



Hawkesbury City Council

attachment 2 to item 257
and
attachment 1 to item 260

General Purpose and
Special Purpose Financial
Report and Special
Schedules for the period
ending 30 June 2009

date of meeting: 24 November 2009
location: council chambers
time: 6:30 p.m.



"Remembering Yarramundi" - reprinted with kind permission of the artist...Edna Watson

Hawkesbury City Council

ANNUAL FINANCIAL STATEMENTS

GENERAL PURPOSE FINANCIAL REPORT

SPECIAL PURPOSE FINANCIAL REPORTS

SPECIAL SCHEDULES

for the year ended 30 June 2009

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



Hawkesbury City Council

General Purpose Financial Report for the financial year ended 30 June 2009

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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 the 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 08/09/09.
Council has the power to amend and reissue the financial report.
-

Hawkesbury City Council

General Purpose Financial Report for the financial year ended 30 June 2009

Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

The attached General Purpose Financial Report has been prepared in accordance with:

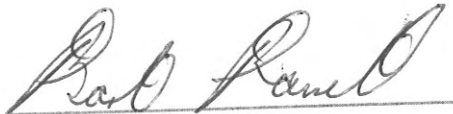
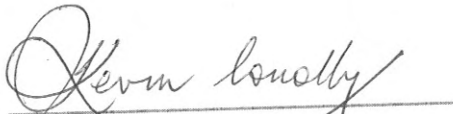
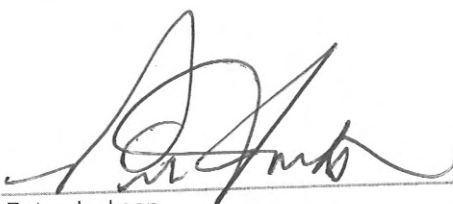
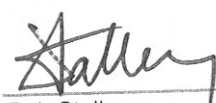
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, this Report:

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

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

Signed in accordance with a resolution of Council made on 8 September 2009.


Councillor Bart Bassett
MAYOR
Councillor Kevin Conolly
DEPUTY MAYOR
Peter Jackson
GENERAL MANAGER
Rob Stalley
RESPONSIBLE ACCOUNTING OFFICER

Hawkesbury City Council

Income Statement

for the financial year ended 30 June 2009

Budget ⁽¹⁾			Actual	Actual
2009	\$ '000	Notes	2009	2008
Income from Continuing Operations				
Revenue:				
34,486	Rates & Annual Charges	3a	34,419	33,663
4,298	User Charges & Fees	3b	6,416	6,506
1,517	Interest & Investment Revenue	3c	2,695	1,562
3,297	Other Revenues	3d	3,986	3,183
6,897	Grants & Contributions provided for Operating Purposes	3e,f	8,769	9,471
443	Grants & Contributions provided for Capital Purposes	3e,f	7,261	3,790
Other Income:				
-	Net gains from the disposal of assets	5	526	33
	Net Share of interests in Joint Ventures & Associated			
-	Entities using the Equity Method	19	9	341
50,938	Total Income from Continuing Operations		64,081	58,549
Expenses from Continuing Operations				
14,729	Employee Benefits & On-Costs	4a	20,376	19,490
52	Borrowing Costs	4b	5	222
19,215	Materials & Contracts	4c	17,793	18,373
7,301	Depreciation & Amortisation	4d	10,424	8,608
9,422	Other Expenses	4e	8,543	8,734
50,719	Total Expenses from Continuing Operations		57,141	55,427
219	Net Operating Result for the Year		6,940	3,122
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes				
(224)			(321)	(668)

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

Hawkesbury City Council

Balance Sheet

as at 30 June 2009

\$ '000	Notes	Actual 2009	Actual 2008
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	20,048	29,207
Investments	6b	20,500	9,822
Receivables	7	3,472	3,529
Inventories	8	178	239
Other	8	170	47
Total Current Assets		44,368	42,844
Non-Current Assets			
Receivables	7	751	627
Infrastructure, Property, Plant & Equipment	9	426,502	420,409
Investments accounted for using the equity method	19	1,041	1,032
Investment Property	14	25,649	25,318
Total Non-Current Assets		453,943	447,386
TOTAL ASSETS		498,311	490,230
LIABILITIES			
Current Liabilities			
Payables	10	5,015	4,522
Borrowings	10	-	6
Provisions	10	6,018	6,032
Total Current Liabilities		11,033	10,560
Non-Current Liabilities			
Borrowings	10	-	50
Provisions	10	4,645	5,030
Total Non-Current Liabilities		4,645	5,080
TOTAL LIABILITIES		15,678	15,640
Net Assets		482,633	474,590
EQUITY			
Retained Earnings	20	346,769	339,715
Revaluation Reserves	20	135,864	134,875
Council Equity Interest		482,633	474,590
Total Equity		482,633	474,590

Hawkesbury City Council

Statement of Changes in Equity
for the financial year ended 30 June 2009

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2009						
Opening Balance (as per Last Year's Audited Accounts)		339,715	134,875	474,590	-	474,590
a. Correction of Prior Period Errors	20 (c)	114	-	114	-	114
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/08)		339,829	134,875	474,704	-	474,704
c. Current Year Income & Expenses Recognised direct to Equity						
- Transfers to/(from) Asset Revaluation Reserve	20b (ii)	-	989	989	-	989
- Transfers to/(from) Other Reserves	20b (ii)	-	-	-	-	-
- Other Income/Expenses recognised	20b (ii)	-	-	-	-	-
- Other Adjustments	20b (ii)	-	-	-	-	-
Net Income Recognised Directly in Equity		-	989	989	-	989
d. Net Operating Result for the Year		6,940	-	6,940	-	6,940
Total Recognised Income & Expenses (c&d)		6,940	989	7,929	-	7,929
e. Distributions to/(Contributions from) Minority Interests				-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		346,769	135,864	482,633	-	482,633

