
| 2,407 | Other | | 4,885 | 4,319 |
| Payments: | | | | |
| (14,408) | Employee Benefits & On-costs | | (19,044) | (19,271) |
| (21,257) | Materials & Contracts | | (15,154) | (20,070) |
| (2) | Borrowing Costs | | (4) | (32) |
| (7,454) | Other | | (9,038) | (5,007) |
| 8,824 | Net Cash provided (or used in) Operating Activities | 11b | 12,031 | 10,738 |
| Cash Flows from Investing Activities | | | | |
| Receipts: | | | | |
| 450 | Sale of Investments | | 7,630 | - |
| - | Sale of Investment Property | | 878 | - |
| 710 | Sale of Infrastructure, Property, Plant & Equipment | | 1,651 | 2,229 |
| - | Deferred Debtors Receipts | | 49 | 49 |
| Payments: | | | | |
| - | Purchase of Investments | | (13,700) | (5,884) |
| - | Purchase of Investment Property | | - | - |
| (7,407) | Purchase of Infrastructure, Property, Plant & Equip. | | (8,094) | (7,129) |
| (6,247) | Net Cash provided (or used in) Investing Activities | | (11,586) | (10,735) |
| Cash Flows from Financing Activities | | | | |
| Receipts: | | | | |
| - | Other Financing Activity Receipts | | (29) | 49 |
| Payments: | | | | |
| (65) | Repayment of Borrowings & Advances | | (5) | (5) |
| (65) | Net Cash Flow provided (used in) Financing Activities | | (34) | 44 |
| 2,512 | Net Increase/(Decrease) in Cash & Cash Equivalents | | 411 | 47 |
| 3,736 | plus: Cash & Cash Equivalents - beginning of year | 11a | 3,736 | 3,689 |
| 6,248 | Cash & Cash Equivalents - end of the year | 11a | 4,147 | 3,736 |

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

General Purpose Financial Report

for the financial year ended 30 June 2007

Contents of the Notes accompanying the Financial Statements

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Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 1. Summary of Significant Accounting Policies

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

Under Australian Equivalents to International Financial Reporting Standards (AIFRS), 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 reports.

(a) Basis of preparation

(i) Background

This financial report is a general purpose financial report that has been prepared in accordance with;

- applicable Australian equivalents to International Financial Reporting Standards (AIFRSs),
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Urgent Issues Group Interpretations,
- the Local Government Act (1993) and Regulations and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

Australian Accounting Standards (AASB's) include Australian equivalents to International Financial Reporting Standards (IFRS's).

Because AASB's are sector neutral, some standards either (i) 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 (ii) 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) IAS 116 (IAS 16) regarding accounting for the Revaluation of Assets.

Accordingly in preparing this Financial Report and Accompanying Notes, Council has been unable to comply fully with International Accounting Standards, but 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) Application of AAS 27

Council is required to comply with AAS 27 – "Financial Reporting by Local Government", and where AAS 27 conflicts with AIFRS, the requirements of AAS 27 have been applied.

Where AAS 27 makes reference to another Australian accounting standard, the new Australian IFRS equivalent standards will apply and in particular any specific "not for profit" reporting requirements.

(iv) Basis of Accounting

These financial statements have been prepared on an **historical cost basis** 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.

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 1. Summary of Significant Accounting Policies (continued)

(v) 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 reports.

(vi) Critical Accounting Estimates

The preparation of this financial report (and financial statements) in conformity with AIFRS requires the use of certain critical accounting estimates.

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

(b) Revenue recognition

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

Revenue is measured on major income categories as follows:

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 doubtful debts on rates has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

Income from Contributions is recognised when the Council either obtains control of the contribution or

the right to receive it, and (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 contributions required from developers under the provisions of S94 of the EPA Act 1991.

Whilst Council generally incorporates these amounts as part of A Development Consents Orders, 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 or 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 doubtful debt is recognised when collection in full is no longer probable.

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.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 1. Summary of Significant Accounting Policies (continued)

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 Reports incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30/6/07) and **(ii)** all the related operating results (for the financial year ended the 30th June 2007).

The Financial Reports 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 Fund
- Hawkesbury Leisure Centre

- Hawkesbury Sports Council Incorporated

Due to their immaterial value and nature, the following Committees & Operations have been excluded from Consolidation:

- Bilpin Hall
- Ham Street Hall
- Blaxlands Ridge Community Centre
- McMahon Park
- Elizabeth Street Pre-school
- Wilberforce Pre-school
- Greenhills Child Care Centre
- Golden Valley Learning Centre
- Hobartville Long Day Pre-school
- Wilberforce Early Learning Centre
- McGraths Hill Children's Centre
- Richmond Pre-school
- Windsor Pre-school
- Wilberforce Pre-school
- Bligh Park Children's Centre
- Hawkesbury Early Intervention Centre
- Bligh Park Community Services
- Glossodia Community Centre
- North Richmond Community Centre
- St Albans School of Arts
- Maraylya Hall
- Wilberforce School of Arts
- Bowman Cottage
- Horrie Eley Hall
- Yarramundi Community Centre
- McGraths Hill Community Garage
- Peppercorn Place
- Bowen Mountain Park
- St Albans Sport and Recreation
- Pitt Town Cemetery
- St Albans Cemetery
- Lower Portland Cemetery
- Peppercorn Services

The **(i)** total income and expenditure from continuing operations and **(ii)** the net assets held by these excluded Committees & Operations is as follows:

| | |
|--|--------|
| Total income | |
| from continuing operations | \$539k |
| Total expenditure | |
| from continuing operations | \$612k |
| Total net assets held (ie Equity) | \$165k |

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 1. Summary of Significant Accounting Policies (continued)

Note:

Where actual figures are not known, best estimates have been applied.

(ii) The Trust Fund

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

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

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

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

(iii) Joint Venture Entities

Jointly Controlled Assets

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

Jointly Controlled Entities

The interest in a Joint Venture Partnership is accounted for using the equity method and is carried at cost.

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

Details relating to such Entities and Partnerships (where applicable) are set out in Note 19.

(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 "significantly 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.

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, with 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 Reports.

(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 Finance or Operating Leases.

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 other long term payables.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 1. Summary of Significant Accounting Policies (continued)

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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.

(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.

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 are financial assets held for trading.

A financial asset is classified in this category if 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 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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 1. Summary of Significant Accounting Policies (continued)

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.

This classification principally comprises marketable equity securities.

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.

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.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

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

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

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

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

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 1. Summary of Significant Accounting Policies (continued)

(iii) Types of Investments

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

(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.

Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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

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

(h) Receivables

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

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 that are known to be uncollectible are written off in accordance with Councils policy.

A provision for doubtful receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of 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.

(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.

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.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 1. Summary of Significant Accounting Policies (continued)

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

Acquisition of assets

All infrastructure, property, plant and equipment assets under Council's control are stated at cost (or deemed cost) less accumulated depreciation and any accumulated impairment losses, with the exception of:

- **Investment Properties** which are valued at Fair Value – refer Note 1(k), and
- **Water and Sewerage Networks** which are carried at Fair Value (generally based upon Depreciated Replacement Cost).

Council's assets will be progressively revalued to fair value in accordance with a staged implementation as advised by the Department of Local Government:

- **2006/07:** Water and Sewerage
- **2007/08:** Property, plant and equipment, land, & buildings
- **2008/09:** Roads, bridges, footpaths and drainage

Initial Recognition

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

Where settlement of any part of an assets cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition 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 report 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 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

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 recognising profit or loss, the increase is first recognised in profit or loss.
- Decreases that reverse previous increases of the same asset are first charged against

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 1. Summary of Significant Accounting Policies (continued)

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.

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 | 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 |
|------------------|-----------|

Water & 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 |

Depreciation

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

Land is not depreciated.

The range of estimated useful lives for Councils assets include:

Plant & Equipment

| | |
|----------------------------------|----------------|
| - Office Equipment | 5 to 10 years |
| - Office furniture | 10 to 20 years |
| - Computer Equipment | 4 years |
| - 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 |
|-------------|-----------------|

Stormwater Drainage

| | |
|------------|-----------------|
| - Drains | 80 to 100 years |
| - Culverts | 50 to 80 years |

Transportation Assets

| | |
|--------------------------|-----------|
| - Sealed Roads : Surface | 20 years |
| - Unsealed roads | 20 years |
| - Bridge : Concrete | 100 years |
| - Bridge : Other | 50 years |
| - Road Pavements | 60 years |
| - Kerb, Gutter & Paths | 40 years |

Water & Sewer Assets

| | |
|------------------------------|----------------|
| - Reticulation pipes : PVC | 80 years |
| - Reticulation pipes : Other | 25 to 75 years |
| - Pumps and telemetry | 15 to 20 years |

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 1. Summary of Significant Accounting Policies (continued)

Other Infrastructure Assets

| | |
|-------------------|----------|
| - Bulk earthworks | Infinite |
|-------------------|----------|

All asset residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

(l) 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.

A working party of interested representatives from both State and Local Government is being formed to consider the accounting issues related to the Crown Reserves, with the intention of developing a consistent approach to their recognition and future accounting treatment across both tiers of government.

(m) Rural Fire Service assets

Under section 119 of the Rural Fire Services 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 they have been doing in previous years, which is to incorporate the assets, their values and depreciation charges within these Financial Reports.

(n) Investment property

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 1. Summary of Significant Accounting Policies (continued)

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

Annual changes in the fair value of Investment Properties are recorded in the Income Statement.

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

(o) Land

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

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

(p) Land under roads

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

These deferral arrangements cease to apply as of 30 June 2008.

(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.

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 discount is shown as a borrowing cost.

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 1. Summary of Significant Accounting Policies (continued)

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 Councils provisions relating to Close Down, Restoration and Remediation costs can be found at Note 21.

(r) Non-current assets held for sale

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

The exception to this is plant and motor vehicles that 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 classified as "Non Current Assets Held for Sale", an impairment loss is recognised where the assets carrying value is greater than its fair value less costs to sell.

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

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

(s) Impairment of assets

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.

Assets that have an indefinite useful life are not subject to amortisation and 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 that 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 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.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 1. Summary of Significant Accounting Policies (continued)

(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.

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

(w) Provisions

Provisions for legal claims and service warranties 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.

(x) Employee benefits

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

Liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave, are recognised in the provision for employee benefits in respect of employees' services up to the reporting date.

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

Calculations therefore incorporate (where the leave is expected to be paid more than 12 months after

the reporting date) the use of discounted cash flows.

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) Long service leave

The liability for long service leave is recognised in the provision for employee benefits in respect of services provided by employees up to the reporting date.

Long Service Leave is 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.

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 1. Summary of Significant Accounting Policies (continued)

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 that 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.

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

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, Councils contributions to the scheme have been recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a).

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 19th June 2007 and covers the period ended 30 June 2006.

This valuation found that the Schemes assets were \$3,291.1 million and it's past service liabilities were \$2,980.3 million, giving it a Surplus of \$310.8 million.

The existence of this surplus has resulted in Councils contributing during the 07/07 year at half the normal level of contributions.

The financial position of the Scheme is monitored annually.

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.

(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 Note 10.

Council also maintains cash and investments to meet expected future claims and these are detailed in Note 6(c).

(z) Allocation between current and non-current

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 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.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 1. Summary of Significant Accounting Policies (continued)

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

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 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 Statement of Cash Flows 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.

Accordingly, the GST component of investing and financing activity cash flows that 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 taxation authority.

(ab) New accounting standards and UIG interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2007 reporting periods. Council's assessment of the impact of these new standards and interpretations is set out below.

- (i) **AASB 7:** Financial Instruments: Disclosures, and
- (ii) **AASB 2005-10:** Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007.

Council has not adopted the standards early.

Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Council's financial instruments.

(ac) Rounding of amounts

Unless otherwise indicated, amounts in the financial report 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 this Financial Report and/or the Notes.

(ae) Disclaimer

Nothing contained within this report 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 2007

Note 2(a). Functions

| Functions/Activities | Income, Expenses and Assets have been directly attributed to the following Functions/Activities. Details of these Functions/Activities are provided at 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 2007 | Actual 2007 | Actual 2006 | Original Budget 2007 | Actual 2007 | Actual 2006 | Original Budget 2007 | Actual 2007 | Actual 2006 | Actual 2007 | Actual 2006 | Actual 2007 | Actual 2006 |
| | | | | | | | | | | | | | |
| Governance | - | - | | 640 | 629 | | (640) | (629) | - | - | - | - | - |
| Administration | 3,757 | 1,136 | 5,731 | 5,264 | 5,440 | 5,808 | (1,507) | (4,304) | (77) | - | - | 55,430 | 54,965 |
| Public Order & Safety | 631 | 1,094 | 979 | 2,971 | 2,790 | 3,109 | (2,340) | (1,696) | (2,130) | 5 | 193 | 2,406 | 2,386 |
| Health | 161 | 221 | 190 | 505 | 484 | 487 | (344) | (263) | (297) | - | - | 157 | 156 |
| Community Services & Education | 1,686 | 2,331 | 2,125 | 2,137 | 2,289 | 2,364 | (451) | 42 | (239) | 2,067 | 1,443 | 6,221 | 6,169 |
| Housing & Community Amenities | 12,894 | 12,020 | 11,203 | 13,022 | 12,564 | 11,609 | (128) | (544) | (406) | 222 | 242 | 3,075 | 3,049 |
| Sewerage Services | 4,198 | 3,734 | 4,114 | 3,994 | 3,841 | 3,680 | 204 | (107) | 434 | 35 | 33 | 55,987 | 50,789 |
| Recreation & Culture | 457 | 3,128 | 3,767 | 7,583 | 10,596 | 10,665 | (7,126) | (7,468) | (6,898) | 968 | 598 | 65,336 | 64,788 |
| Mining, Manufacturing & Construction | 562 | 478 | 562 | 843 | 863 | 910 | (281) | (385) | (348) | - | 65 | 250 | 248 |
| Transport & Communication | 4,346 | 2,655 | 5,658 | 11,929 | 8,566 | 9,472 | (7,583) | (5,911) | (3,814) | 2,445 | 2,888 | 168,315 | 166,904 |
| Economic Affairs | 1,711 | 2,779 | 603 | 1,680 | 2,294 | 1,531 | 31 | 485 | (928) | 24 | 27 | 30,399 | 30,144 |
| Total Functions & Activities | 30,403 | 29,576 | 34,932 | 50,568 | 50,356 | 49,635 | (20,165) | (20,780) | (14,703) | 5,766 | 5,489 | 387,576 | 379,598 |
| Share of Gains in Associates & Joint Ventures (using the Equity Method) | - | 691 | | - | - | - | - | 691 | - | - | - | 691 | - |
| General Purpose Income ¹ | 21,542 | 25,666 | 17,041 | - | - | - | 21,542 | 25,666 | 17,041 | 4,499 | 4,494 | - | - |
| Operating Result from Continuing Operations | 51,945 | 55,933 | 51,973 | 50,568 | 50,356 | 49,635 | 1,377 | 5,577 | 2,338 | 10,265 | 9,983 | 388,267 | 379,598 |

1. Includes: Rates & Annual Charges, Non-Capital General Purpose Grants & Unrestricted Investment Income.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 2(b). Components of Functions

The activities relating to the Council's functions reported on 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.

PUBLIC ORDER & SAFETY

Fire protection, animal 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.

SEWERAGE SERVICES

Sewerage reticulation and treatment system.

RECREATION & CULTURE

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

MINING, MANUFACTURING & CONSTRUCTION

Building control and other.

TRANSPORT & COMMUNICATION

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, 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, markets, real estate development, other business undertakings.

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2007

Note 3. Income from Continuing Operations

| | Actual 2007 | Actual 2006 |
|---|----------------------|----------------------|
| \$ '000 | | |
| (a). Rates & Annual Charges | | |
| Ordinary Rates | | |
| Residential | 17,389 | 16,590 |
| Farmland | 950 | 975 |
| Business | 1,675 | 1,684 |
| Total Ordinary Rates | 20,014 | 19,249 |
| Special Rates | | |
| Environmental Stormwater | 1,014 | 977 |
| Total Special Rates | 1,014 | 977 |
| Annual Charges (pursuant to s.496 & s.501) | | |
| Domestic Waste Management Services | 5,131 | 4,846 |
| Sewerage Services | 3,163 | 3,006 |
| Sullage | 2,570 | 2,535 |
| Waste Management Services (non-domestic) | 453 | 427 |
| Total Annual Charges | 11,317 | 10,814 |
| <u>TOTAL RATES & ANNUAL CHARGES</u> | <u>32,345</u> | <u>31,040</u> |

Council has used 2005 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 2007

Note 3. Income from Continuing Operations (continued)

| | Actual 2007 | Actual 2006 |
|--|---------------------|---------------------|
| \$ '000 | | |
| (b). User Charges & Fees | | |
| Specific User Charges | | |
| Domestic Waste Management Services | 5 | - |
| Sewerage Services | 467 | 358 |
| Total User Charges | 472 | 358 |
| Other User Charges & Fees | | |
| (i) Fees & Charges - Statutory & Regulatory Functions | | |
| Planning & Building Regulation | 903 | 1,657 |
| Private Works - Section 67 | - | 530 |
| Regulatory/ Statutory Fees | 203 | - |
| Section 149 Certificates (EPA Act) | 169 | 179 |
| Section 603 Certificates | 66 | 64 |
| Section 611 Charges | 13 | 13 |
| Other | 170 | - |
| Total Fees & Charges - Statutory/Regulatory | 1,524 | 2,443 |
| (ii) Fees & Charges - Other (incl. General User Charges) | | |
| Caravan Park | 6 | 3 |
| Cemeteries | 108 | 108 |
| Child Care | 141 | 83 |
| Dog Pound | 421 | 359 |
| Leaseback Fees - Vehicles | 139 | 131 |
| Library Charges | 35 | 36 |
| Park Rents | 12 | 8 |
| Recycling Income (Non Domestic) | 332 | 332 |
| Restoration Charges | 57 | 48 |
| Swimming Centre / Sports Stadium | 2,119 | 1,823 |
| Vehicle Inspections Fees | 15 | 17 |
| Waste Management Facility | 839 | 573 |
| Other | 132 | 168 |
| Total Fees & Charges - Other | 4,356 | 3,689 |
| <u>TOTAL USER CHARGES & FEES</u> | <u>6,352</u> | <u>6,490</u> |

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 3. Income from Continuing Operations (continued)

| \$ '000 | Notes | Actual 2007 | Actual 2006 |
|---|-------|---------------------|---------------------|
| (c). Interest & Investment Revenue | | | |
| Interest on Overdue Rates & Charges | | 133 | 113 |
| Interest earned on Investments | | 184 | 365 |
| Fair Value Annual Movements in Investments | | 1,710 | 984 |
| Other | | 5 | - |
| <u>TOTAL INTEREST & INVESTMENT REVENUE</u> | | <u>2,032</u> | <u>1,462</u> |
| Interest Revenue is attributable to: | | | |
| Unrestricted Investments/Financial Assets: | | | |
| Overdue Rates & Annual Charges | | 133 | 113 |
| General Council Investments | | 777 | 367 |
| Restricted Investments/Funds - External: | | | |
| Development Contributions | | | |
| - Section 94 | | 284 | 261 |
| Sewerage Fund Operations | | 101 | |
| Other Externally Restricted Assets | | 361 | 92 |
| Restricted Investments/Funds - Internal: | | | |
| Internal Restricted Assets | | 376 | 629 |
| Total Interest & Investment Revenue Recognised | | <u>2,032</u> | <u>1,462</u> |
| (d). Other Revenues | | | |
| Fair Value Adjustments - Investment Properties | 14 | (188) | (725) |
| Rental Income - Investment Properties | 14 | 1,818 | 1,344 |
| Rental Income - Other Council Properties | | 179 | 213 |
| Fines | | 45 | 36 |
| Parking Fines | | 246 | 287 |
| Legal Fees Recovery - Rates (Extra Charges) | | 58 | 53 |
| GST Fuel Rebates | | 48 | 46 |
| Other | | 520 | 207 |
| <u>TOTAL OTHER REVENUE</u> | | <u>2,726</u> | <u>1,461</u> |

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 3. Income from Continuing Operations (continued)

| \$ '000 | 2007 Operating | 2006 Operating | 2007 Capital | 2006 Capital |
|---|-------------------|-------------------|-----------------|-----------------|
| (e). Grants | | | | |
| General Purpose (Untied) | | | | |
| Financial Assistance - General Component | 2,953 | 2,996 | - | - |
| Financial Assistance - Local Roads Component | 1,275 | 1,233 | - | - |
| Pensioners' Rates Subsidies - General Component | 271 | 265 | - | - |
| Total General Purpose | 4,499 | 4,494 | - | - |
| Specific Purpose | | | | |
| Pensioners' Rates Subsidies: | | | | |
| - Sewerage | 35 | 33 | - | - |
| - Domestic Waste Management | 86 | 86 | - | - |
| Agriculture & Forestry | - | - | - | 65 |
| Bushfire & Emergency Services | 5 | - | - | - |
| Child Care | 1,074 | - | - | - |
| Community Care | 30 | - | - | - |
| Community Services & Education | 857 | 1,426 | - | 17 |
| Employment & Training Programs | 24 | - | - | - |
| Economic Affairs | - | 27 | - | - |
| Environmental Protection | 20 | - | 116 | - |
| Housing & Community | - | 156 | 106 | - |
| Library | 129 | - | 63 | - |
| Public Order & Safety | - | 65 | - | 50 |
| Recreation & Culture | 43 | 236 | 733 | 362 |
| Street Lighting Subsidy | 80 | 78 | - | - |
| Transport (Roads to Recovery) | 371 | - | - | - |
| Transport (Other Roads & Bridges Funding) | 875 | 2,511 | 1,119 | 377 |
| Total Specific Purpose | 3,629 | 4,618 | 2,137 | 871 |
| Total Grants | 8,128 | 9,112 | 2,137 | 871 |
| Grant Revenue is attributable to: | | | | |
| - Commonwealth Funding | 4,785 | 5,980 | 1,528 | 96 |
| - State Funding | 3,341 | 3,123 | 609 | 775 |
| - Other Funding | 2 | 9 | - | - |
| | 8,128 | 9,112 | 2,137 | 871 |
| (f). Contributions | | | | |
| Developer Contributions: | | | | |
| (s93 & s94 - EP&A Act, s64 of the NSW LG Act): | | | | |
| S 94 - Contributions towards amenities/services | - | - | 87 | 442 |
| S 94A - Fixed Development Consent Levies | - | - | 233 | 21 |
| S 64 - Sewerage Service Contributions | - | - | 122 | - |
| Total Developer Contributions | - | - | 442 | 463 |

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 3. Income from Continuing Operations (continued)

| \$ '000 | 2007 Operating | 2006 Operating | 2007 Capital | 2006 Capital |
|--|---------------------|----------------------|---------------------|---------------------|
| Other Contributions: | | | | |
| Bush Fire Prevention | 187 | 215 | - | - |
| Other Councils - Joint Works/Services | 189 | 153 | 9 | 5 |
| Roads & Bridges | 91 | - | - | - |
| Other | - | 611 | 93 | 90 |
| Total Other Contributions | 467 | 979 | 102 | 95 |
| Total Contributions | 467 | 979 | 544 | 558 |
| <u>TOTAL GRANTS & CONTRIBUTIONS</u> | <u>8,595</u> | <u>10,091</u> | <u>2,681</u> | <u>1,429</u> |

| | Actual 2007 | Actual 2006 |
|--|----------------|----------------|
| (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 | 8,410 | 6,417 |
| add: Grants and contributions recognised in the current period which have not been spent: | 4,400 | 3,498 |
| less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period: | (3,027) | (1,505) |
| Net Increase (Decrease) in Restricted Assets during the Current Reporting Period | 1,373 | 1,993 |
| Unexpended at the Close of this Reporting Period and held as Restricted Assets | 9,783 | 8,410 |
| Comprising: | | |
| - Specific Purpose Unexpended Grants | 4,855 | 3,825 |
| - Developer Contributions | 4,928 | 4,585 |
| | 9,783 | 8,410 |

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 4. Expenses from Continuing Operations

| \$ '000 | Notes | Actual 2007 | Actual 2006 |
|---|-------|----------------------|----------------------|
| (a) Employee Costs | | | |
| Salaries and Wages | | 15,146 | 14,613 |
| Employee Termination Costs | | 436 | 353 |
| Travelling | | 13 | 109 |
| Employee Leave Entitlements (ELE) | | 2,049 | 2,376 |
| Superannuation | | 1,246 | 1,334 |
| Workers' Compensation Insurance | | 361 | 602 |
| Fringe Benefit Tax (FBT) | | 38 | 26 |
| Payroll Tax | | 17 | 18 |
| Training Costs | | 212 | 190 |
| Other | | 16 | - |
| Total Employee Costs | | 19,534 | 19,621 |
| less: Capitalised Costs | | (220) | (238) |
| <u>TOTAL EMPLOYEE COSTS EXPENSED</u> | | <u>19,314</u> | <u>19,383</u> |
| Number of "Equivalent Full Time" Employees at year end | | 251 | 252 |
| Number of "Equivalent Full Time" Employees at year end (incl. vacancies) | | 266 | 267 |
| (b) Borrowing Costs | | | |
| (i) Interest Bearing Liability Costs | | | |
| Interest on Loans | | 4 | 5 |
| Total Interest Bearing Liability Costs | | 4 | 5 |
| less: Capitalised Costs | | - | - |
| Total Interest Bearing Liability Costs Expensed | | 4 | 5 |
| (ii) Other Borrowing Costs | | | |
| Discount adjustments relating to movements in Provisions (other than ELE) | | 208 | 196 |
| Total Other Borrowing Costs | | 208 | 196 |
| <u>TOTAL BORROWING COSTS EXPENSED</u> | | <u>212</u> | <u>201</u> |

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 4. Expenses from Continuing Operations (continued)

| \$ '000 | Notes | Actual 2007 | Actual 2006 |
|---|-------|----------------------|----------------------|
| (c) Materials & Contracts | | | |
| Raw Materials & Consumables | | 13,833 | 12,354 |
| Contractor & Consultancy Costs | | 1,362 | 1,250 |
| Auditors Remuneration | | | |
| - Council's Auditor: | | | |
| i. Audit Services | | 46 | 46 |
| - Auditors of other Consolidated Entities | | | |
| i. Audit Services | | 5 | - |
| Legal Expenses - Planning & Development | | 232 | 343 |
| Legal Expenses - Other | | 251 | 369 |
| Operating Lease Rentals - Minimum Lease Payments ¹ | | 5 | 5 |
| Other | | 162 | - |
| <u>TOTAL MATERIALS & CONTRACTS</u> | | <u>15,896</u> | <u>14,367</u> |
| 1. Operating Leases are attributable to: | | | |
| - Other | | 5 | 5 |
| | | <u>5</u> | <u>5</u> |

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2007

Note 4. Expenses from Continuing Operations (continued)

| \$ '000 | Depreciation/Amortisation | |
|--|---------------------------|---------------------|
| | Actual 2007 | Actual 2006 |
| (d) Depreciation, Amortisation & Impairment | | |
| Plant and Equipment | 1,105 | 1,895 |
| Office Equipment | 337 | 202 |
| Furniture & Fittings | 64 | 30 |
| Land Improvements (depreciable) | 170 | 538 |
| Buildings | 1,020 | 1,324 |
| Other Structures | 501 | 373 |
| Infrastructure: | | |
| - Roads, Bridges & Footpaths | 1,635 | 1,814 |
| - Stormwater Drainage | 621 | 441 |
| - Sewerage Network | 758 | 821 |
| Other Assets | | |
| - Library Books | 186 | 171 |
| - Other | 6 | 7 |
| Asset Reinstatement Costs | 615 | 123 |
| | 9 & 22 | |
| <u>TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED</u> | <u>7,018</u> | <u>7,739</u> |

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 4. Expenses from Continuing Operations (continued)

| \$ '000 | Notes | Actual 2007 | Actual 2006 |
|--|-------|---------------------|---------------------|
| (e) Other Expenses | | | |
| Other Expenses for the year include the following: | | | |
| Advertising | | 193 | 180 |
| Bad & Doubtful Debts | | 54 | 23 |
| Bank Charges | | 192 | 177 |
| Cleaning | | 524 | 405 |
| Contributions to Other Levels of Government | | | |
| - NSW Fire Brigade Levy | | 115 | 111 |
| - Bushfire Fighting Fund | | 373 | 367 |
| - Waste S88 EPA Contribution | | 726 | 379 |
| - Other Contributions | | 452 | 715 |
| Councillor Expenses - Mayoral Fee | | 30 | 28 |
| Councillor Expenses - Councillors Fees | | 168 | 157 |
| Councillors Expenses (incl Mayor) - Other (excluding fees above) | | 52 | 59 |
| Donations, Contributions & Assistance to other organisations (Section 356) | | 94 | 425 |
| Electricity & Heating | | 561 | 534 |
| Fire Control Expenses | | 187 | 206 |
| Heritage Programs | | 16 | 19 |
| Insurance | | 719 | 536 |
| Licenses & Subscriptions | | 105 | 64 |
| Office Expenses (including computer expenses) | | 1,043 | 811 |
| Postage | | 130 | 118 |
| Printing & Stationery | | 112 | 105 |
| Sewerage Treatment Works Operations | | 825 | 745 |
| Street Lighting | | 406 | 445 |
| Stormwater - Environmental | | 108 | 294 |
| Telephone & Communications | | 292 | 253 |
| Valuation Fees (Rates) | | 95 | 95 |
| Water | | 116 | 92 |
| Other | | 228 | 340 |
| <u>TOTAL OTHER EXPENSES</u> | | <u>7,916</u> | <u>7,683</u> |

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2007

Note 5. Gains or Losses on Disposal of Assets

| \$ '000 | Notes | Actual 2007 | Actual 2006 |
|---|--------------|------------------------|------------------------|
| Property (excl. Investment Property) | | | |
| Proceeds from Disposal | | 1,189 | 1,114 |
| less: Carrying Amount of Property Assets Sold | | (478) | (1,264) |
| Net Gain/(Loss) on Disposal | | 711 | (150) |
| Plant & Equipment | | | |
| Proceeds from Disposal | | 462 | 1,114 |
| less: Carrying Amount of P&E Assets Sold | | (381) | (1,226) |
| Net Gain/(Loss) on Disposal | | 81 | (112) |
| Investment Properties | | | |
| Proceeds from Disposal | | 878 | - |
| less: Carrying Amount of Investment Properties Sold | | (1,159) | - |
| Net Gain/(Loss) on Disposal | | (281) | - |
| <u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u> | | <u>511</u> | <u>(262)</u> |