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2008						
Opening Balance (as per Last Year's Audited Accounts)		350,816	22,015	372,831	-	372,831
a. Correction of Prior Period Errors	20 (c)	(14,223)	-	(14,223)	-	(14,223)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/07)		336,593	22,015	358,608	-	358,608
c. Current Year Income & Expenses Recognised direct to Equity						
- Transfers to/(from) Asset Revaluation Reserve	20b (ii)	-	112,860	112,860	-	112,860
- Transfers to/(from) Other Reserves	20b (ii)	-	-	-	-	-
- Other Income/Expenses recognised	20b (ii)	-	-	-	-	-
- Other Adjustments	20b (ii)	-	-	-	-	-
Net Income Recognised Directly in Equity		-	112,860	112,860	-	112,860
d. Net Operating Result for the Year		3,122	-	3,122	-	3,122
Total Recognised Income & Expenses (c&d)		3,122	112,860	115,982	-	115,982
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		339,715	134,875	474,590	-	474,590

Hawkesbury City Council

Cash Flow Statement

for the financial year ended 30 June 2009

Budget 2009	\$ '000	Notes	Actual 2009	Actual 2008
Cash Flows from Operating Activities				
Receipts:				
34,486	Rates & Annual Charges		34,625	33,121
4,298	User Charges & Fees		6,480	6,533
1,517	Interest & Investment Revenue Received		2,557	1,388
6,897	Grants & Contributions		15,856	13,423
3,297	Other		7,182	7,352
Payments:				
(14,729)	Employee Benefits & On-Costs		(20,450)	(19,332)
(19,215)	Materials & Contracts		(19,334)	(20,254)
(52)	Borrowing Costs		(5)	(2)
(9,422)	Other		(10,552)	(10,123)
7,077	Net Cash provided (or used in) Operating Activities	11b	16,359	12,106
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		16,822	29,584
-	Sale of Investment Property		-	159
1,019	Sale of Infrastructure, Property, Plant & Equipment		1,110	834
-	Deferred Debtors Receipts		40	48
Payments:				
-	Purchase of Investment Securities		(27,322)	(9,500)
(9,594)	Purchase of Infrastructure, Property, Plant & Equipment		(16,112)	(8,165)
(8,575)	Net Cash provided (or used in) Investing Activities		(25,462)	12,960
Cash Flows from Financing Activities				
Receipts:				
Nil				
Payments:				
(6)	Repayment of Borrowings & Advances		(56)	(6)
(6)	Net Cash Flow provided (used in) Financing Activities		(56)	(6)
(1,504)	Net Increase/(Decrease) in Cash & Cash Equivalents		(9,159)	25,060
29,207	plus: Cash & Cash Equivalents - beginning of year	11a	29,207	4,147
27,703	Cash & Cash Equivalents - end of the year	11a	20,048	29,207

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

Notes to the Financial Statements

for the financial year ended 30 June 2009

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Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

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 which 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) AASB 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 it has complied fully with Australian Accounting Standards.

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

(iii) Application of AAS 27

AAS 27 – Financial Reporting by Local Government was withdrawn from use from 1 July 2008.

All key elements however of the former Standard have been incorporated into other current Standards including AASB 1051, 1052 and 1004.

(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 that are accounted for at Fair Valuation.

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

(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.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

(vi) Critical Accounting Estimates

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

It also requires Council management to exercise their judgement in the process of applying 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 the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

Income from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, 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 contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

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

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

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 30/6/09) and **(ii)** all the related operating results (for the financial year ended the 30th June 2009).

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 Service
- Hawkesbury Leisure Centre
- Hawkesbury Sports Council Incorporated

(ii) The Trust Fund

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

Trust monies and property subject to Council's control have been included in these 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 & Operations

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

Jointly Controlled Entities

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

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

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 "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

Council accounts for such interests using the Equity Method of Accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed “Associates”.

(v) County Councils

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

- **Hawkesbury River County Council**

Control of noxious weeds, incorporating 4 member councils.

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

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

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

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

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

Operating Leases

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

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

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

(e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

(f) Investments and Other Financial Assets

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

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

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

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

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

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

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

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

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

(ii) Loans and receivables

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

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

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

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

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

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

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

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

Financial Assets – Reclassification

Following on from amendments made to AASB 139 - Financial Instruments: Recognition & Measurement in October 2008, Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

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

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

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

Actual Reclassifications

Council did not take up the option to reclassify some financial assets out of the held-for-trading category from 1 July 2008, following amendments made to AASB 139 in October 2008.

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(ii) Subsequent Measurement

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

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

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as "fair value through profit or loss" category are included in the income statement in the period in which they arise.

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

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

Impairment

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

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

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

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

(iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

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.

Council amended its policy during the current reporting year following revisions to the Investment Order arising from the Cole Inquiry recommendations.

(g) Fair value estimation

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

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

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

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

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

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

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

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

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

(h) Receivables

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

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

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

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

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

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

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

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

(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.

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

Acquisition of assets

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

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

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks** which are carried at Fair Value (generally based upon Depreciated Replacement Cost).
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised** (External Valuation)
- **Plant and Equipment** (as approximated by depreciated historical cost)

The remaining asset classes to be revalued in future reporting periods include;

- **2009/10:** Roads, Bridges, Footpaths and Drainage assets
- **2010/11:** Community land, Land improvements, Other structures and other assets

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

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

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 (including Indexation)

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

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

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

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

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

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

Capitalisation Thresholds

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

Land

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

Plant & Equipment

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

Buildings & Land Improvements

Park Furniture & Equipment	> \$1,000
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Building

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

Other Structures

> \$1,000

Sewer Assets

Reticulation extensions	> \$1,000
Other	> \$1,000

Stormwater Assets

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

Transport Assets

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

Bridge construction & reconstruction	> \$1,000
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Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

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 residual values) over its estimated useful life.

Land is not depreciated.

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
- Sealed Roads : Structure	20 years
- Bridge : Concrete	100 years
- Bridge : Other	50 years
- Road Pavements	60 years
- Kerb, Gutter & Paths	40 years
Sewer Assets	
- Reticulation pipes : PVC	80 years
- Reticulation pipes : Other	25 to 75 years
- Pumps and telemetry	15 to 20 years
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(s) on Asset Impairment.

Disposal and De-recognition

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

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

(k) Land

Land 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).

(l) Land under roads

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

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

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

(m) Intangible Assets

IT development and software

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

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.

(n) Crown Reserves

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

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

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

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.

(o) Rural Fire Service assets

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

of which the fire fighting equipment has been purchased or constructed".

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

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

(p) Investment property

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

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

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

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

The last full revaluation for Council's Investment Properties was dated 30/06/07.

(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.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

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 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 26.

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

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

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

(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.

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

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

(t) Payables

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

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

(u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

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

(v) Borrowing costs

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

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;

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

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

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

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

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

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

(x) Employee benefits

(i) 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.

Defined Benefit Plans

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

The present value of the defined benefit obligation is based on expected future payments which arise from

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

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

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

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

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

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

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities amounting to around \$290 million at 30 June 2009.

As a result, they have asked for significant increases in contributions from 2009/2010 onwards to recover that deficiency.

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

For this reason, no liability for the deficiency has been recognised in Council’s accounts.

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

Define Contribution Plans

Contributions to Defined Contribution Plans are recognised as an expense as they become payable.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(y) Self insurance

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

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

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

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

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

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

Exceptions

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

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

(aa) Taxes

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

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 revenue / expense.

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

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

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(ab) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2009.

Council has not adopted any of these standards early.

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

Applicable to Local Government with implications:

Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements.

If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period.

Council will apply the revised standard from 1 July 2009.

Applicable to Local Government but no implications for Council;

Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (effective from 1 January 2009)

The revised AASB 123 has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial reports as Council already capitalises borrowing costs relating to qualifying assets.

AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations (effective from 1 January 2009)

AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions.

It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

There will be no impact on the financial reports as Council makes no share based payments.

AASB Interpretation 15 Agreements for the Construction of Real Estate (effective 1 January 2009)

AASB-I 15 clarifies whether AASB 118 Revenue or AASB 111 Construction Contracts should be applied to particular transactions.

Council intends to apply the interpretation from 1 July 2009. It has reviewed its current agreements for the sale of real estate in light of the new guidance and concluded that there would be no change to the accounting for these agreements if AASB-I 15 was adopted in the current financial year. Consequently, it does not expect to make any adjustment on the initial application of AASB-I 15.

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

Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective 1 July 2009)

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes.

For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement.

There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

All acquisition-related costs must be expensed. The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses.

The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss.

There will be no impact on the financial reports as Council has no exposure to these types of transactions.

AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective 1 July 2009)

The amendments to AASB 5 Discontinued Operations and AASB 1 First-Time Adoption of Australian-Equivalents to International Financial Reporting Standards are part of the IASB's annual improvements project published in May 2008.

They clarify that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control.

Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met

There will be no impact on the financial reports as Council does not have any subsidiaries it is proposing to dispose of.

AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 July 2009)

In July 2008, the AASB approved amendments to AASB 1 First-time Adoption of International Financial Reporting Standards and AASB 127 Consolidated and Separate Financial Statements. Council will apply the revised rules prospectively from 1 July 2009.

After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

AASB Interpretation 16 Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008)

AASB-I 16 clarifies which foreign currency risks qualify as hedged risk in the hedge of a net investment in a foreign operation and that hedging instruments may be held by any entity or entities within the group.

It also provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

There will be no impact on the financial reports as Council has no hedges of a net investment in a foreign operation.

AASB 2008-8 Amendment to IAS 39 Financial Instruments: Recognition and Measurement (effective 1 July 2009)

AASB 2008-8 amends AASB 139 Financial Instruments: Recognition and Measurement and must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges.

Council will apply the amended standard from 1 July 2009. It is not expected to have any impact on the financial reports.

AASB Interpretation 17 Distribution of Non-cash Assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17

AASB-I 17 applies to situations where an entity pays dividends by distributing non-cash assets to its shareholders.

These distributions will need to be measured at fair value and the entity will need to recognise the difference between the fair value and the carrying

amount of the distributed assets in the income statement on distribution.

There will be no impact on the financial reports as Council has no exposure to these types of transactions.

Not applicable to Local Government per se;

AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009)

AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments.

(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 2009

Note 2(a). Functions / Activities - Financial Disclosures

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2009	Actual 2009	Actual 2008	Original Budget 2009	Actual 2009	Actual 2008	Original Budget 2009	Actual 2009	Actual 2008	Actual 2009	Actual 2008		
Governance		-	-	956	933	645	(956)	(933)	(645)	-	-	(5,416)	-
Administration	3,117	1,791	739	2,833	2,848	2,147	284	(1,057)	(1,408)		-	71,247	69,963
Public Order & Safety	1,085	1,230	1,204	2,936	3,010	2,813	(1,851)	(1,780)	(1,609)	46	55	2,901	3,033
Health	237	277	183	616	564	618	(379)	(287)	(435)		-	191	196
Community Services & Education	106	63	648	611	590	2,035	(505)	(527)	(1,387)	63	457	7,873	7,876
Housing & Community Amenities	11,379	15,319	11,480	14,123	13,426	12,629	(2,744)	1,893	(1,149)	165	186	6,401	3,865
Water Supplies		-	-	-	-	-	-	-	-		-	-	-
Sewerage Services	4,112	5,379	4,077	3,892	5,174	4,894	220	205	(817)	36	34	77,716	70,689
Recreation & Culture	413	3,783	3,593	10,427	14,966	13,699	(10,014)	(11,183)	(10,106)	657	1,071	82,613	82,479
Fuel & Energy	120	204	81	317	480	352	(197)	(276)	(271)		-	197	-
Mining, Manufacturing & Construction	572	362	531	930	887	894	(358)	(525)	(363)		-		293
Transport & Communication	3,365	3,465	6,291	11,544	12,789	13,414	(8,179)	(9,324)	(7,123)	2,102	4,081	214,863	212,459
Economic Affairs	1,838	1,946	1,958	1,534	1,474	1,287	304	472	671		-	38,684	38,345
Total Functions & Activities	26,344	33,819	30,785	50,719	57,141	55,427	(24,375)	(23,322)	(24,642)	3,069	5,884	497,270	489,198
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)		9	341		-	-	-	9	341		-	1,041	1,032
General Purpose Income ¹	24,594	30,253	27,423	-	-	-	24,594	30,253	27,423	5,764	4,493		-
Operating Result from Continuing Operations	50,938	64,081	58,549	50,719	57,141	55,427	219	6,940	3,122	8,833	10,377	498,311	490,230

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 2(b). Components of Functions / Activities

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

GOVERNANCE

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

ADMINISTRATION

Costs not otherwise attributed to other functions / activities.