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

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

| \$ '000 | 2007 | | 2006 | |
|---|----------------------|-----------------------|----------------------|-----------------------|
| | Actual Current | Actual Non Current | Actual Current | Actual Non Current |
| Cash & Cash Equivalents (Note 6a) | | | | |
| Cash on Hand and at Bank | 887 | - | 636 | - |
| Cash-Equivalent Assets ¹ | | | | |
| - Deposits at Call | 1,260 | - | 1,600 | - |
| - Short Term Deposits | 2,000 | - | 1,500 | - |
| Total Cash & Cash Equivalents | 4,147 | - | 3,736 | - |
| Investment Securities (Note 6b) | | | | |
| - Managed Funds | 29,584 | - | 21,374 | - |
| - Long Term Deposits | 500 | - | - | - |
| - Government & Semi-Government Bonds | - | - | 930 | - |
| Total Investment Securities | 30,084 | - | 22,304 | - |
| <u>TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS</u> | <u>34,231</u> | <u>-</u> | <u>26,040</u> | <u>-</u> |

¹ Those Investments where 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" | 4,147 | - | 3,736 | - |
| Investments | | | | |
| a. "At Fair Value through the Profit & Loss" | | | | |
| - "Held for Trading" 6(b-i) | 29,584 | - | 21,374 | - |
| b. "Held to Maturity" 6(b-ii) | 500 | - | 930 | - |
| c. "Loans & Receivables" 6(b-iii) | - | - | - | - |
| d. "Available for Sale" 6(b-iv) | - | - | - | - |
| Investments | 30,084 | - | 22,304 | - |

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 6b. Investments (continued)

| \$ '000 | 2007 | | 2006 | |
|--|-------------------|-----------------------|-------------------|-----------------------|
| | 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 | 21,374 | - | 17,890 | - |
| Revaluations (thru the Income Statement) | 1,710 | - | 984 | - |
| Additions | 13,000 | - | 13,174 | - |
| Disposals (sales & redemptions) | (6,500) | - | (10,674) | - |
| Balance at End of Year | 29,584 | - | 21,374 | - |
| Comprising: | | | | |
| - Managed Funds | 29,584 | - | 21,374 | - |
| Total | 29,584 | - | 21,374 | - |
| Note 6(b-ii) | | | | |
| Reconciliation of Investments classified as "Held to Maturity" | | | | |
| Balance at the Beginning of the Year | 930 | - | 1,520 | - |
| Additions | 700 | - | 110 | - |
| Disposals (sales & redemptions) | (1,130) | - | (700) | - |
| Balance at End of Year | 500 | - | 930 | - |
| Comprising: | | | | |
| - Government & Semi-Government Bonds | - | - | 930 | - |
| - Other Long Term Maturity Financial Assets | 500 | - | - | - |
| Total | 500 | - | 930 | - |
| 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 2007

Note 6c. Restricted Cash, Cash Equivalents & Investments

| \$ '000 | 2007 | | 2006 | |
|---|-------------------|-----------------------|-------------------|-----------------------|
| | Actual Current | Actual Non Current | Actual Current | Actual Non Current |
| Total Cash, Cash Equivalents and Investment Securities | 34,231 | - | 26,040 | - |
| attributable to: | | | | |
| External Restrictions (refer below) | 15,597 | - | 14,675 | - |
| Internal Restrictions (refer below) | 13,622 | - | 8,524 | - |
| Unrestricted | 5,012 | - | 2,841 | - |
| | 34,231 | - | 26,040 | - |

Details of Restrictions

| | Opening Balance | Transfers to Restrictions | Transfers from Restrictions | Closing Balance |
|--|--------------------|------------------------------|--------------------------------|--------------------|
| External Restrictions | | | | |
| Developer Contributions - General (A) | 4,585 | 605 | (383) | 4,807 |
| Developer Contributions - Sewer Fund (A) | - | 121 | - | 121 |
| Specific Purpose Unexpended Grants (B) | 3,825 | 1,030 | - | 4,855 |
| Sewerage Services (C) | 2,521 | - | (261) | 2,260 |
| Domestic Waste Management (C) | 1,493 | 7,184 | (7,668) | 1,009 |
| Stormwater (C) | 2,123 | 1,179 | (757) | 2,545 |
| Other | 128 | - | (128) | - |
| Total External Restrictions | 14,675 | 10,119 | (9,197) | 15,597 |

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

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

| 2007 \$ '000 | Opening Balance | Transfers to Restrictions | Transfers from Restrictions | Closing Balance |
|---------------------------------------|--------------------|------------------------------|--------------------------------|--------------------|
| Internal Restrictions | | | | |
| Employees Leave Entitlement | 1,590 | 947 | (436) | 2,101 |
| Plant & Vehicle Replacement | 499 | 514 | (112) | 901 |
| Council s94 Contributions | 518 | 108 | (75) | 551 |
| Kerb & Gutter | 325 | 21 | - | 346 |
| Tip Remediation | - | 1,642 | - | 1,642 |
| Risk Management | 509 | 327 | (460) | 376 |
| Workers compensation | 930 | 420 | - | 1,350 |
| Unexpended Contributions | 468 | 30 | - | 498 |
| Unspent Work Reserve | 555 | 3,450 | (1,899) | 2,106 |
| Extractive Industries | 1,241 | 135 | (140) | 1,236 |
| Roadworks | 289 | 18 | - | 307 |
| Forgotten Valley Mobile Resource Unit | 113 | 29 | - | 142 |
| Information Technology | 575 | 316 | (378) | 513 |
| Drainage | 16 | 1 | - | 17 |
| Election | 96 | 137 | - | 233 |
| Glossodia/Freemans | 47 | 3 | - | 50 |
| Sullage | 461 | 2,857 | (2,849) | 469 |
| Trees | 38 | 2 | - | 40 |
| Parks & Gardens | 43 | 3 | - | 46 |
| Heritage | 90 | 5 | (7) | 88 |
| Other | 121 | 489 | - | 610 |
| Total Internal Restrictions | 8,524 | 11,454 | (6,356) | 13,622 |
| TOTAL RESTRICTIONS | 23,199 | 21,573 | (15,553) | 29,219 |

- A** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- B** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- C** Water, Sewerage, Domestic Waste Management (DWM) & 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 2007

Note 7. Receivables

| \$ '000 | 2007 | | 2006 | |
|--|---------------------|-------------------|---------------------|-------------------|
| | Current | Non Current | Current | Non Current |
| Purpose | | | | |
| Rates & Annual Charges | 1,421 | 307 | 1,434 | - |
| Interest & Extra Charges | 32 | 47 | 33 | - |
| User Charges & Fees | 952 | 56 | 888 | - |
| Accrued Revenues | | | | |
| - Interest on Investments | 22 | - | - | - |
| - Other Income Accruals | 929 | - | 195 | - |
| Government Grants & Subsidies | 352 | - | 956 | - |
| Deferred Debtors | 44 | 99 | 48 | 144 |
| Net GST Receivable | 189 | - | 119 | - |
| Total | 3,941 | 509 | 3,673 | 144 |
| less: Provision for Doubtful Debts | | | | |
| User Charges & Fees | (94) | - | (41) | - |
| Total Provisions for Doubtful Debts | (94) | - | (41) | - |
| <u>TOTAL NET RECEIVABLES</u> | <u>3,847</u> | <u>509</u> | <u>3,632</u> | <u>144</u> |
| Externally Restricted Receivables | | | | |
| Sewerage Services | | | | |
| - Specific Purpose Grants | - | - | - | - |
| - Rates & Availability Charges | 121 | 17 | 111 | - |
| - Other | 34 | - | 24 | - |
| Domestic Waste Management | 235 | 47 | 246 | - |
| Environmental Levy | 44 | 8 | 41 | - |
| Total External Restrictions | 434 | 72 | 422 | - |
| Internally Restricted Receivables | 5 | - | - | - |
| Unrestricted Receivables | 3,408 | 437 | 3,210 | 144 |
| <u>TOTAL NET RECEIVABLES</u> | <u>3,847</u> | <u>509</u> | <u>3,632</u> | <u>144</u> |

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 at 9.00% (2006 9.00%).
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 2007

Note 8. Inventories & Other Assets

| \$ '000 | 2007 | | 2006 | |
|--|-------------------|-----------------|-------------------|-----------------|
| | Current | Non Current | Current | Non Current |
| Inventories | | | | |
| Stores & Materials | 296 | - | 320 | - |
| Trading Stock | 17 | - | 16 | - |
| Total Inventories | 313 | - | 336 | - |
| Other Assets | | | | |
| Prepayments | 47 | - | 132 | - |
| Total Other Assets | 47 | - | 132 | - |
| <u>TOTAL INVENTORIES & OTHER ASSETS</u> | <u>360</u> | <u>-</u> | <u>468</u> | <u>-</u> |

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 8. Inventories & Other Assets (continued)

| \$ '000 | 2007 | | 2006 | |
|---|------------|-------------|------------|-------------|
| | 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 | 360 | - | 468 | - |
| TOTAL INVENTORIES & OTHER ASSETS | <u>360</u> | <u>-</u> | <u>468</u> | <u>-</u> |

(ii) Other Disclosures

(a) Current Assets not anticipated to be settled within the next 12 months

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

| | 2007 | 2006 |
|------------------------|----------|----------|
| Real Estate for Resale | - | - |
| Other | - | - |
| | <u>-</u> | <u>-</u> |

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

- Real Estate for Resale

- -

(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 2007

Note 9a. Infrastructure, Property, Plant & Equipment

| \$ '000 | as at 30/6/2006 | | | Asset Movements during the Reporting Period | | | | | | as at 30/6/2007 | | | |
|---|-----------------|---------------------|----------------|---|---------------------|----------------------|-------------------------|--------------------------------|------------------------------------|-----------------|---------------|-------------------|----------------|
| | At Cost | Accumulated Deprec. | Carrying Value | Asset Additions ¹ | WDV-Asset Disposals | Depreciation Expense | Adjustments & Transfers | Tfrs from/(to) Inv. Properties | Revaluation / Correction of Errors | At Cost | At Fair Value | Accumulated Dep'n | Carrying Value |
| Plant & Equipment | 11,474 | 8,015 | 3,459 | 872 | (381) | (1,105) | 39 | | | 10,636 | | 7,752 | 2,884 |
| Office Equipment | 3,052 | 2,252 | 800 | 466 | | (337) | (7) | | | 3,510 | | 2,588 | 922 |
| Furniture & Fittings | 1,476 | 1,205 | 271 | | | (64) | (12) | | | 1,443 | | 1,248 | 195 |
| Land | | | | | | | | | | | | | |
| - Operational | 26,360 | | 26,360 | | (478) | | 1,639 | (7,254) | | 20,267 | | - | 20,267 |
| - Community | 23,398 | | 23,398 | | | | 2,152 | | | 25,550 | | | 25,550 |
| Land Improvements - depreciable | 3,492 | 2,304 | 1,188 | | | (170) | (5) | | | 3,492 | | 2,479 | 1,013 |
| Buildings | 67,544 | 2,493 | 65,051 | 2,478 | | (1,020) | (5,547) | (5,245) | | 59,181 | | 3,464 | 55,717 |
| Other Structures | 6,459 | 2,818 | 3,641 | 1,074 | | (501) | 596 | | | 7,964 | | 3,154 | 4,810 |
| Infrastructure | | | | | | | | | | | | | |
| - Roads, Bridges, Footpaths | 132,826 | 11,995 | 120,831 | 2,127 | | (1,635) | | | | 134,687 | | 13,364 | 121,323 |
| - Stormwater Drainage | 34,390 | 2,755 | 31,635 | 340 | | (621) | | | | 34,996 | | 3,642 | 31,354 |
| - Sewerage Network | 57,024 | 5,865 | 51,159 | 302 | | (758) | (20,425) | | 22,015 | | 99,015 | 46,722 | 52,293 |
| Other Assets | | | | | | | | | | | | | |
| - Art Collections | 60 | 60 | - | | | - | | | | 60 | | 60 | - |
| - Library Books | 2,496 | 1,933 | 563 | 251 | | (186) | | | | 2,748 | | 2,120 | 628 |
| - Other | 20 | 11 | 9 | 184 | | (6) | | | | 204 | | 17 | 187 |
| Reinstatement, Rehabilitation & Restoration Assets (refer Note 21) | | | | | | | | | | | | | |
| - Tip Asset | 3,080 | 247 | 2,833 | | | (615) | | | | 3,080 | | 862 | 2,218 |
| TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP. | 373,151 | 41,953 | 331,198 | 8,094 | (859) | (7,018) | (21,570) | (12,499) | 22,015 | 307,818 | 99,015 | 87,472 | 319,361 |

¹. Includes Asset Renewals for the year of \$4,336k and Expenditure on New Assets of \$3,764k.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

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

| \$ '000 Class of Asset | Actual 2007 | | | | Actual 2006 | | | |
|------------------------------------|----------------|---------------|--------------------|-------------------|----------------|-------------|--------------------|-------------------|
| | At Cost | At Value | Dep & Impairm't | Carrying Value | At Cost | At Value | Dep & Impairm't | Carrying Value |
| Sewerage Services | | | | | | | | |
| Plant & Equipment | 378 | | 318 | 60 | 441 | | 293 | 148 |
| Land | | | | | | | | |
| - Operational Land | 1,070 | | | 1,070 | 1,070 | | | 1,070 |
| - Community Land | 7 | | | 7 | 7 | | | 7 |
| Buildings | 8 | | 4 | 4 | 8 | | 4 | 4 |
| Infrastructure | | 99,015 | 46,722 | 52,293 | 57,024 | | 5,864 | 51,160 |
| Total Sewerage Services | 1,463 | 99,015 | 47,044 | 53,434 | 58,550 | - | 6,161 | 52,389 |
| Domestic Waste Management | | | | | | | | |
| Plant & Equipment | 1,520 | - | 861 | 659 | 1,417 | - | 840 | 577 |
| Land | | | | | | | | |
| - Operational Land | 766 | - | - | 766 | 766 | - | - | 766 |
| Buildings | 57 | - | 7 | 50 | - | - | - | - |
| Other Assets | 6,756 | - | 3,341 | 3,415 | 3,492 | - | 2,473 | 1,019 |
| Total DWM | 9,099 | - | 4,209 | 4,890 | 5,675 | - | 3,313 | 2,362 |
| TOTAL RESTRICTED I,PP&E | 18,904 | 99,715 | 55,455 | 63,164 | 69,200 | 700 | 12,787 | 57,113 |

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 9c. Infrastructure, Property, Plant & Equipment

Gains/(Losses) arising from the Impairment of Assets

| \$ '000 | Notes | Actual 2007 | Actual 2006 |
|--|-------|----------------|----------------|
| (i) Impairment Losses recognised in the Statement of Financial Performance include: | | | |
| Total Impairment Losses | | - | - |
| (ii) Reversals of Impairment Losses previously recognised in the Statement of Financial Performance include: | | | |
| Total Impairment Reversals | | - | - |
| <u>IMPAIRMENT of ASSETS - GAINS/(LOSSES)</u> | | - | - |

NB. Impairment Adjustments relating to other assets may have been recognised direct to Equity