PUBLIC ORDER & SAFETY

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

HEALTH

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

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

FUEL & ENERGY - Gas Supplies

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries and pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2009	Actual 2008
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		19,842	19,209
Farmland		1,063	1,022
Business		1,693	1,747
Total Ordinary Rates		22,598	21,978
Special Rates			
Environmental Stormwater		-	1
Total Special Rates		-	1
Annual Charges (pursuant to s.496 & s.501)			
Domestic Waste Management Services		5,562	5,327
Sewerage Services		3,437	3,268
Waste Management Services (non-domestic)		503	487
Sullage		2,319	2,602
Total Annual Charges		11,821	11,684
TOTAL RATES & ANNUAL CHARGES		34,419	33,663

Council has used 2005 year valuations provided by the NSW Valuer General in calculating its rates.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2009	Actual 2008
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Sewerage Services		365	287
Waste Management Services (non-domestic)		11	13
Sullage		221	220
Total User Charges		597	520
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s608, 610A & 611)			
Planning & Building Regulation		789	986
Regulatory/ Statutory Fees		103	90
Registration Fees		4	3
Section 149 Certificates (EPA Act)		148	167
Section 603 Certificates		84	69
Section 611 Charges		14	13
SMF Inspection Fees		164	139
Other		-	14
Total Fees & Charges - Statutory/Regulatory		1,306	1,481
(ii) Fees & Charges - Other (incl. General User Charges (per s.610C))			
Caravan Park		3	6
Cemeteries		127	150
Dog Pound		451	490
Leaseback Fees - Council Vehicles		145	138
Library		72	44
Park Rents		7	9
Restoration Charges		55	66
Sporting Fields		-	130
Swimming Centres / Sports Stadium		2,107	2,237
Vehicle Inspection Fees		12	15
Waste Management Facility		1,314	1,220
CoGeneration plant		204	-
Other		16	-
Total Fees & Charges - Other		4,513	4,505
TOTAL USER CHARGES & FEES		6,416	6,506

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2009	Actual 2008
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		226	187
- Interest earned on Investments (interest & coupon payment income)		2,289	1,549
- Interest & Dividend Income - Other		2	-
Fair Value Adjustments			
- Fair Valuation Movements in Investments (unrealised capital gains/(losses))		178	(178)
Other		-	4
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>2,695</u>	<u>1,562</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges		171	187
General Council Cash & Investments		1,815	675
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94 & S94A		381	256
- Section 64		14	10
Sewerage Fund Operations		37	47
Domestic Waste Management operations		73	20
Stormwater Management		128	90
Restricted Investments/Funds - Internal:			
Internally Restricted Assets		76	277
<u>Total Interest & Investment Revenue Recognised</u>		<u>2,695</u>	<u>1,562</u>
(d). Other Revenues			
Fair Value Adjustments - Investment Properties	14	331	17
Rental Income - Investment Properties	14	1,806	1,690
Rental Income - Other Council Properties		338	342
Parking Fines		304	310
Other Fines		77	43
Legal Fees Recovery - Rates & Charges (Extra Charges)		240	23
GST Fuel Rebates		50	47
NSW Rural Fire Reimbursement		122	103
Recycling Income		237	-
Other		481	608
<u>TOTAL OTHER REVENUE</u>		<u>3,986</u>	<u>3,183</u>

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations (continued)

\$ '000	2009 Operating	2008 Operating	2009 Capital	2008 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance - General Component	3,703	2,900	-	-
Financial Assistance - Local Roads Component	1,768	1,312	-	-
Pensioners' Rates Subsidies - General Component	293	281	-	-
Total General Purpose	5,764	4,493	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Sewerage	36	34	-	-
- Domestic Waste Management	88	85	-	-
Aged Care	32	32	-	-
Bushfire & Emergency Services	-	-	-	44
Child Care	27	395	-	-
Community Care	75	121	-	-
Community Centres	-	-	-	24
Flood Mitigation	-	-	-	1,500
Housing & Community	31	31	-	-
Library	-	124	-	45
Public Order & Safety	46	11	-	-
Recreation & Culture	419	476	233	401
Street Lighting	84	82	-	-
Traffic Route Subsidy	-	4	-	-
Transport (Roads to Recovery)	840	694	-	-
Transport (Other Roads & Bridges Funding)	629	751	524	1,030
Agriculture & Forestry	5	-	-	-
Total Specific Purpose	2,312	2,840	757	3,044
Total Grants	8,076	7,333	757	3,044
Grant Revenue is attributable to:				
- Commonwealth Funding	6,728	5,679	79	68
- State Funding	1,348	1,654	678	2,976
	8,076	7,333	757	3,044

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations (continued)

\$ '000		2009 Operating	2008 Operating	2009 Capital	2008 Capital
(f). Contributions					
Developer Contributions:					
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):					
S 94 - Contributions towards amenities/services		-	-	288	307
S 94A - Fixed Development Consent Levies		-	-	319	282
S 64 - Sewerage Service Contributions		-	-	990	139
Total Developer Contributions	17	-	-	1,597	728
Other Contributions:					
Bushfire Prevention		190	177	-	-
Contribution towards Storm Damage		-	1,678	-	-
Other Councils - Joint Works/Services		208	266	-	-
Parks Contributions		145	7	-	-
Roads & Bridges		-	-	4,053	-
Sewerage (excl. Section 64 contributions)		126	10	-	-
Regional & Local Community Infrastructure		-	-	834	-
Other		24	-	20	18
Total Other Contributions		693	2,138	4,907	18
Total Contributions		693	2,138	6,504	746
TOTAL GRANTS & CONTRIBUTIONS		8,769	9,471	7,261	3,790

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2009	Actual 2008
(g). Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	10,846	9,783
add: Grants and contributions recognised in the current period which have not been spent:	3,883	4,628
less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(4,042)	(3,565)
Net Increase (Decrease) in Restricted Assets during the Current Reporting Period	(159)	1,063
Unexpended at the Close of this Reporting Period and held as Restricted Assets	10,687	10,846
Comprising:		
- Specific Purpose Unexpended Grants	3,355	3,835
- Developer Contributions	7,332	7,011
	10,687	10,846

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2009	Actual 2008
(a) Employee Benefits & On-Costs			
Salaries and Wages		16,088	15,469
Travelling		7	5
Employee Leave Entitlements (ELE)		2,089	2,223
Superannuation		1,707	1,362
Workers' Compensation Insurance		598	394
Fringe Benefit Tax (FBT)		25	38
Payroll Tax		19	25
Training Costs (other than Salaries & Wages)		215	160
Protective Clothing		-	1
Other		8	-
Total Employee Costs		20,756	19,677
less: Capitalised Costs		(380)	(187)
TOTAL EMPLOYEE COSTS EXPENSED		20,376	19,490
Number of "Equivalent Full Time" Employees at year end		248	246
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		259	254
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		5	2
Total Interest Bearing Liability Costs Expensed		5	2
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	25	-	220
Total Other Borrowing Costs		-	220
TOTAL BORROWING COSTS EXPENSED		5	222

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2009	Actual 2008
(c) Materials & Contracts			
Raw Materials & Consumables		12,432	12,282
Contractor & Consultancy Costs		4,344	4,811
Auditors Remuneration			
i. Audit Services - Council's Auditor		46	41
ii. Other Services - Council's Auditor		25	2
iv. Audit Services - Auditors of other Consolidated Entities		12	10
Legal Expenses:			
- Legal Expenses - Planning & Development		345	317
- Legal Expenses - Other		82	87
Operating Leases:			
Operating Lease Rentals - Minimum Lease Payments ⁽¹⁾		20	1
Other		487	822
Total Materials & Contracts		17,793	18,373
less: Capitalised Costs			-
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>17,793</u>	<u>18,373</u>
1. Operating Lease Payments are attributable to:			
- Other		20	1
		20	1

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Depreciation/Amortisation		Impairment Costs	
	Actual 2009	Actual 2008	Actual 2009	Actual 2008
(d) Depreciation, Amortisation & Impairment				
Plant and Equipment	1,016	920	-	-
Office Equipment	289	346	-	-
Furniture & Fittings	65	62	-	-
Land Improvements (depreciable)	203	268	-	-
Buildings - Non Specialised	149	73	-	-
Buildings - Specialised	3,170	1,137	-	-
Other Structures	329	785	-	-
Infrastructure:				
- Roads, Bridges & Footpaths	1,885	1,826	-	-
- Stormwater Drainage	494	462	-	-
- Sewerage Network	1,947	1,903	-	-
Other Assets				
- Library Books	252	206	-	-
- Other	8	3	-	-
Asset Reinstatement Costs	617	617	-	-
9 & 25				
<u>TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED</u>	<u>10,424</u>	<u>8,608</u>	<u>-</u>	<u>-</u>

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2009	Actual 2008
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		177	208
Bad & Doubtful Debts		2	33
Bank Charges		190	163
Cleaning		544	520
Computer Software Charges		484	588
Contributions to Other Levels of Government			
- NSW Fire Brigade Levy		94	152
- Bushfire Fighting Fund		415	416
- Waste s88 EPA Contribution		1,377	1,077
- Other Contributions		462	420
Councillor Expenses - Mayoral Fee		33	32
Councillor Expenses - Councillors' Fees		176	174
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		73	81
Donations, Contributions & Assistance to other organisations (Section 356)		85	90
Electricity & Heating		540	512
Fire Control Expenses		169	175
Gas		142	138
Heritage Programs		-	5
Insurance		698	640
Licences & Subscriptions		105	75
Office Expenses (including computer expenses)		118	146
Postage		132	146
Printing & Stationery		144	140
Security		60	43
Sewerage Treatment Works Operations		981	976
Stormwater - Environmental		144	61
Street Lighting		525	528
Telephone & Communications		284	236
Valuation Fees (Rates)		97	95
Water		118	104
Other		174	760
<u>TOTAL OTHER EXPENSES</u>		<u>8,543</u>	<u>8,734</u>

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 5. Gains or Losses on Disposal of Assets

\$ '000	Notes	Actual 2009	Actual 2008
Property (excl. Investment Property)			
Proceeds from Disposal		273	-
less: Carrying Amount of Property Assets Sold		(97)	-
Net Gain/(Loss) on Disposal		176	-
Plant & Equipment			
Proceeds from Disposal		837	834
less: Carrying Amount of P&E Assets Sold		(487)	(780)
Net Gain/(Loss) on Disposal		350	54
Investment Properties			
Proceeds from Disposal		-	159
less: Carrying Amount of Investment Properties Sold		-	(180)
Net Gain/(Loss) on Disposal		-	(21)
Financial Assets*			
Proceeds from Disposal		16,822	29,584
less: Carrying Amount of Financial Assets Sold		(16,822)	(29,584)
Net Gain/(Loss) on Disposal		-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		526	33

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

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

	2009 Actual Current	2009 Actual Non Current	2008 Actual Current	2008 Actual Non Current
\$ '000				
Cash & Cash Equivalents (Note 6a)				
Cash on Hand and at Bank	898	-	612	-
Cash-Equivalent Assets ¹				
- Deposits at Call	6,150	-	12,095	-
- Short Term Deposits	13,000	-	16,500	-
Total Cash & Cash Equivalents	20,048	-	29,207	-
Investment Securities (Note 6b)				
- Long Term Deposits	20,500	-	7,000	-
- Equity Linked Notes	-	-	2,822	-
Total Investment Securities	20,500	-	9,822	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS	40,548	-	39,029	-

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

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

Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"	20,048	-	29,207	-
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Investments

a. "At Fair Value through the Profit & Loss"

- "Held for Trading"	6(b-i)	-	-	2,822	-
- "Designated At Fair Value on Initial Recognition"	6(b-i)	-	-	-	-
b. "Held to Maturity"	6(b-ii)	20,500	-	7,000	-
c. "Loans & Receivables"	6(b-iii)	-	-	-	-
d. "Available for Sale"	6(b-iv)	-	-	-	-
Investments		20,500	-	9,822	-

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 6b. Investments (continued)