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 10a. Payables, Interest Bearing Liabilities & Provisions

| \$ '000 | Notes | 2007 | | 2006 | |
|--|-------|--------------|--------------|--------------|--------------|
| | | Current | Non Current | Current | Non Current |
| Payables | | | | | |
| Goods & Services | | 3,752 | - | 1,453 | - |
| Payments Received In Advance | | 99 | - | 183 | - |
| Accrued Expenses; | | | | | |
| - Other Expenditure Accruals | | 137 | - | 179 | - |
| Security Bonds, Deposits & Retentions | | 734 | - | 721 | - |
| Other | | - | - | 3 | - |
| Total Payables | | 4,722 | - | 2,539 | - |
| Interest Bearing Liabilities | | | | | |
| Loans - Secured ¹ | | 6 | 56 | 5 | 62 |
| Total Interest Bearing Liabilities | | 6 | 56 | 5 | 62 |
| Provisions | | | | | |
| Employee Benefits; | | | | | |
| Annual Leave | | 1,355 | - | 1,484 | - |
| Sick Leave | | 1,022 | - | 1,018 | - |
| Long Service Leave | | 3,136 | 238 | 2,612 | 357 |
| Leave in Lieu | | 112 | - | 92 | - |
| Sub Total - Aggregate Employee Benefits | | 5,625 | 238 | 5,206 | 357 |
| Self Insurance - Claims Incurred | | 250 | 870 | 220 | 910 |
| Asset Remediation/Restoration - Future Works | 21 | - | 3,669 | - | 3,461 |
| Total Provisions | | 5,875 | 4,777 | 5,426 | 4,728 |
| Total Payables, Interest Bearing Liabilities & Provisions | | | | | |
| | | 10,603 | 4,833 | 7,970 | 4,790 |

(i) Liabilities relating to Restricted Assets

| | 2007 | | 2006 | |
|-------------------------------------|------------|-------------|------------|-------------|
| | Current | Non Current | Current | Non Current |
| Domestic Waste Management | 420 | 16 | 487 | 218 |
| Sewer | 229 | 60 | 212 | - |
| Total Restricted Liabilities | 649 | 76 | 699 | 218 |

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 2007

Note 10a. Payables, Interest Bearing Liabilities & Provisions (continued)

\$ '000

(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. | 2007 | 2006 |
|---|--------------|--------------|
| Employees Leave Entitlements | 3,513 | 3,705 |
| Other | 270 | 220 |
| | 3,783 | 3,925 |

Note 10b. Description of and movements in Provisions

| Class of Provision | 2006 | | | 2007 | | |
|--------------------|------------------------------|-----------------------|--------------------------|--|-------------------------|-------------------------------|
| | Opening Balance as at 1/7/06 | Additional Provisions | Decrease due to Payments | Remeasurement effects due to Discounting | Unused amounts reversed | Closing Balance as at 30/6/07 |
| Annual Leave | 1,484 | 770 | (899) | - | - | 1,355 |
| Sick Leave | 1,018 | 423 | (419) | - | - | 1,022 |
| Long Service Leave | 2,969 | 983 | (578) | - | - | 3,374 |
| Leave in Lieu | 92 | 20 | - | - | - | 112 |
| Self Insurance | 1,130 | (10) | - | - | - | 1,120 |
| Asset Remediation | 3,461 | 208 | - | - | - | 3,669 |
| TOTAL | 10,154 | 2,394 | (1,896) | - | - | 10,652 |

- 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 2007

Note 11. Cash Flow Statement - Additional Information

| \$ '000 | Notes | Actual 2007 | Actual 2006 |
|--|-------|----------------|----------------|
| (a) Reconciliation of Cash Assets | | | |
| Total Cash & Cash Equivalent Assets | 6a | 4,147 | 3,736 |
| Less Bank Overdraft | 10 | - | - |
| BALANCES as per STATEMENT of CASH FLOWS | | 4,147 | 3,736 |
| (b) Reconciliation of Net Operating Result to Cash provided from Operating Activities | | | |
| Net Operating Result from Income Statement | | 5,577 | 2,338 |
| Adjust for non cash items: | | | |
| Depreciation & Amortisation | | 7,018 | 7,739 |
| Losses/(Gains) recognised on Fair Value Re-measurements thru the P&L | | | |
| - Investments classified as "@ Fair Value" or "Held for Trading" | | (1,710) | - |
| - Investment Properties | | 188 | 725 |
| Amortisation of Premiums, Discounts & Prior Period Fair Valuations | | | |
| Unwinding of Discount Rates on Reinstatement Provisions | | 208 | (196) |
| Net Losses/(Gains) on Disposal of Assets | | (511) | 262 |
| Share of Net (Profits) or Losses of Associates/Joint Ventures | | (691) | - |
| +/- Movement in Operating Assets and Liabilities & Other Cash Items: | | | |
| Decrease/(Increase) in Receivables | | (682) | 78 |
| Increase/(Decrease) in Provision for Doubtful Debts | | 53 | 16 |
| Decrease/(Increase) in Inventories | | 23 | 27 |
| Decrease/(Increase) in Other Current Assets | | 85 | (130) |
| Increase/(Decrease) in Payables | | 2,299 | (444) |
| Increase/(Decrease) in other accrued Expenses Payable | | (42) | 61 |
| Increase/(Decrease) in Other Current Liabilities | | (74) | (112) |
| Increase/(Decrease) in Employee Leave Entitlements | | 300 | (38) |
| Increase/(Decrease) in Other Provisions | | (10) | 412 |
| NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from CASH FLOW STATEMENT | | 12,031 | 10,738 |

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

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

| \$ '000 | Notes | Actual 2007 | Actual 2006 |
|--|-------|----------------|----------------|
| (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 | | 355 | 340 |
| Total Financing Arrangements | | 1,155 | 1,140 |
| Amounts utilised as at Balance Date: | | | |
| - Bank Overdraft Facilities | | - | - |
| - Credit Cards / Purchase Cards | | - | - |
| Total Financing Arrangements Utilised | | - | - |

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) At Balance Date the following Loans have been approved by the NSW Department of Local Government for use in the following year:

| | | | |
|---------------------------|--|-------|---|
| - 06/07 Year | | | - |
| - 07/08 Year (and beyond) | | 1,000 | |

(iii) 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 2007

Note 12. Commitments for Expenditure

| \$ '000 | Notes | Actual 2007 | Actual 2006 |
|--|-------|----------------|----------------|
| (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 | | | |
| Buildings | | 1,675 | 2,259 |
| Total Commitments | | 1,675 | 2,259 |
| These expenditures are payable as follows: | | | |
| Within the next year | | 1,675 | 2,259 |
| Later than one year and not later than 5 years | | - | - |
| Later than 5 years | | - | - |
| Total Payable | | 1,675 | 2,259 |
| Sources for Funding of Capital Commitments: | | | |
| Unrestricted General Funds | | - | 97 |
| Future Grants & Contributions | | - | - |
| Sect 64 & 94 Funds/Reserves | | - | - |
| Unexpended Grants | | 1,019 | 1,535 |
| Externally Restricted Reserves | | - | - |
| Internally Restricted Reserves | | 656 | 627 |
| Unexpended Loans | | - | - |
| Total Sources of Funding | | 1,675 | 2,259 |
| (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: | | | |
| Waste Management Services | | 3,103 | 3,673 |
| Effluent Collection | | 380 | 2,509 |
| Audit Services | | 150 | 168 |
| Other | | 1,568 | 1,478 |
| Total Commitments | | 5,201 | 7,828 |
| These expenditures are payable as follows: | | | |
| Within the next year | | 2,881 | 3,531 |
| Later than one year and not later than 5 years | | 1,720 | 3,558 |
| Later than 5 years | | 600 | 739 |
| Total Payable | | 5,201 | 7,828 |

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2007

Note 12. Commitments for Expenditure (continued)

| \$ '000 | Notes | Actual 2007 | Actual 2006 |
|---|-------|----------------|----------------|
| (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 | | 183 | 315 |
| Later than one year and not later than 5 years | | 190 | 209 |
| Later than 5 years | | - | - |
| Total Non Cancellable Operating Lease Commitments | | 373 | 524 |

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 2007

Note 12. Commitments for Expenditure (continued)

| \$ '000 | Notes | Actual 2007 | Actual 2006 |
|---------|-------|----------------|----------------|
|---------|-------|----------------|----------------|

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 | 620 | 1,050 |
| Later than one year and not later than 5 years | 2,105 | 4,420 |
| Later than 5 years | - | - |
| Total Payable | 2,725 | 5,470 |

(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 2007

Note 13. Statement of Performance Measurement

| \$ '000 | Amounts 2007 | Indicator 2007 | Prior Periods 20062005 | |
|--|-----------------|-------------------|---------------------------|--------|
| 1. Unrestricted Current Ratio | | | | |
| Current Assets less all External Restrictions ⁽¹⁾ | 22,407 | 3.63 : 1 | 4.50 | 3.24 |
| Current Liabilities less Specific Purpose Liabilities ^(2,3) | 6,171 | | | |
| 2. Debt Service Ratio | | | | |
| Debt Service Cost | 10 | 0.02% | 0.02% | 0.02% |
| Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions | 49,156 | | | |
| 3. Rates & Annual Charges Coverage Ratio | | | | |
| Rates & Annual Charges | 32,345 | 57.83% | 59.54% | 60.65% |
| Revenue from Continuing Operations | 55,933 | | | |
| 4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage | | | | |
| Rates, Annual & Extra Charges Outstanding | 1,807 | 5.31% | 4.41% | 3.93% |
| Rates, Annual & Extra Charges Collectible | 34,003 | | | |
| 5. Asset Renewals Ratio | | | | |
| Asset Renewals ⁽⁴⁾ | 4,336 | 61.78% | n/a | n/a |
| Depreciation, Amortisation & Impairment | 7,018 | | | |

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 ELE not expected to be paid in the next 12 months.

⁽⁴⁾ Asset Renewals represents Capital Expenditure on the replacement, refurbishment or upgrade to an existing Asset/s.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 14. Investment Properties

| \$ '000 | Actual 2007 | Actual 2006 |
|---|----------------|----------------|
| (a) Investment Properties at Fair value | | |
| Investment Properties on Hand | 29,268 | 18,116 |
| Reconciliation of Annual Movement: | | |
| Opening Balance | 18,116 | 18,841 |
| - Disposals during Year | (1,159) | - |
| + Net Gain/(Loss) from Fair Value Adjustments | (188) | (725) |
| +/- Transfers from/(to) Owner Occupied (Note 9) | 12,499 | - |
| CLOSING BALANCE - INVESTMENT PROPERTIES | 29,268 | 18,116 |

(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 2007 revaluations were based on Independent Assessments made by K. D. Wood F.A.P.I. of K. D. Wood Valuations (Aust) Pty Ltd.

(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

Future Minimum Lease Payments receivable under non-cancellable Investment Property Operating Leases not recognised in the Financial Statements are due:

| | | |
|--|--------------|------------|
| Within 1 year | 1,065 | n/a |
| Later than 1 year but less than 5 years | 2,066 | n/a |
| Later than 5 years | 102 | n/a |
| Total Minimum Lease Payments Receivable | 3,233 | n/a |

(e) Investment Property Income & Expenditure - summary

Rental Income from Investment Properties:

| | | |
|-------------------------------------|-------|-------|
| - Minimum Lease Payments | 1,639 | 1,344 |
| - Other Income (outgoings recouped) | 179 | 94 |

Direct Operating Expenses on Investment Properties:

| | | |
|---------------------------------------|-------|-------|
| - that generated rental income | (287) | (56) |
| - that did not generate rental income | (28) | (193) |

| | | |
|--|--------------|--------------|
| Net Revenue Contribution from Investment Properties | 1,503 | 1,189 |
|--|--------------|--------------|

plus:

| | | |
|-------------------------------------|--------------|--------------|
| Fair Value Movement for year | (188) | (725) |
|-------------------------------------|--------------|--------------|

| | | |
|---|--------------|------------|
| Total Income attributable to Investment Properties | 1,315 | 464 |
|---|--------------|------------|

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 15. Financial Instruments

| \$ '000 | Floating Interest Rate | ≤ 1 Year | 1-2 Yrs | Fixed Interest Rate | | | | Non Interest Bearing | Total |
|--|------------------------------|----------|---------|---------------------|---------|---------|---------|----------------------------|--------|
| | | | | 2-3 Yrs | 3-4 Yrs | 4-5 Yrs | > 5 Yrs | | |
| (a) Exposure to Interest Rate Risk | | | | | | | | | |
| Council's exposure to Interest Rate Risk & the effective weighted average interest rates by maturity for each class of Financial Assets & Financial Liabilities is set out below. Exposures arise predominantly from assets & liabilities with variable interest rates, which Council intends to hold to maturity. | | | | | | | | | |
| 2007 | | | | | | | | | |
| Cash & Cash Equivalents | 4,147 | | | | | | | | 4,147 |
| Investment Securities | 30,084 | | | | | | | | 30,084 |
| Receivables | | 1,728 | 37 | 23 | 18 | 7 | 14 | 2,529 | 4,356 |
| Other Financial Assets | | | | | | | | - | - |
| Total Financial Assets | 34,231 | 1,728 | 37 | 23 | 18 | 7 | 14 | 2,529 | 38,587 |
| Weighted Avg Interest Rate | 6.6% | 7.6% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | | 7.1% |
| Bank Overdraft | - | | | | | | | | - |
| Trade/Other Payables | 734 | | | | | | | 3,889 | 4,623 |
| Loans & Advances | | 6 | 6 | 6 | 6 | 6 | 32 | - | 62 |
| Lease Liabilities | | | | | | | - | | - |
| Total Financial Liabilities | 734 | 6 | 6 | 6 | 6 | 6 | 32 | 3,889 | 4,685 |
| Weighted Avg Interest Rate | | 6.9% | 6.9% | 6.9% | 6.9% | 6.9% | 6.9% | | |
| Net Financial Assets/Liabilities | | | | | | | | | |
| | 33,497 | 1,722 | 31 | 17 | 12 | 1 | (18) | (1,360) | 33,902 |
| 2006 | | | | | | | | | |
| Cash & Cash Equivalents | 3,736 | | | | | | | | 3,736 |
| Investment Securities | 21,374 | 930 | | | | | | | 22,304 |
| Receivables | | 1,434 | 36 | 36 | 36 | 36 | | 2,198 | 3,776 |
| Other Financial Assets | | | | | | | | - | - |
| Total Financial Assets | 25,110 | 2,364 | 36 | 36 | 36 | 36 | - | 2,198 | 29,816 |
| Weighted Avg Interest Rate | 5.7% | 7.3% | 0.0% | 0.0% | 0.0% | 0.0% | | | 5.9% |
| Bank Overdraft | - | | | | | | | | - |
| Trade/Other Payables | 721 | | | | | | | 1,635 | 2,356 |
| Loans & Advances | | 6 | 6 | 6 | 6 | 6 | 36 | - | 67 |
| Lease Liabilities | | | | | | | - | | - |
| Total Financial Liabilities | 721 | 6 | 6 | 6 | 6 | 6 | 36 | 1,635 | 2,423 |
| Weighted Avg Interest Rate | | 6.9% | 6.9% | 6.9% | 6.9% | 6.9% | 6.8% | | |
| Net Financial Assets/Liabilities | | | | | | | | | |
| | 24,389 | 2,358 | 30 | 30 | 30 | 30 | (36) | 563 | 27,393 |

This report is to be read in conjunction with the accompanying Notes

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 15. Financial Instruments (continued)

| \$ '000 | Notes | 2007 | | 2006 | |
|---|-------|-----------------|----------------|-----------------|----------------|
| | | Carrying Amount | Net Fair Value | Carrying Amount | Net Fair Value |
| (b) Net Fair Value | | | | | |
| 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. | | | | | |
| Financial Assets | | | | | |
| Cash and Cash Equivalents | | 4,147 | 4,147 | 3,736 | 3,736 |
| Investments | | | | | |
| - "Held for Trading" | | 29,584 | 29,584 | 21,374 | 21,374 |
| - "Designated At Fair Value on Initial Recognition" | | - | - | - | - |
| - "Held to Maturity" | | 500 | 500 | 930 | 930 |
| - "Loans & Receivables" | | - | - | - | - |
| - "Available for Sale" | | - | - | - | - |
| Receivables | | 4,356 | 4,356 | 3,776 | 3,776 |
| Other Financial Assets | | - | - | - | - |
| Total Financial Assets | | 38,587 | 38,587 | 29,816 | 29,816 |
| Financial Liabilities | | | | | |
| Bank Overdraft | | - | - | - | - |
| Payables | | 4,623 | 4,623 | 2,356 | 2,356 |
| Loans / Advances | | 62 | 62 | 67 | 67 |
| Lease Liabilities | | - | - | - | - |
| Other Financial Liabilities | | - | - | - | - |
| Total Financial Liabilities | | 4,685 | 4,685 | 2,423 | 2,423 |

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value.

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2007

Note 15. Financial Instruments (continued)

\$ '000

(c) Credit Risk

The credit risk of financial assets (excluding investment securities) is the carrying amount net of any provision for doubtful debts.

Council has an Investment Policy which seeks to minimise the risk of capital loss. Investments are placed in accordance with the Local Government Investment Order which restricts investments to securities carrying a credit rating of "A" or better, Governments, and deposit facilities with Banks, Building Societies and Credit Unions.

Debtors for rates & charges are secured by a charge over the land to which it relates.

There are no significant concentrations of credit risk to any single debtor or group of debtors - apart from a natural geographic concentration relating to Rates & Annual Charges that pertain to Council's Local Government Area.

(d) Policies

Council's accounting policies in respect of Financial Assets and Financial Liabilities are described in Note 1.

(e) Terms & Conditions

There are no Terms & Conditions associated with Financial Assets and Financial Liabilities which may significantly affect the amount, timing and certainty of future cash flows.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 06/07 was incorporated as part of its Management Plan and was adopted by the Council on 26 June 2006.

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

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

| | 2007 Budget | 2007 Actual | 2007 Variance* | | |
|--|----------------|----------------|-------------------|---------------|----------|
| REVENUES | | | | | |
| Rates & Annual Charges | 32,395 | 32,345 | (50) | (0.2%) | U |
| User Charges & Fees | 5,399 | 6,352 | 953 | 18% | F |
| Variations occurred throughout the year as a result of building activity, sewerage and waste services and other user fees and charges. Income projections were varied during quarterly reviews. Hawkesbury Leisure Centre was not included in the main Council budget. | | | | | |
| Interest & Investment Revenue | 1,313 | 2,032 | 719 | 55% | F |
| Higher investment returns were achieved following new investment initiatives combined with increased interest rates and funds available for investment due to unspent capital works at year end. | | | | | |
| Other Revenues | 2,407 | 2,726 | 319 | 13% | F |
| Increased revenue from investment properties due to an increase in occupancy % rates compared to budget. | | | | | |
| Operating Grants & Contributions | 8,457 | 8,595 | 138 | 2% | F |
| Capital Grants & Contributions | 1,974 | 2,681 | 707 | 36% | F |
| Only known grants are budgetted for. Significant grants were received during the year, particularly Federal funds for roads and bridges. | | | | | |
| Net Gains from Disposal of Assets | - | 511 | 511 | 0% | F |
| Assets are budgetted to be disposed of at written down value. | | | | | |
| Share of Net Profits - Joint Ventures & Associates | - | 691 | 691 | 0% | F |
| Westpool was not budgetted for in the main Council budget. | | | | | |

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 16. Material Budget Variations (continued)

| \$ '000 | 2007 Budget | 2007 Actual | 2007 Variance* | |
|--|----------------|----------------|-------------------|-------------------|
| EXPENSES | | | | |
| Employee Benefits & On-Costs | 14,408 | 19,314 | (4,906) | (34%) U |
| Council employees are engaged in both maintenance and capital works, the proportions of which vary from year to year. Employee costs associated with maintenance are costed to maintenance works and as a result are shown under materials and contracts for the budget but are extracted for the preparation of the financial statements as Employee Costs. | | | | |
| Borrowing Costs | 2 | 212 | (210) | (10500%) U |
| The tip remediation discount amortisation (expensed to borrowing costs) was not budgetted for. | | | | |
| Materials & Contracts | 21,257 | 15,896 | 5,361 | 25% F |
| Material and contract expenses are below budget projections as a result of different budget classification treatments to actual results between employee costs and materials and contracts. | | | | |
| Depreciation & Amortisation | 7,447 | 7,018 | 429 | 6% F |
| Actual depreciation was lower than budgetted due to delays in the capital works program. | | | | |
| Other Expenses | 7,454 | 7,916 | (462) | (6%) U |
| The major variance here was for s88 waste levies to the EPA. | | | | |

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 17. Statement of Developer Contributions

\$ '000

Under Section 94 & Section 94A of the Environmental Planning and Assessment Act 1979, a Council may require (i) the payment of a monetary contribution or dedication of land or (ii) a % levy on the value of development, in relation to development works that are subject to a development consent issued by Council.

These developer contributions (under S94) or developer levies (under S94A) must be spent specifically for the purpose they were levied and any interest applicable to unspent funds must be attributed to the funds and also spent in accordance with the purpose levied.

As well, Council may under Section 93F enter into a Planning Agreement with Developers under which the developer is required to either dedicate land free of cost, pay a monetary contribution, or provide any other material public benefit (or any combination of the three) to be used for or applied towards a public purpose.

S94F funds are also required to be spent on the public purposes nominated within each individual Planning Agreement.

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 use by their nature and must be spent for the specific purposes raised.

SUMMARY OF CONTRIBUTIONS & LEVIES

| PURPOSE | Opening Balance | Received during Year | | Interest earned in Yr | Exp. during Yr | Internal Borrowing (to)/from | Held as Restricted Asset | Projections | | |
|---|-----------------|----------------------|----------|-----------------------|----------------|------------------------------|--------------------------|---------------|-----------------------|-------------------------|
| | | Cash | Non Cash | | | | | Future income | Exp still outstanding | Over or (under) Funding |
| Drainage | 253 | 3 | - | 16 | - | - | 272 | - | (272) | - |
| Roads | 395 | 3 | - | 25 | - | - | 423 | 3 | (426) | - |
| Parking | 499 | - | - | 32 | - | - | 531 | - | (531) | - |
| Open Space | 670 | 25 | - | 35 | (135) | - | 595 | 15 | (610) | - |
| Community Facilities | 1,815 | 50 | - | 103 | (218) | - | 1,750 | 45 | (1,795) | - |
| Recreational Facilities | 894 | 6 | - | 55 | (30) | - | 925 | 5 | (930) | - |
| Bushfire | 38 | - | - | 2 | - | - | 40 | - | (40) | - |
| S94 Contributions - under a Plan | 4,564 | 87 | - | 268 | (383) | - | 4,536 | 68 | (4,604) | - |
| S94A Levies - Under a Plans | 21 | 233 | - | 16 | - | - | 270 | 503 | (773) | - |
| Total S94 Revenue Under Plans | 4,585 | 320 | - | 284 | (383) | - | 4,806 | 571 | (5,377) | - |
| S94 not under Plans | - | - | - | - | - | - | - | - | - | - |
| S93F Planning Agreements | - | - | - | - | - | - | - | - | - | - |
| S64 Contributions | - | 122 | - | - | - | - | 122 | 20 | (142) | - |
| Total Contributions | 4,585 | 442 | - | 284 | (383) | - | 4,928 | 591 | (5,519) | - |

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2007

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - HAWKESBURY CITY

| PURPOSE | Opening Balance | Received during Year | | Interest earned in Yr | Exp. during Yr | Internal Borrowing (to)/from | Held as Restricted Asset | Projections | | |
|-------------------------|--------------------|-------------------------|----------|-----------------------------|----------------------|------------------------------------|--------------------------------|------------------|-----------------------------|-------------------------------|
| | | Cash | Non Cash | | | | | Future income | Exp still outstanding | Over or (under) Funding |
| Drainage | 253 | 3 | | 16 | | | 272 | - | (272) | - |
| Roads | 395 | 3 | | 25 | | | 423 | 3 | (426) | - |
| Parking | 499 | | | 32 | | | 531 | - | (531) | - |
| Open Space | 670 | 25 | | 35 | (135) | | 595 | 15 | (610) | - |
| Community Facilities | 1,815 | 50 | | 103 | (218) | | 1,750 | 45 | (1,795) | - |
| Recreational Facilities | 894 | 6 | | 55 | (30) | | 925 | 5 | (930) | - |
| Bushfire | 38 | | | 2 | | | 40 | - | (40) | - |
| Total | 4,564 | 87 | - | 268 | (383) | - | 4,536 | 68 | (4,604) | - |

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN - HAWKESBURY CITY

| PURPOSE | Opening Balance | Received during Year | | Interest earned in Yr | Exp. during Yr | Internal Borrowing (to)/from | Held as Restricted Asset | Projections | | |
|--------------|--------------------|-------------------------|----------|-----------------------------|----------------------|------------------------------------|--------------------------------|------------------|-----------------------------|-------------------------------|
| | | Cash | Non Cash | | | | | Future income | Exp still outstanding | Over or (under) Funding |
| Other | 21 | 233 | | 16 | | | 270 | 503 | (773) | - |
| Total | 21 | 233 | - | 16 | - | - | 270 | 503 | (773) | - |

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

Council has a bank guarantee in favour of Workcover to the value of \$1.35 million.

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Westpool Insurance

Council is one of 7 members to Westpool, an insurance pool managed by Willis Aust Ltd.

Council contributes to Westpools operations and in return receives Public Liability & Professional Indemnity Insurance coverage, and associated services such as training & risk assessment.

Council's contribution represented 6.4% of the total amounts paid in by member Councils.

The pool ended with a surplus of \$7.068M, of which Council's proportion share is \$691K.

Should the pool ever require additional funding, based on 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 Council's recurrent Workers Compensation expenditure budget will be funded from a reserve set up specifically for this purpose (refer Note 6).

(iii) Other Guarantees

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

2. 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.

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

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

\$ '000

(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.

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) 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.

(ii) Defined Benefit Superannuation Contribution Plans

Council participates in an employer sponsored Defined Benefit superannuation Scheme, and makes contributions as determined by the Superannuations Trustees.

The Local Government Superannuation Scheme however, has advised that it is unable to provide Council with an accurate estimate of its share of the Defined Benefit Schemes assets and liabilities in accordance with AASB 119.

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were more than sufficient to meet the accrued benefits of the Schemes defined benefit member category.

Council has not recorded any asset in these Financial Reports to represent any future economic benefit relating to the Scheme's Financial Position, nor has it recorded any movements in the Schemes Financial Position in these Accounts.

Accordingly, contributions made to the defined benefit scheme are recognised as an expense when they become payable - similar to accounting for a defined contributions plan.

(iii) Land Under Roads

As permitted under AASB 1045 and in accordance with DLG recommendations, Council has not brought to account in these Reports the value of Land Under Roads.

This is due to the divergence of opinion as to what value should be ascribed to such assets.

At present, the transitional period for deferral of recognition ends on 31 December 2007.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

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

Operational Arrangements where Councils Interest & Control exceeds 50%

Note 19(a)

Associated Entities & Joint Venture Entities

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

Arrangements in the form of a separate Entity that can that deploys the resources of the operation.

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

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

Note 19(c)

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 Statements of Financial Performance and Financial Position.

(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 the Statement of Financial Performance and Financial Position:

| | Council's Share of Net Income | | Council's Share of Net Assets | |
|------------------------|-------------------------------|----------------|-------------------------------|----------------|
| | Actual 2007 | Actual 2006 | Actual 2007 | Actual 2006 |
| Associated Entities | - | - | - | - |
| Joint Venture Entities | 691 | - | 691 | - |
| Total | 691 | - | 691 | - |

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

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 | |
|------------------------------|------------------------------|----------------|----------------|------|
| | | | 2007 | 2006 |
| 1. Hawkesbury Leisure Centre | Sports, fitness and swimming | Non Reporting | 100% | 100% |

| Current Year Financial Movements in Total Operation/Entity | | Gross Financial Summary of Subsidiary | |
|--|-------|---------------------------------------|-------|
| Opening Equity Balance | 9,107 | Assets | 9,303 |
| New Capital Contributions | - | Liabilities | 632 |
| Operating Result | (436) | Net Equity | 8,671 |
| Adjustment to Equity Share | - | | |
| Distributions Paid | - | Revenues | 1,995 |
| Closing Equity Balance | 8,671 | Net Profit | (436) |
| Minority Interest Share | - | Minority Interest Share | - |

| | | | | |
|------------------------------|--------------------------------------|---------------|------|------|
| 2. Hawkesbury Sports Council | Sports and sporting recreation areas | Non Reporting | 100% | 100% |
|------------------------------|--------------------------------------|---------------|------|------|

| Current Year Financial Movements in Total Operation/Entity | | Gross Financial Summary of Subsidiary | |
|--|-------|---------------------------------------|-------|
| Opening Equity Balance | 740 | Assets | 515 |
| New Capital Contributions | - | Liabilities | 29 |
| Operating Result | (254) | Net Equity | 486 |
| Adjustment to Equity Share | - | | |
| Distributions Paid | - | Revenues | 963 |
| Closing Equity Balance | 486 | Net Profit | (254) |
| Minority Interest Share | - | Minority Interest Share | - |

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

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

\$ '000

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

JOINT VENTURE ENTITIES

(a) Carrying Amounts

| Name of Entity | Principal Activity | 2007 | 2006 |
|---|--------------------|------|------|
| Westpool | Insurance Pool | 691 | - |
| Total Carrying Amounts - Joint Venture Entities | | 691 | - |

(b) Relevant Interests

| Name of Entity | Interest in Outputs | | Interest in Ownership | | Proportion of Voting Power | |
|----------------|---------------------|------|-----------------------|------|----------------------------|------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Westpool | 6% | 6% | 10% | 12% | 14% | 14% |

(c) Movement in Carrying Amounts

| | Westpool | |
|---|----------|------|
| | 2007 | 2006 |
| Opening Balance | - | - |
| Share in Operating Result | 691 | - |
| Adjustments to Equity | - | - |
| Councils Equity Share in the Joint Venture Entity | 691 | - |

(d) Share of Joint Ventures Assets & Liabilities

| | Assets | | Liabilities | | Net Assets |
|----------|---------|-------------|-------------|-------------|------------|
| | Current | Non Current | Current | Non Current | |
| 2007 | | | | | |
| Westpool | 1,596 | 2 | 211 | 696 | 691 |
| Totals | 1,596 | 2 | 211 | 696 | 691 |

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

| | 2007 | | | 2006 | | |
|----------|----------|----------|--------|----------|----------|--------|
| | Revenues | Expenses | Result | Revenues | Expenses | Result |
| Westpool | 899 | 208 | 691 | - | - | - |
| Totals | 899 | 208 | 691 | - | - | - |

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2007

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

\$ '000

19(c) Joint Venture Operations

Council has no interest in any Joint Venture Operations.