	2009 Actual Current	2009 Actual Non Current	2008 Actual Current	2008 Actual Non Current
\$ '000				
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Balance at the Beginning of the Year	2,822	-	29,584	-
Adjustment on adoption of AASB 132/139	-	-	-	-
Revaluations (through the Income Statement)	178	-	(178)	-
Additions	13,822	-	2,500	-
Disposals (sales & redemptions)	(16,822)	-	(29,584)	-
Transfers/Reclassifications from/(to) "Held to Maturity"	-	-	500	-
Balance at End of Year	-	-	2,822	-
Comprising:				
- Equity Linked Notes	-	-	2,822	-
Total	-	-	2,822	-
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	7,000	-	500	-
Additions	20,500	-	7,000	-
Disposals (sales & redemptions)	(7,000)	-	-	-
Transfers/Reclassifications from/(to) "At Fair Value"	-	-	(500)	-
Balance at End of Year	20,500	-	7,000	-
Comprising:				
- Long Term Deposits	20,500	-	7,000	-
Total	20,500	-	7,000	-
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 2009

Note 6c. Restricted Cash, Cash Equivalents & Investments

	2009 Actual Current	2009 Actual Non Current	2008 Actual Current	2008 Actual Non Current
\$ '000				
Total Cash, Cash Equivalents and Investment Securities	40,548	-	39,029	-
attributable to:				
External Restrictions (refer below)	17,608	-	16,368	-
Internal Restrictions (refer below)	18,019	-	16,629	-
Unrestricted	4,921	-	6,032	-
	40,548	-	39,029	-

2009 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Nil

External Restrictions - Other

Developer Contributions - General (A)	6,740	988	(728)	7,000
Developer Contributions - Sewer Fund (A)	271	61	-	332
Specific Purpose Unexpended Grants (B)	3,835	-	(565)	3,270
Specific Purpose Unexpended Grants (B) - Sewer Fund	-	85	-	85
Sewerage Services (C)	2,038	1,420	-	3,458
Domestic Waste Management (C)	1,065	6,306	(6,255)	1,116
Stormwater Management (C)	2,419	191	(263)	2,347
External Restrictions - Other	16,368	9,051	(7,811)	17,608
Total External Restrictions	16,368	9,051	(7,811)	17,608

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

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

2009 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	1,773	9	(1,196)	586
Employees Leave Entitlement	2,066	31	-	2,097
Council S94 Contributions	568	8	-	576
Kerb & Gutter	356	5	-	361
Tip Remediation	2,755	5,005	(5,204)	2,556
Risk Management	395	6	-	401
Workers Compensation	1,031	15	-	1,046
Unexpended Contributions	513	57	(53)	517
Unspent Work Reserve	4,008	4,928	(3,062)	5,874
Roadworks	316	1,108	-	1,424
Information Technology	474	7	(30)	451
Drainage	17	-	-	17
Election	333	50	(283)	100
Glossodia/Freemans	51	1	-	52
Sullage	917	2,625	(2,521)	1,021
Trees	41	1	-	42
Parks & Gardens	47	1	-	48
Heritage	86	1	-	87
Other	882	184	(303)	763
Total Internal Restrictions	16,629	14,042	(12,652)	18,019
TOTAL RESTRICTIONS	32,997	23,093	(20,463)	35,627

- 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) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 7. Receivables

\$ '000	2009		2008	
	Current	Non Current	Current	Non Current
Purpose				
Rates & Annual Charges	1,407	657	1,791	479
Interest & Extra Charges	163	53	43	70
User Charges & Fees	1,060	29	994	27
Private Works	37	-	-	-
Accrued Revenues				
- Interest on Investments	197	-	340	-
Government Grants & Subsidies	364	-	190	-
Deferred Debtors	43	12	44	51
Net GST Receivable	295	-	221	-
Total	3,566	751	3,623	627
less: Provision for Impairment				
User Charges & Fees	(94)	-	(94)	-
Total Provision for Impairment - Receivables	(94)	-	(94)	-
<u>TOTAL NET RECEIVABLES</u>	<u>3,472</u>	<u>751</u>	<u>3,529</u>	<u>627</u>
Externally Restricted Receivables				
Sewerage Services				
- Specific Purpose Grants	-	-	156	34
- Rates & Availability Charges	178	-	11	-
- Other	15	-	-	-
Domestic Waste Management	318	-	355	65
Environmental Levy	-	-	-	14
Total External Restrictions	511	-	522	113
Internally Restricted Receivables				
Nil				
Unrestricted Receivables	2,961	751	3,007	514
<u>TOTAL NET RECEIVABLES</u>	<u>3,472</u>	<u>751</u>	<u>3,529</u>	<u>627</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 & charges at 10.00% (2008 10.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 8. Inventories & Other Assets

\$ '000	2009		2008	
	Current	Non Current	Current	Non Current
Inventories				
Stores & Materials	168		226	-
Trading Stock	10		13	-
Total Inventories	178	-	239	-
Other Assets				
Prepayments	170		47	-
Total Other Assets	170	-	47	-
<u>TOTAL INVENTORIES & OTHER ASSETS</u>	<u>348</u>	<u>-</u>	<u>286</u>	<u>-</u>

(i) Externally Restricted Assets

Sewerage

Nil

Domestic Waste Management

Nil

Total Externally Restricted Assets	-	-	-	-
Total Internally Restricted Assets	-	-	-	-
Total Unrestricted Assets	348	-	286	-
TOTAL INVENTORIES & OTHER ASSETS	348	-	286	-