19(d) Subsidiaries, Associated Entities & Joint Venture Operations Not Recognised

The following Subsidiaries, Associated Entities & Joint Ventures have not been recognised in this Financial Report.

| Name of Entity/Operation | Principal Activity/Type of Entity | 2007 | 2007 |
|--------------------------|-----------------------------------|------------|------------|
| | | Net Profit | Net Assets |
| United Independent Pools | Insurance pool | (72) | 6 |

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 20. Equity - Retained Earnings and Revaluation Reserves

| \$ '000 | Notes | Actual 2007 | Actual 2006 |
|--|-------|----------------|----------------|
| a. Retained Earnings | | | |
| Movements in Retained Earnings were as follows: | | | |
| Balance at beginning of Year (from previous years audited accounts) | | 125,810 | 123,472 |
| a. Adjustments on adoption of AASB 132/AASB139 as at 1/7/05 | | n/a | - |
| b. Correction of Prior Period Errors | | - | - |
| c. Changes in Accounting Policies (Prior Period Effects) | | - | - |
| d. Current Year Income & Expenses Recognised direct to Equity excluding direct to Reserves transactions | | (21,599) | - |
| e. Net Operating Result for the Year | | 5,577 | 2,338 |
| f. Distributions to/(Contributions from) Minority Interests | | - | - |
| g. Transfers between Equity | | 241,028 | - |
| Balance at End of the Reporting Period | | 350,816 | 125,810 |
| b. Reserves | | | |
| (i) Reserves are represented by: | | | |
| - Asset Revaluation Reserve | | 22,015 | 241,028 |
| Total | | 22,015 | 241,028 |
| (ii). Reconciliation of movements in Reserves: | | | |
| Infrastructure, Property, Plant & Equipment Reserve | | | |
| - Opening Balance | | 241,028 | 241,028 |
| - Revaluations for the year | 9(a) | 22,015 | - |
| - Transfer to Retained Earnings | | (241,028) | - |
| TOTAL VALUE OF RESERVES | | 22,015 | 241,028 |

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2007

Note 21. 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 | |
|---|-------------------------------------|------------------|--------------|
| | | 2007 | 2006 |
| Waste Depots | 2027 | 3,669 | 3,461 |
| Balance at End of the Reporting Period | 10 | 3,669 | 3,461 |

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

Reconciliation of movement in Provision for year:

| | | |
|--|--------------|--------------|
| Balance at beginning of year | 3,461 | 3,265 |
| Amortisation of discount (expenses to borrowing costs) | 208 | 196 |
| Total - Reinstatement, rehabilitation and restoration provision | 3,669 | 3,461 |

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

Scope

We have audited the financial reports of **Hawkesbury Shire Council** for the financial year ended 30 June 2007 as set out on pages / to ~~68~~. The financial reports consist of the general purpose financial reports and Council's statement in the approved form as required by Section 413(2)(a) of the Local Government Act, 1993. Our audit responsibility does not extend to the Original Budget figures disclosed in the Income Statement, Statement of Cash Flows, Notes 2(a) and 16 to the financial statements nor the attached Special Schedules. The Council is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Council.

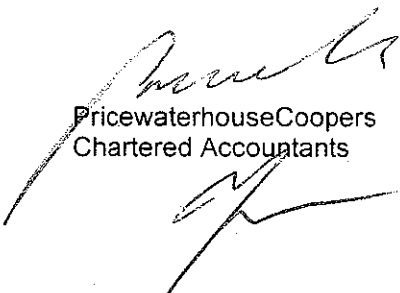
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the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

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

Audit opinion

In our opinion:

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


PricewaterhouseCoopers
Chartered Accountants

J A Gordon

Sydney 2007, 24 October.

The Mayor
Councillor Bart Bassett
Hawkesbury City Council
DX 8601
WINDSOR

Dear Councillor Bassett

PricewaterhouseCoopers
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**Report on the Conduct of the Audit for Year Ended 30 June 2007
Section 417(3)**

We have completed our audit for the financial reports of Hawkesbury Council for the year ended 30 June 2007, in accordance with Section 415 of the Local Government Act 1993.

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

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

Operating Result

Council's operating surplus improved from a surplus of \$2.3m in the previous year to a surplus of \$5.6m in the current period. The operating result before capital has also improved from a surplus of \$0.9m in the previous year to a surplus of \$2.9m.

Cash Position

Council's overall cash position increased from \$26m to \$34m during the period under review. The following table highlights the composition of cash.

| | June 2006 \$m | June 2007 \$m |
|-----------------------|------------------|------------------|
| Externally restricted | 14.7 | 15.6 |
| Internally restricted | 8.5 | 13.6 |
| Unrestricted | 2.8 | 5.0 |
| | 26.0 | 34.2 |

Working Capital

Council's net current assets increased from \$22.2m to \$27.8m during the period under review.

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

| | June 2006 \$'000 | June 2007 \$'000 |
|---|---------------------|---------------------|
| Net Current Assets | 22,170 | 27,835 |
| Less External Restrictions | 14,675 | 15,597 |
| Internal Restrictions | 8,524 | 13,622 |
| | (1,029) | (1,384) |
| Add Current liabilities to be funded from other sources. | 5,431 | 5,881 |
| Available Working Capital | 4,402 | 4,497 |

The effective unrestricted or available working capital upon which Council could build its 2007/08 budget was \$4.5m.

Performance Indicators

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

| | June 2006 % | June 2007 % |
|-----------------------------------|----------------|----------------|
| Unrestricted current ratio | 450 | 363 |
| Debt Service Ratio | .02 | .02 |
| Rate Coverage Ratio | 60 | 58 |
| Rates Outstanding Ratio | 4.4 | 5.3 |

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

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

The Rate Coverage Ratio declined slightly due to an increase in other income sources.

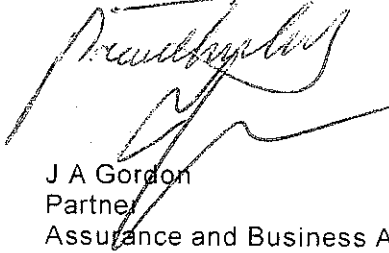
The Rates Outstanding Ratio increased to 5.3% of collectables and is marginally higher than the accepted industry benchmark of 5%.

Council is considered to be in a sound and stable financial position. All indicators remain better than accepted industry benchmarks except for the rates outstanding ratio which has declined to be worse than benchmark.

General

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

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'J A Gordon', written over the typed name and title.

J A Gordon
Partner
Assurance and Business Advisory Services

24 October, 2007.

Hawkesbury City Council

SPECIAL PURPOSE FINANCIAL REPORTS
for the year ended 30 June 2007

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



Hawkesbury City Council

Special Purpose Financial Reports for the financial year ended 30 June 2007

| Contents | Page |
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| 1. Statement by Councillors & Management | 2 |
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| - Income Statement of Sewerage Business Activity | 3 |
| - Income Statement of Hawkesbury Leisure Centre | 4 |
| - Balance Sheet of Sewerage Business Activities | 5 |
| - Balance Sheet of Hawkesbury Leisure Centre | 6 |
| 3. Notes to the Special Purpose Financial Reports | 7 |
| 4. Auditor's Report | 13 |

Background

- (i) These Special Purpose Financial Reports have been prepared for the use by both Council and the Department 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 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 \$2Million that Council has formally declared as a Business Activity (defined as Category 1 activities).

- (iv) In preparing these financial reports for Councils 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 YEAR ENDED 30 June 2007

STATEMENT BY COUNCILLORS AND MANAGEMENT

The attached special purpose Financial Statements have been drawn up in accordance with:

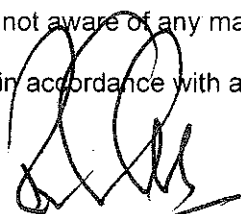
- The Local Government Code of Accounting Practice and Financial Reporting
- NSW Government Policy Statement *"Application of National Competition Policy to Local Government"*
- Department of Local Government guidelines *"pricing & Costing for Council Businesses: A Guide to Competitive Neutrality"*
-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

To the best of our knowledge and belief, these reports

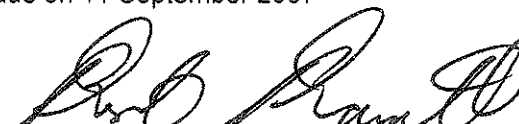
- Present fairly the financial position and operating result for each of Council's declared Business Units for the year, and
- Accord with Council's accounting and other records

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

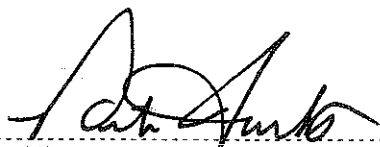
Signed in accordance with a resolution of Council made on 11 September 2007



Councillor Rex Stubbs, Mayor



Councillor Bart Bassett, Deputy Mayor



Peter Jackson, Acting General Manager



Rob Stalley, Responsible Accounting Officer

Hawkesbury City Council

Income Statement of Councils Sewerage Business Activity for the financial year ended 30 June 2007

| \$ '000 | Actual 2007 | Actual 2006 | Actual 2005 |
|--|----------------|----------------|----------------|
| Income from continuing operations | | | |
| Access charges | 3,163 | 2,811 | 2,824 |
| User charges | 447 | 539 | 532 |
| Interest | 112 | 115 | 127 |
| Grants and contributions provided for non capital purposes | 36 | 21 | (92) |
| Profit from the sale of assets | - | 13 | - |
| Other income | 11 | 231 | 87 |
| Total income from continuing operations | 3,769 | 3,730 | 3,478 |
| Expenses from continuing operations | | | |
| Employee benefits and on-costs | 1,343 | 1,155 | 1,395 |
| Borrowing costs | 3 | 3 | 3 |
| Materials and contracts | 1,832 | 1,642 | 1,391 |
| Depreciation and impairment | 788 | 880 | 804 |
| Loss on sale of assets | - | - | 2 |
| Calculated taxation equivalents | 16 | 9 | 10 |
| Other expenses | - | - | 2 |
| Total expenses from continuing operations | 3,982 | 3,689 | 3,607 |
| Surplus (deficit) from Continuing Operations before capital amounts | (213) | 41 | (129) |
| Grants and contributions provided for capital purposes | 122 | 384 | 302 |
| Surplus (deficit) from Continuing Operations after capital amounts | (91) | 425 | 173 |
| Surplus (deficit) from discontinued operations | - | - | - |
| Surplus (deficit) from ALL Operations before tax | (91) | 425 | 173 |
| less: Corporate Taxation Equivalent (30%) [based on result before capital] | - | (12) | - |
| SURPLUS (DEFICIT) AFTER TAX | (91) | 413 | 173 |
| plus Opening Retained Profits | 54,199 | 54,416 | 54,243 |
| adjustments for amounts unpaid: | | | |
| - Taxation equivalent payments | 16 | 9 | 10 |
| - Prior year adjustment to equity | - | (642) | - |
| - Corporate taxation equivalent | - | 12 | - |
| less: | | | |
| - Tax Equivalent Dividend paid | (16) | (9) | (10) |
| - Correction of Depreciation error | (20,425) | - | - |
| Closing Retained Profits | 33,683 | 54,199 | 54,416 |
| Return on Capital % | -0.4% | 0.1% | -0.3% |
| Subsidy from Council | 3,550 | 2,913 | 2,915 |
| Calculation of dividend payable: | | | |
| Surplus (deficit) after tax | (91) | 413 | 173 |
| less: Capital grants and contributions (excluding developer contributions) | - | - | - |
| Surplus for dividend calculation purposes | - | 413 | 173 |
| Potential Dividend calculated from surplus | - | 206 | 87 |

Hawkesbury City Council

Income Statement of Councils Other Business Activities

for the financial year ended 30 June 2007

| | Hawkesbury Leisure Centre | |
|--|------------------------------|----------------|
| \$ '000 | Actual 2007 | Actual 2006 |
| Income from continuing operations | | |
| User charges | 1,995 | 2,026 |
| Total income from continuing operations | 1,995 | 2,026 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 1,307 | 1,283 |
| Materials and contracts | 571 | 744 |
| Depreciation and impairment | 208 | 294 |
| Other expenses | 345 | 164 |
| Total expenses from continuing operations | 2,431 | 2,485 |
| Surplus (deficit) from Continuing Operations before capital amounts | (436) | (459) |
| Grants and contributions provided for capital purposes | - | - |
| Surplus (deficit) from Continuing Operations after capital amounts | (436) | (459) |
| Surplus (deficit) from discontinued operations | - | - |
| Surplus (deficit) from ALL Operations before tax | (436) | (459) |
| less: Corporate Taxation Equivalent (30%) [based on result before capital] | - | - |
| SURPLUS (DEFICIT) AFTER TAX | (436) | (459) |
| plus Opening Retained Profits | 9,107 | 9,566 |
| 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 | 8,671 | 9,107 |
| Return on Capital % | -4.8% | -3.9% |
| Subsidy from Council | 1,000 | 802 |

Hawkesbury City Council

Balance Sheet of Councils Sewerage Business Activity

as at 30 June 2007

| \$ '000 | Actual 2007 | Actual 2006 |
|--|----------------|----------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | 2,381 | 2,521 |
| Receivables | 155 | 135 |
| Inventories | - | - |
| Other | - | - |
| Non-current assets classified as held for sale | - | - |
| Total Current Assets | 2,536 | 2,656 |
| Non-Current Assets | | |
| Investments | - | - |
| Receivables | 17 | - |
| Inventories | - | - |
| Infrastructure, property, plant and equipment | 53,434 | 51,747 |
| Investments accounted for using equity method | - | - |
| Investment property | - | - |
| Other | - | - |
| Total non-Current Assets | 53,451 | 51,747 |
| TOTAL ASSETS | 55,987 | 54,403 |
| LIABILITIES | | |
| Current Liabilities | | |
| Payables | 72 | 35 |
| Interest bearing liabilities | 3 | 4 |
| Provisions | 154 | 50 |
| Total Current Liabilities | 229 | 89 |
| Non-Current Liabilities | | |
| Payables | - | - |
| Interest bearing liabilities | 39 | 42 |
| Provisions | 21 | 73 |
| Total Non-Current Liabilities | 60 | 115 |
| TOTAL LIABILITIES | 289 | 204 |
| NET ASSETS | 55,698 | 54,199 |
| EQUITY | | |
| Retained earnings | 33,683 | 54,199 |
| Revaluation reserves | 22,015 | - |
| Council equity interest | 55,698 | 54,199 |
| Minority equity interest | - | - |
| TOTAL EQUITY | 55,698 | 54,199 |

Hawkesbury City Council

Balance Sheet of Councils Other Business Activities

as at 30 June 2007

| | Hawkesbury Leisure Centre | |
|--|------------------------------|--------------|
| | Cat. 1 | Cat. 1 |
| | Actual | Actual |
| \$ '000 | 2007 | 2006 |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | 99 | 95 |
| Investments | - | - |
| Receivables | 165 | 116 |
| Inventories | 17 | 16 |
| Other | - | 18 |
| Non-current assets classified as held for sale | - | - |
| Total Current Assets | 281 | 245 |
| Non-Current Assets | | |
| Investments | - | - |
| Receivables | - | - |
| Inventories | - | - |
| Infrastructure, property, plant and equipment | 9,022 | 9,182 |
| Investments accounted for using equity method | - | - |
| Investment property | - | - |
| Other | - | - |
| Total Non-Current Assets | 9,022 | 9,182 |
| TOTAL ASSETS | 9,303 | 9,427 |
| LIABILITIES | | |
| Current Liabilities | | |
| Payables | 316 | 320 |
| Provisions | 25 | - |
| Other | 291 | - |
| Total Current Liabilities | 632 | 320 |
| Non-Current Liabilities | | |
| Payables | - | - |
| Interest bearing liabilities | - | - |
| Provisions | - | - |
| Other Liabilities | - | - |
| Total Non-Current Liabilities | - | - |
| TOTAL LIABILITIES | 632 | 320 |
| NET ASSETS | 8,671 | 9,107 |
| EQUITY | | |
| Retained earnings | 8,671 | 9,107 |
| Revaluation reserves | - | - |
| Council equity interest | 8,671 | 9,107 |
| Minority equity interest | - | - |
| TOTAL EQUITY | 8,671 | 9,107 |

Hawkesbury City Council

Special Purpose Financial Reports

for the financial year ended 30 June 2007

Contents of the Notes accompanying the Financial Statements

| Note | Details | Page |
|-------------|--|-------------|
| 1 | Summary of Significant Accounting Policies | 8 |
| 2 | Sewerage Business Best Practice Management disclosure requirements | 11 |

Hawkesbury City Council

Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2007

Note 1. Significant Accounting Policies

These financial statements are Special Purpose Financial Reports (SPFR's) prepared for use by the Council, the Department of Local Government and the Department of Water & Energy.