(ii) Other Disclosures

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

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

2009	2008
-	-

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

- Stores & Materials	-	-
- Trading Stock	-	-

(c) Inventory Write Downs

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

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2008				Asset Movements during the Reporting Period					as at 30/6/2009			
	At	Fair Value	Accumulated	Carrying	Asset	WDV-Asset	Depreciation	Adjustments to	Revaluation	At	At	Accumulated	Carrying
	Cost	Value	Dep'n	Value	Additions	Disposals	Expense	Equity	Increments to	Cost	Fair Value	Dep'n	Value
Plant & Equipment	-	10,880	8,025	2,855	2,911	(487)	(1,016)		-	-	11,643	7,380	4,263
Office Equipment	-	3,641	2,868	773	310	-	(289)		-	-	3,951	3,157	794
Furniture & Fittings	-	1,388	1,241	147	119	-	(65)		-	-	1,518	1,317	201
Land:													
- Operational Land	-	96,813	-	96,813	42	(97)	-		-	-	96,758	-	96,758
- Community Land	29,742	-	-	29,742	-	-	-		-	29,742	-	-	29,742
- Land under Roads (purchased post 1/7/08)	-	-	-	-	377	-	-		-	-	377	-	377
Land Improvements - depreciable	3,796	-	2,647	1,149	622	-	(203)		-	4,419	-	2,851	1,568
Buildings - Non Specialised	-	19,332	8,513	10,819	145	-	(149)		-	-	19,477	8,662	10,815
Buildings - Specialised	-	92,790	26,363	66,427	955	-	(3,170)		-	-	93,743	29,531	64,212
Other Structures	8,924	-	3,422	5,502	1,468	-	(329)		-	10,388	-	3,747	6,641
Infrastructure:													
- Roads, Bridges, Footpaths	136,685	-	15,190	121,495	6,485	-	(1,885)		-	143,169	-	17,074	126,095
- Stormwater Drainage	35,030	-	4,103	30,927	1,549	-	(494)		-	36,579	-	4,597	31,982
- Sewerage Network	-	100,377	49,135	51,242	1,131	-	(1,947)		989	-	103,518	52,103	51,415
Other Assets:													
- Heritage Collections	60	-	60	-	-	-	-		-	60	-	60	-
- Library Books	3,022	-	2,325	697	296	-	(252)		-	3,319	-	2,578	741
- Other	240	-	20	220	146	-	(8)		-	386	-	28	358
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26:													
- Tip Asset	3,080	-	1,479	1,601	-	-	(617)	(444)	-	900	-	360	540
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	220,579	325,221	125,391	420,409	16,556	(584)	(10,424)	(444)	989	228,962	330,985	133,445	426,502

Additions to Buildings and Infrastructure are made up of Asset Renewals (\$5.064m) and new assets (\$6.669m). Renewals are defined as replacements of existing assets as opposed to the acquisition of new assets.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000 Class of Asset	Actual 2009				Actual 2008			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Sewerage Services								
Plant & Equipment	-	455	322	133	-	434	312	122
Land								
- Operational Land	-	9,720	-	9,720	-	9,775	-	9,775
- Community Land	7	-	-	7	7	-	-	7
Buildings	-	970	453	517	-	965	432	533
Infrastructure	-	103,518	52,103	51,415	-	100,377	49,135	51,242
Total Sewerage Services	7	114,663	52,878	61,792	7	111,551	49,879	61,679
Domestic Waste Management								
Plant & Equipment	-	1,513	978	535	-	1,518	847	671
Buildings	-	8	-	8	-	31	-	31
Total DWM	-	1,521	978	543	-	1,549	847	702
TOTAL RESTRICTED I,PP&E	7	116,184	53,856	62,335	7	113,100	50,726	62,381

Note 9c. Infrastructure, Property, Plant & Equipment
Gains/(Losses) arising from the Impairment of Assets

\$ '000	Notes	Actual 2009	Actual 2008
(i) Impairment Losses recognised in the Income Statement include:			
Total Impairment Losses		-	-
(ii) Reversals of Impairment Losses previously recognised in the Income Statement include:			
Total Impairment Reversals		-	-
IMPAIRMENT of ASSETS - GAINS/(LOSSES)		-	-

NB. Impairment Adjustments relating to other assets may have been recognised direct to Equity - refer Note 20 (ii).

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2009		2008	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		4,154	-	3,753	-
Payments Received In Advance		308	-	139	-
Security Bonds, Deposits & Retentions		553	-	630	-
Total Payables		5,015	-	4,522	-
Borrowings					
Loans - Secured ¹		-	-	6	50
Total Borrowings		-	-	6	50
Provisions					
Employee Benefits;					
Annual Leave		1,462	-	1,427	-
Sick Leave		901	-	905	-
Long Service Leave		3,136	400	3,346	271
Leave in Lieu		115	-	104	-
Sub Total - Aggregate Employee Benefits		5,614	400	5,782	271
Self Insurance - Claims Incurred		350	970	250	870
Asset Remediation/Restoration (Future Works)	25	54	3,275	-	3,889
Total Provisions		6,018	4,645	6,032	5,030
Total Payables, Borrowings & Provisions					
		11,033	4,645	10,560	5,080

(i) Liabilities relating to Restricted Assets

	2009		2008	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Domestic Waste Management	472	17	345	15
Sewer	518	22	246	65
Liabilities relating to externally restricted assets	990	39	591	80
Internally Restricted Assets				
Nil				
Total Liabilities relating to restricted assets	990	39	591	80

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 2009

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

\$ '000	2009	2008
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	3,771	3,845
Security Bonds, Deposits & Retentions	145	145
Other Liabilities	125	125
	4,041	4,115

Note 10b. Description of and movements in Provisions

Class of Provision	2008			2009		
	Opening Balance as at 1/7/08	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/09
Annual Leave	1,427	1,204	(1,169)			1,462
Sick Leave	905	635	(639)			901
Long Service Leave	3,617	534	(615)			3,536
Leave in Lieu	104	29	(18)			115
Self Insurance	1,120	200				1,320
Asset Remediation	3,889	(560)				3,329
TOTAL	11,062	2,042	(2,441)	-	-	10,663

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 2009

Note 11. Cash Flow Statement - Additional Information

\$ '000	Notes	Actual 2009	Actual 2008
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	20,048	29,207
Less Bank Overdraft	10	-	-
BALANCES as per the CASH FLOW STATEMENT		20,048	29,207
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		6,940	3,122
Adjust for non cash items:			
Depreciation & Amortisation		10,424	8,608
Net Losses/(Gains) on Disposal of Assets		(526)	(33)
Impairment Losses Recognition / (Prior Period Reversal) - Financial Investment		-	178
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "@ Fair Value" or "Held for Trading"		(178)	-
- Investment Properties		(331)	(17)
- Other		114	153
Amortisation of Premiums, Discounts & Prior Period Fair Valuations		-	220
Unwinding of Discount Rates on Reinstatement Provisions		-	220
Share of Net (Profits) or Losses of Associates/Joint Ventures		(9)	(341)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(107)	152
Decrease/(Increase) in Inventories		61	74
Decrease/(Increase) in Other Current Assets		(123)	-
Increase/(Decrease) in Payables		401	(125)
Increase/(Decrease) in other accrued Expenses Payable		-	(11)
Increase/(Decrease) in Other Current Liabilities		92	(64)
Increase/(Decrease) in Employee Leave Entitlements		(39)	190
Increase/(Decrease) in Other Provisions		(360)	-
NET CASH PROVIDED FROM/(USED IN)		16,359	12,106
OPERATING ACTIVITIES from CASH FLOW STATEMENT		16,359	12,106