For the purposes of these statements, the council's activities (listed herein) are based upon them not being reporting entities.

This special purpose financial report, unless otherwise stated, has been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the Local Government Act and Regulations, the Local Government Code of Accounting Practice and Financial Reporting and the Local Government Asset Accounting Manual.

The statements are also prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets.

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 Department 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 and net assets of Councils Sewerage Reticulation and Treatment Operations servicing the Hawkesbury City Council area.

b. Hawkesbury Leisure Centres

Comprising the operations and 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 YMCA.

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

None

Hawkesbury City Council

Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2007

Note 1. Significant Accounting Policies (continued)

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of Note 3 (Sewerage Best Practice Management Disclosures – A514).

As required by the Department of Water & Energy, the amounts shown in Note 3 are shown in whole dollars.

(i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations (General Purpose Financial Report) just like all other costs.

However, where council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all council nominated business activities and are reflected in the SPFR.

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 – **1.7% + \$100** on combined land values above \$352,000

Payroll Tax – **6%** on Salaries and Wages in excess of \$600,000

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 the 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 the GPFR.

Hawkesbury City Council

Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2007

Note 1. Significant Accounting Policies (continued)

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 for all Category 1 businesses have been applied to all 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.

(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.

(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 is disclosed for each of Councils business activities on the 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.

Local Government Water Supply and 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 50% of this surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2007 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 Department of Water & Energy prior to making the dividend and only after the Department has approved its payment.

Hawkesbury City Council

Notes to the Special Purpose Financial Reports for the financial year ended 30 June 2007

Note 3. Sewerage Business Best Practice Management disclosure requirements

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

Calculation and Payment of Tax-Equivalents

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

| | | |
|-------|--|--------|
| (i) | Calculated Tax Equivalents | 16,000 |
| (ii) | No of assessments multiplied by \$3/assessment | 21,837 |
| (iii) | Amounts payable for Tax Equivalents [lesser of (i) and (ii)] | 16,000 |
| (iv) | Amounts paid for Tax Equivalents | 16,000 |

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 multiplied by \$30/assessment, less tax equivalent charges/assessment | 202,370 |
| (iii) | Cumulative surplus before dividends for the 3 years to 30 June 2007, less the cumulative dividends paid for the 2 years to 30 June 2006 | 585,700 |

| | | | | | |
|--------------|---|---------------|---------|---------------|---------|
| 2007 Surplus | - | 2006 Surplus | 412,700 | 2005 Surplus | 173,000 |
| | | 2006 Dividend | - | 2005 Dividend | - |

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

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] | YES |
| | (b) Non Residential [Item 2(c) in Table 1] | YES |
| | (c) Trade Waste [Item 2(d) in Table 1] | YES |
| | 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) | Integrated Water Cycle Management Evaluation (by June 2006) | NO |

Hawkesbury City Council

Notes to the Special Purpose Financial Reports for the financial year ended 30 June 2007

Note 3. Sewerage Business Best Practice Management disclosure requirements

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

National Water Initiative (NWI) Financial Performance Indicators

| | | | |
|----------------|---|--------|---------|
| NWI F2 | Total Revenue (Sewerage) Total Revenues (s14) + Gains/Losses on Disposal of Assets (s15) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) | \$'000 | 3,791 |
| NWI F21 | Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a) | \$'000 | - |
| NWI F11 | Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17) | \$'000 | 302 |
| NWI F14 | Economic Real Rate of Return (Sewerage) [Total Revenue (s14) - Interest Income (s10) - Grants for Assets (s12a) - Total Cost (NWI F10)] x 100 divided by Written Down Replacement Cost (ie. WDRC) of Operational Assets (s48) | % | -0.28% |
| NWI F12 | Economic Real Rate of Return (Water & Sewerage) [Total Revenue (w13 + s14) - Interest Income (w9 + s10) - Grants for Assets (w11a + s12a) minus Total Cost (NWI F9 + NWI F10)] x 100 divided by WDRC of Operational Assets (w47 + s48) | % | -0.28% |
| NWI F16 | 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)] | % | -4.20% |
| NWI F17 | Interest Cover (Water & Sewerage) Earnings before Interest & Tax x 100 divided by Net Interest (ie. Interest Expense - Interest Income) [Operating Result (w15a + s16a) - Interest (w9 - w4a + s10 - s4a) - Gain/Loss on Sale of Assets (w14 + s15)] x 100 divided by [Interest Expense 9w4a + s4a) - Interest Income (w9 + s10)] | % | 192.86% |
| NWI F18 | Net Profit After Tax (Water & Sewerage) [Surplus before Dividends less Tax Paid]. Refer Notes 2 & 3 previously. | \$'000 | (91) |
| NWI F19 | Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b) | \$'000 | 35 |
| NWI F5 | Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F19) x 100 divided by Total Revenue (NWI F1 + NWI F2) | % | 0.92% |
| NWI F7 | Operating Cost (OMA) (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2) | \$'000 | 3,152 |
| NWI F10 | Total Cost (Sewerage) Operating Cost (NWI F7) + Current Cost Depreciation (s3a + s3b) | \$'000 | 3,939 |

Note: The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

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Hawkesbury Shire Council Special Purpose Financial Reports Independent Auditors' Report

Scope

We have audited the special purpose financial reports of **Hawkesbury Shire Council** for the year ended 30 June 2007, comprising the Statement by Council, Income Statements of Business Activities, Balance Sheets of Business Activities, and accompanying Notes to the Accounts. The financial statements include the accounts of the business activities of the Council and the entities it controlled at the year's end or from time to time during the year. The Council is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Council.

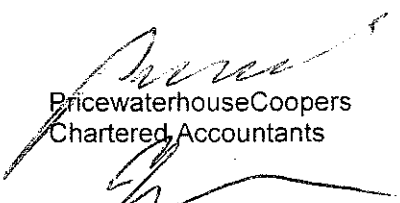
The special purpose financial reports have been prepared for distribution to the Council and the Department of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Department of Local Government or for any purpose other than for which the report was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with those Australian Accounting Standards adopted and the Local Government Code of Accounting Practice and Financial Reporting so as to present a view which is consistent with our understanding of the business activities of the Council and their financial position and the results of their operations.

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

Audit opinion

In our opinion, the Special Purpose Financial Reports of **Hawkesbury Shire Council** are presented fairly in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.



PricewaterhouseCoopers
Chartered Accountants

J.A. Gordon
Sydney

24 October, 2007

Hawkesbury City Council

SPECIAL SCHEDULES

for the year ended 30 June 2007

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



Hawkesbury City Council

Special Schedules for the financial year ended 30 June 2007

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| Special Schedules¹ | |
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| - Special Schedule No. 2(b) | Statement of Internal Loans (Sect. 410(3) LGA 1993) 6 |
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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;
 - i the NSW Grants Commission
 - i the Australian Bureau of Statistics (ABS),
 - i the Department of Energy, Utilities & Sustainability (DEUS), and
 - i the Department of Local Government (DLG).
 - (ii) The financial data is collected for various uses including;
 - i the allocation of Financial Assistance Grants,
 - i the incorporation of Local Government financial figures in national statistics,
 - i the monitoring of loan approvals,
 - i the allocation of borrowing rights, and
 - i the monitoring of specific service financial activities.
-

Hawkesbury City Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2007

\$'000

| Function or Activity | Expenses from continuing operations | | Income from continuing operations | | | Net Cost of Services | |
|---|-------------------------------------|--------------|-----------------------------------|------------------|--------------|----------------------|----------------|
| | Expenses | Group Totals | Non Capital Revenues | Capital Revenues | Group Totals | Net Cost | Group Totals |
| Governance | 629 | 629 | - | | - | (629) | (629) |
| Administration | | | | | | | |
| Corporate Support | 2,613 | | 375 | 587 | | (1,651) | |
| Engineering and Works | 2,528 | | 165 | 6 | | (2,357) | |
| Other Support Services | 299 | 5,440 | 3 | - | 1,136 | (296) | (4,304) |
| Public Order and Safety | | | | | | | |
| Fire Protection – Other | 1,468 | | 306 | 21 | | (1,141) | |
| Animal Control | 636 | | 427 | - | | (209) | |
| Enforcement of Local Govt Regs | 304 | | 40 | - | | (264) | |
| Emergency Services | 138 | | 7 | - | | (131) | |
| Other | 244 | 2,790 | 293 | - | 1,094 | 49 | (1,696) |
| Health | | | | | | | |
| Administration and Inspection | 484 | | 221 | - | | (263) | |
| | | 484 | | | 221 | | (263) |
| Community Services and Education | | | | | | | |
| Administration | 496 | | 144 | - | | (352) | |
| Family Day Care | 930 | | 893 | - | | (37) | |
| Child Care | 221 | | 193 | - | | (28) | |
| Youth Services | 72 | | 92 | - | | 20 | |
| Other Families and Children | 367 | | 835 | - | | 468 | |
| Other Community Services | 203 | | 174 | - | | (29) | |
| | | 2,289 | | | 2,331 | | 42 |

Hawkesbury City Council

Special Schedule No. 1 - Net Cost of Services (continued) for the financial year ended 30 June 2007

\$'000

| Function or Activity | Expenses from continuing operations | | Income from continuing operations | | | Net Cost of Services | |
|---|-------------------------------------|---------------|-----------------------------------|------------------|---------------|----------------------|----------------|
| | Expenses | Group Totals | Non Capital Revenues | Capital Revenues | Group Totals | Net Cost | Group Totals |
| Housing and Community Amenities | | | | | | | |
| Housing | 2,849 | | 2,826 | - | | (23) | |
| Town Planning | 1,472 | | 678 | 317 | | (477) | |
| Domestic Waste Management | 6,843 | | 7,171 | - | | 328 | |
| Urban Stormwater Drainage | 871 | | 11 | 3 | | (857) | |
| Environmental Protection | 529 | | 1,014 | - | | 485 | |
| | | 12,564 | | | 12,020 | | (544) |
| Sewerage Services | 3,841 | 3,841 | 3,612 | 122 | 3,734 | (107) | (107) |
| Recreation and Culture | | | | | | | |
| Public Libraries | 1,983 | | 165 | 63 | | (1,755) | |
| Museums | 575 | | 55 | - | | (520) | |
| Other Cultural Services | 42 | | - | - | | (42) | |
| Swimming Pools | 2,185 | | 1,995 | - | | (190) | |
| Sporting Grounds | 1,218 | | 161 | - | | (1,057) | |
| Parks and Gardens (Lakes) | 3,685 | | 171 | 386 | | (3,128) | |
| Other Sport and Recreation | 908 | 10,596 | 132 | - | 3,128 | (776) | (7,468) |
| Mining, Manufacturing and Construction | | | | | | | |
| Building Control | 863 | 863 | 478 | - | 478 | (385) | (385) |

Hawkesbury City Council

Special Schedule No. 1 - Net Cost of Services (continued) for the financial year ended 30 June 2007

\$'000

| Function or Activity | Expenses from continuing operations | | Income from continuing operations | | | Net Cost of Services | |
|--|-------------------------------------|--------------|-----------------------------------|------------------|--------------|----------------------|--------------|
| | Expenses | Group Totals | Non Capital Revenues | Capital Revenues | Group Totals | Net Cost | Group Totals |
| Transport and Communication | | | | | | | |
| Urban Roads (UR) - Local | 7,913 | | 1,338 | 1,176 | | (5,399) | |
| Parking Areas | 242 | | - | - | | (242) | |
| Water Transport | 411 | | 141 | - | | (270) | |
| Other | | 8,566 | | | 2,655 | - | (5,911) |
| Economic Affairs | | | | | | | |
| Real Estate Development | 653 | | 2,114 | - | | 1,461 | |
| Other Business Undertakings | 1,641 | 2,294 | 665 | - | 2,779 | (976) | 485 |
| Totals – Functions | | 50,356 | 26,895 | 2,681 | 29,576 | | (20,780) |
| General Purpose Revenues⁽¹⁾ | | | 25,666 | | 25,666 | 25,666 | 25,666 |
| Share of interests - joint ventures & associates using the equity method | - | - | 691 | | 691 | 691 | 691 |
| NET OPERATING RESULT FOR YEAR | 50,356 | | 53,252 | 2,681 | 55,933 | 5,577 | 5,577 |

Notes:

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

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)
for the financial year ended 30 June 2007

\$'000

| Classification of Debt | Principal outstanding at beginning of the year | | | New Loans raised during the year | Debt redemption during the year | | Transfers to Sinking Funds | Interest applicable for Year | Principal outstanding at the end of the year | | |
|-----------------------------|---|----------------|-----------|--|------------------------------------|------------------|----------------------------------|------------------------------------|---|----------------|-----------|
| | Current | Non Current | Total | | From Revenue | Sinking Funds | | | Current | Non Current | Total |
| Loans (by Source) | | | | | | | | | | | |
| Commonwealth Government | | | - | | | | | | | - | - |
| Treasury Corporation | | | - | | | | | | | - | - |
| Other State Government | | | - | | | | | | | - | - |
| Public Subscription | | | - | | | | | | | - | - |
| Financial Institutions | 5 | 62 | 67 | | 5 | | | 5 | 6 | 56 | 62 |
| Total Loans | 5 | 62 | 67 | - | 5 | - | - | 5 | 6 | 56 | 62 |
| Other Long Term Debt | | | | | | | | | | | |
| Ratepayers Advances | | | - | | | | | | | - | - |
| Government Advances | | | - | | | | | | | - | - |
| Finance Leases | | | - | | | | | | | - | - |
| Deferred Payments | | | - | | | | | | | - | - |
| Total Long Term Debt | - | - | - | - | - | - | - | - | - | - | - |
| Total Debt | 5 | 62 | 67 | - | 5 | - | - | 5 | 6 | 56 | 62 |

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the Face Value of debt obligations, rather than Fair Value (as per the GPFR's).

Hawkesbury City Council

Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993] for the financial year ended 30 June 2007

\$'000

Summary of Internal Loans

| Borrower (by purpose) | Amount originally raised | Total repaid during the year (Principal & Interest) | Principal Outstanding at end of year |
|---------------------------|--------------------------|--|---|
| General | | | |
| Water | | | |
| Sewer | | | |
| Domestic Waste Management | | | |
| Gas | | | |
| Other | | | |
| Totals | - | - | - |

Note: The summary of Internal Loans (above) represents the total of Council's Internal Loans categorised according to the borrower.

Details of Individual Internal Loans

| Borrower (by purpose) | Lender (by purpose) | Date of Ministers approval | Date Raised | Term (years) | Dates of Maturity | Rate of Interest | Amount originally raised | Total repaid during the year (Princ. & Int.) | Principal outstanding at end of year |
|--------------------------|------------------------|-------------------------------|-------------|-----------------|----------------------|---------------------|--------------------------|--|--|
| | | | | | | | | | |
| Totals | | | | | | | - | - | - |

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 2007

| \$'000 | Actuals 2007 | Actuals 2006 |
|---|-----------------|-----------------|
| A Expenses and Income Expenses | | |
| 1. Management expenses | | |
| a. Administration | 930 | 897 |
| b. Engineering and Supervision | 465 | 365 |
| 2. Operation and Maintenance | | |
| - Mains | | |
| a. Operation expenses | 89 | 23 |
| b. Maintenance expenses | 174 | 155 |
| - Pumping Stations | | |
| c. Operation expenses (excluding energy costs) | - | - |
| d. Energy costs | 187 | 177 |
| e. Maintenance expenses | 325 | 267 |
| - Treatment | | |
| f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs) | - | - |
| g. Chemical costs | - | - |
| h. Energy costs | - | - |
| i. Effluent Management | 88 | 109 |
| j. Biosolids Management | - | - |
| k. Maintenance expenses | 825 | 749 |
| - Other | | |
| l. Operation expenses | 69 | 55 |
| m. Maintenance expenses | - | - |
| 3. Depreciation | | |
| a. System assets | - | - |
| b. Plant and equipment | 787 | 880 |
| 4. Miscellaneous expenses | | |
| a. Interest expenses | 3 | 3 |
| b. Revaluation Decrements | - | - |
| c. Other expenses | 25 | - |
| d. Tax Equivalents Dividends (actually paid) | 16 | 9 |
| 5. Total expenses | 3,983 | 3,689 |

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 2007

| \$'000 | Actuals 2007 | Actuals 2006 |
|--|-----------------|-----------------|
| Income | | |
| 6. Residential charges (including rates) | 2,535 | 2,444 |
| 7. Non-residential charges | | |
| a. Access (including rates) | 15 | 21 |
| b. User charges | 611 | 539 |
| 8. Trade Waste Charges | | |
| a. Annual Fees | 232 | 208 |
| b. User charges | - | - |
| c. Excess mass charges & re-inspection fees | - | - |
| 9. Extra charges | 11 | 3 |
| 10. Interest income | 101 | 115 |
| 11. Other income | 228 | 231 |
| 12. Grants | | |
| a. Grants for acquisition of assets | - | - |
| b. Grants for pensioner rebates | 35 | 34 |
| c. Other grants | - | 120 |
| 13. Contributions | | |
| a. Developer charges | 122 | 384 |
| b. Developer provided assets | - | - |
| c. Other contributions | 2 | 2 |
| 14. Total income | 3,892 | 4,101 |
| 15. Gain or loss on disposal of assets | - | 13 |
| 16. Operating Result | (91) | 425 |
| 16a. Operating Result (less grants for acquisition of assets) | (91) | 425 |

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 2007

| \$'000 | Actuals 2007 | Actuals 2006 |
|--|-----------------|-----------------|
| B Capital transactions | | |
| Non-operating expenditures | | |
| 17. Acquisition of Fixed Assets | | |
| a. Subsidised scheme | - | - |
| b. Other new system assets | - | 1,522 |
| c. Renewals | 302 | - |
| d. Plant and equipment | - | 52 |
| 18. Repayment of debt | | |
| a. Loans | 6 | 3 |
| b. Advances | - | - |
| c. Finance leases | - | - |
| 19. Transfer to sinking fund | - | - |
| 20. Totals | 308 | 1,577 |
| Non-operating funds employed | | |
| 21. Proceeds from disposal of assets | - | - |
| 22. Borrowing utilised | | |
| a. Loans | - | - |
| b. Advances | - | - |
| c. Finance leases | - | - |
| 23. Transfer from sinking fund | - | - |
| 24. Totals | - | - |
| C Rates and charges | | |
| 25. Number of assessments | | |
| a. Residential (occupied) | 6,367 | 6,668 |
| b. Residential (unoccupied) | 89 | 89 |
| c. Non-residential (occupied) | 767 | 721 |
| d. Non-residential (unoccupied) | 56 | 79 |
| 26. Number of ETs for which developer charges were received | 36 ET | 62 ET |
| 27. Total amount (actual dollars) of pensioner rebates | \$ 108,000 | \$ 101,000 |

Hawkesbury City Council

Special Schedule No. 5 - Sewerage Cross Subsidies for the financial year ended 30 June 2007

| \$'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"/> | |
| * 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, Department of Water and Energy, December, 2002. Such charges do not involve significant cross subsidies. | | | |
| b. Cross-subsidy to non-residential customers (page 45 of Guidelines) | | | <input type="text" value="-"/> |
| c. Cross-subsidy to trade waste discharges (page 46 of Guidelines) | | | <input type="text" value="-"/> |
| 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 2006/07 (page 47 of Guidelines) | | | <input type="text" value="-"/> |
| ** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, Department of Water & Energy , Dec 2002. | | | |
| 30. Disclosure of cross-subsidies | | | |
| Total of cross-subsidies (28b + 28c + 29b) | | | <input type="text" value="-"/> |

Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.

Hawkesbury City Council

Special Schedule No. 6 - Sewerage Service Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2007

| \$'000 | Actuals Current | Actuals Non Current | Actuals Total |
|---|--------------------|------------------------|------------------|
| ASSETS | | | |
| 31. Cash and investments | | | |
| a. Developer charges | 121 | | 121 |
| b. Special purpose grants | | | - |
| c. Accrued leave | | | - |
| d. Unexpected loans | | | - |
| e. Sinking fund | | | - |
| f. Other | 2,260 | | 2,260 |
| 32. Receivables | | | |
| a. Specific purpose grants | | | - |
| b. Rates and charges | 121 | 17 | 138 |
| c. Other | 34 | | 34 |
| 33. Inventories | | | - |
| 34. Property, plant and equipment | | | |
| a. System assets | | 53,374 | 53,374 |
| b. Plant and equipment | | 60 | 60 |
| 35. Other assets | | | - |
| 36. Total Assets | <u>2,536</u> | <u>53,451</u> | <u>55,987</u> |
| LIABILITIES | | | |
| 37. Bank overdraft | | | - |
| 38. Creditors | 72 | | 72 |
| 39. Borrowings | | | |
| a. Loans | 3 | 39 | 42 |
| b. Advances | | | - |
| c. Finance leases | | | - |
| 40. Provisions | | | |
| a. Tax equivalents | | | - |
| b. Dividend | | | - |
| c. Other | 154 | 21 | 175 |
| 41. Total Liabilities | <u>229</u> | <u>60</u> | <u>289</u> |
| 42. NET ASSETS COMMITTED | <u>2,307</u> | <u>53,391</u> | <u>55,698</u> |
| EQUITY | | | |
| 42. Accumulated surplus | | | 33,683 |
| 44. Asset revaluation reserve | | | <u>22,015</u> |
| 45. TOTAL EQUITY | | | <u>55,698</u> |
| Note to system assets: | | | |
| 46. Current replacement cost of system assets | | | 100,478 |
| 47. Accumulated current cost depreciation of system assets | | | <u>(47,044)</u> |
| 48. Written down current cost of system assets | | | 53,434 |

Hawkesbury City Council

Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2007

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 4b of Special Schedules 3 and 5) include all expenses not recorded elsewhere.

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 User 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 User 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 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 **average residential bills**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

as at 30 June 2007

| ASSET CLASS | Asset Category | Dep'n. Rate (%) | Dep'n. Expense (\$) | Cost | Valuation | Accumulated Depreciation & Impairment | Carrying Amount (WDV) | Asset Condition [#] | Estimated cost to bring up to a satisfactory condition standard ⁽¹⁾ | Required ⁽²⁾ Annual Maintenance | Current ⁽³⁾ Annual Maintenance |
|---------------------|---------------------|-----------------------|---------------------------|--------------------------------|-----------|--|-----------------------------|-------------------------------------|---|--|---|
| Buildings | | per Note 1 | per Note 4 | <<<<<<<<< per Note 9 >>>>>>>>> | | | | <<<<<<< per Section 428(2d) >>>>>>> | | | |
| | Council Offices | 1 to 2% | 81 | 4,704 | - | 141 | 4,563 | 6 | 1,535 | 154 | 63 |
| | Council Works Depot | 1 to 2% | 39 | 2,237 | - | 132 | 2,105 | 5 | 170 | 85 | 172 |
| | Council Halls | 1 to 5% | 135 | 7,852 | - | 475 | 7,377 | 3 | 799 | 400 | 493 |
| | Council Houses | 1 to 2% | 94 | 5,443 | - | 186 | 5,257 | 6 | - | 3 | 142 |
| | Museum | 1 to 10% | 28 | 1,615 | - | 66 | 1,549 | 5 | 250 | 25 | 3 |
| | Library | 1 to 10% | 192 | 11,146 | - | 365 | 10,781 | 1 | 550 | 55 | 18 |
| | Childcare Centre(s) | 1 to 2% | 67 | 3,887 | - | 397 | 3,490 | 4 | 332 | 33 | 14 |
| | Amenities/Toilets | 1 to 5% | 205 | 11,895 | - | 1,084 | 10,811 | 4 | 603 | 100 | 79 |
| | Leisure | 1 to 5% | 179 | 10,402 | - | 618 | 9,784 | 3 | 200 | 20 | 20 |
| | sub total | | 1,020 | 59,181 | - | 3,464 | 55,717 | | 4,439 | 875 | 1,004 |
| Public Roads | | | | | | | | | | | |
| | Sealed Roads | 1% | 945 | 77,808 | - | 7,488 | 70,320 | 4 | 58,045 | 8,823 | 3,263 |
| | Unsealed Roads | 1% | 216 | 17,820 | - | 1,242 | 16,578 | 4 | 22,181 | 2,218 | 980 |
| | Bridges | 1% | 78 | 6,450 | - | 558 | 5,892 | 3 | 3,100 | 296 | 139 |
| | Footpaths | 2% | 40 | 3,259 | - | 378 | 2,881 | 3 | 1,075 | 137 | 6 |
| | Cycle ways | 2% | 14 | 1,138 | - | 77 | 1,061 | 2 | - | 8 | - |
| | Kerb and Gutter | 1% | 228 | 18,778 | - | 1,444 | 17,334 | 4 | 9,250 | 953 | - |
| | Road Furniture | 1 to 10% | 114 | 9,434 | - | 2,176 | 7,258 | 3 | 450 | 45 | 100 |
| | sub total | | 1,635 | 134,687 | - | 13,363 | 121,324 | | 94,101 | 12,480 | 4,488 |

Special Schedule No. 7 - Condition of Public Works (continued)
as at 30 June 2007

\$'000

| ASSET CLASS | Asset Category | Dep'n. Rate (%) | Dep'n. Expense (\$) | Cost | Valuation | Accumulated Depreciation & Impairment | Carrying Amount (WDV) | Asset Condition [#] | Estimated cost to bring up to a satisfactory condition standard ⁽¹⁾ | Required ⁽²⁾ Annual Maintenance | Current ⁽³⁾ Annual Maintenance |
|-------------|-----------------|-----------------------|---------------------------|-------|-----------|--|-----------------------------|---------------------------------|---|--|---|
| Sewerage | Pump Stations | 1% | 215 | - | 28,050 | 12,592 | 15,458 | 2 | 550 | 288 | 288 |
| | Reticulation | 2% | 330 | - | 43,178 | 21,897 | 21,281 | 3 | 5,000 | 174 | 174 |
| | Manholes | 1% | 116 | - | 15,202 | 7,710 | 7,492 | 3 | 2,000 | 13 | 13 |
| | Mains | 1 to 1.43% | 55 | - | 7,122 | 2,375 | 4,747 | 2 | 1,000 | 16 | 16 |
| | Treatment Works | 1 to 1.43% | 42 | - | 5,463 | 2,148 | 3,315 | 2 | 600 | 49 | 49 |
| | Plant | 20% | 26 | 378 | - | 318 | 60 | - | - | - | - |
| | Land | 0% | - | 1,077 | - | - | 1,077 | - | - | - | - |
| | Buildings | 5% | - | 8 | - | 4 | 4 | - | - | - | - |
| | sub total | | 784 | 1,463 | 99,015 | 47,044 | 53,434 | | 9,150 | 540 | 540 |

| ASSET CLASS | Asset Category | Dep'n. Rate (%) | Dep'n. Expense (\$) | Cost | Valuation | Accumulated Depreciation & Impairment | Carrying Amount (WDV) | Asset Condition [#] | Estimated cost to bring up to a satisfactory condition standard ⁽¹⁾ | Required ⁽²⁾ Annual Maintenance | Current ⁽³⁾ Annual Maintenance |
|-----------------------|---------------------------|-----------------------|---------------------------|---------------------------------|---------------|---|-----------------------------|--------------------------------------|--|---|--|
| Drainage Works | | per Note 1 | per Note 4 | <<<<<<<<< per Note 9 >>>>>>>>>> | | | | <<<<<<< per Section 428(2d) >>>>>>>> | | | |
| | Stormwater Conduits | 1 to 1.67% | 481 | 31,099 | - | 2,844 | 28,255 | 4 | 3,468 | 347 | 36 |
| | Inlet and Junction Pits | 1.67 to 3.33% | 131 | 3,459 | - | 729 | 2,730 | 4 | - | 35 | - |
| | Head Walls | 1.67 to 3.33% | 9 | 438 | - | 68 | 370 | 4 | - | 20 | - |
| | sub total | | 621 | 34,996 | - | 3,641 | 31,355 | | 3,468 | 402 | 36 |
| | TOTAL - ALL ASSETS | | 4,060 | 230,327 | 99,015 | 67,512 | 261,830 | | 111,158 | 14,297 | 6,068 |

- (1). Satisfactory refers to estimated cost to bring the asset to a satisfactory condition as deemed by Council. It does not include any planned enhancements to the existing asset.
- (2). Required Annual Maintenance is what should be spent to maintain assets in a satisfactory standard.
- (3). Current Annual Maintenance is what has been spent in the current year to maintain assets.

| | |
|---|----------------------------------|
| 1 | Newly Constructed |
| 2 | Maintained in "as new" condition |
| 3 | Good condition |
| 4 | Average condition |

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Hawkesbury City Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2007

| \$ million | Actual ⁽¹⁾ 06/07 | Forecast 07/08 | Forecast 08/09 | Forecast ⁽³⁾ 09/10 | Forecast ⁽³⁾ 10/11 |
|--|--------------------------------|-------------------|-------------------|----------------------------------|----------------------------------|
| (i) RECURRENT BUDGET | | | | | |
| Income from continuing operations | 55.9 | 52.2 | 53.8 | 55.4 | - |
| Expenses from continuing operations | 50.4 | 52.8 | 54.4 | 56.1 | - |
| Operating Result from Continuing Operations | 5.6 | - 0.6 | - 0.6 | - 0.7 | - |
| (ii) CAPITAL BUDGET | | | | | |
| New Capital Works ⁽²⁾ | 3.8 | - | - | - | - |
| Replacement/Refurbishment of Existing Assets | 4.3 | 10.0 | 12.7 | 9.5 | - |
| Total Capital Budget | 8.1 | 10.0 | 12.7 | 9.5 | - |
| Funded by: | | | | | |
| - Loans | - | 1.0 | 1.0 | 1.0 | - |
| - Asset sales | 2.5 | 1.4 | 1.5 | 1.5 | - |
| - Reserves | 1.1 | 2.4 | 5.0 | 1.8 | - |
| - Grants/Contributions | 2.6 | 2.0 | 2.0 | 2.0 | - |
| - Recurrent revenue | 1.9 | 3.2 | 3.2 | 3.2 | - |
| - Other | - | - | - | - | - |
| | 8.1 | 10.0 | 12.7 | 9.5 | - |

Notes:

(1) From 06/07 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.