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 11. Cash Flow Statement - Additional Information (continued)

\$ '000	Notes	Actual 2009	Actual 2008
(c) Non-Cash Investing & Financing Activities			
Nil			
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		800	800
Credit Cards / Purchase Cards		1,000	500
Total Financing Arrangements		1,800	1,300
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) 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 23 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 2009

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2009	Actual 2008
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Property, Plant & Equipment		2,125	3,246
Total Commitments		2,125	3,246
These expenditures are payable as follows:			
Within the next year		2,125	3,246
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
Total Payable		2,125	3,246
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		1,036	1,209
Unexpended Grants		784	998
Externally Restricted Reserves		241	123
Internally Restricted Reserves		64	916
Total Sources of Funding		2,125	3,246
(b) Other Expenditure Commitments (exclusive of GST)			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
DWM & Recycling Services		1,353	1,526
Audit Services		23	66
Effluent Collection		2,775	5,150
Other		1,663	1,342
Total Commitments		5,814	8,084
These expenditures are payable as follows:			
Within the next year		4,297	4,089
Later than one year and not later than 5 years		1,087	3,480
Later than 5 years		430	515
Total Payable		5,814	8,084

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2009	Actual 2008
(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		360	322
Later than one year and not later than 5 years		525	378
Later than 5 years		-	-
Total Non Cancellable Operating Lease Commitments		885	700

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.

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	918	1,269
Later than one year and not later than 5 years	2,866	4,822
Later than 5 years	-	-
Total Payable	3,784	6,091

(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 2009

Note 13. Statement of Performance Measurement - Indicators

\$ '000	Amounts 2009	Indicator 2009	Prior Periods 20082007	
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	26,249	4.37 : 1	4.43	3.63
Current Liabilities less Specific Purpose Liabilities ^(2,3)	6,002			
2. Debt Service Ratio				
Debt Service Cost	61	0.11%	0.02%	0.02%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	53,815			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	34,419	53.71%	57.50%	57.83%
Revenue from Continuing Operations	64,081			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	2,280	6.12%	6.68%	5.31%
Rates, Annual & Extra Charges Collectible	37,268			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾ [Buildings & Infrastructure]	5,064	66.24%	54.51%	n/a
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	7,645			

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.


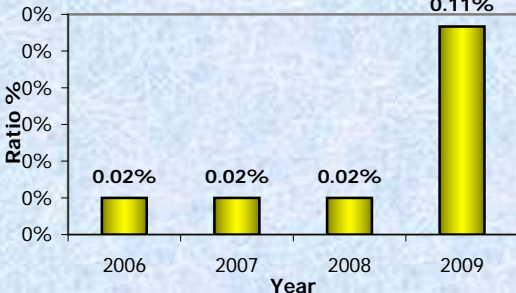
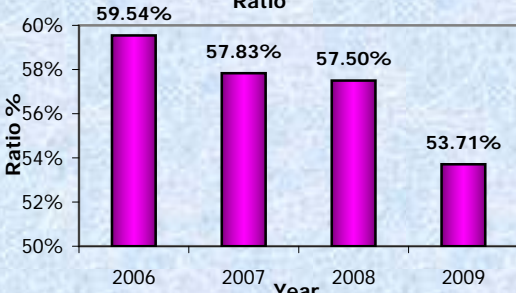
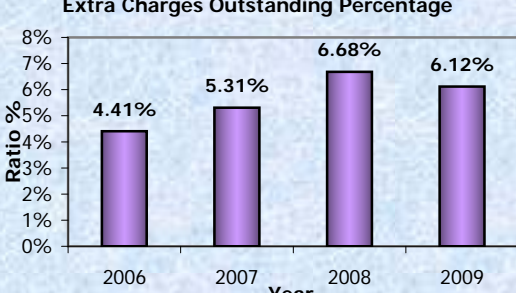
⁽⁴⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity or performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 13a. Statement of Performance Measurement - Graphs

\$ '000

<div>1. Unrestricted Current Ratio</div>  <table><tr><th>Year</th><th>Ratio : 1</th></tr><tr><td>2006</td><td>4.50</td></tr><tr><td>2007</td><td>3.63</td></tr><tr><td>2008</td><td>4.43</td></tr><tr><td>2009</td><td>4.37</td></tr></table>	Year	Ratio : 1	2006	4.50	2007	3.63	2008	4.43	2009	4.37	<div>Purpose of Unrestricted Current Ratio</div> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<div>Commentary on 2008/09 Result</div> <div>2008/09 Ratio4.37 : 1</div> <p>Ratio declined but still well above the industry benchmark</p>
Year	Ratio : 1											
2006	4.50											
2007	3.63											
2008	4.43											
2009	4.37											
<div>2. Debt Service Ratio</div>  <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2006</td><td>0.02%</td></tr><tr><td>2007</td><td>0.02%</td></tr><tr><td>2008</td><td>0.02%</td></tr><tr><td>2009</td><td>0.11%</td></tr></table>	Year	Ratio %	2006	0.02%	2007	0.02%	2008	0.02%	2009	0.11%	<div>Purpose of Debt Service Ratio</div> <p>To assess the impact of loan principal & interest repayments on the discretionary revenue of council.</p>	<div>Commentary on 2008/09 Result</div> <div>2008/09 Ratio0.11%</div> <p>Ratio increased due to loan payouts and is negligible</p>
Year	Ratio %											
2006	0.02%											
2007	0.02%											
2008	0.02%											
2009	0.11%											
<div>3. Rates & Annual Charges Coverage Ratio</div>  <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2006</td><td>59.54%</td></tr><tr><td>2007</td><td>57.83%</td></tr><tr><td>2008</td><td>57.50%</td></tr><tr><td>2009</td><td>53.71%</td></tr></table>	Year	Ratio %	2006	59.54%	2007	57.83%	2008	57.50%	2009	53.71%	<div>Purpose of Rates & Annual Charges Coverage Ratio</div> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<div>Commentary on 2008/09 Result</div> <div>2008/09 Ratio53.71%</div> <p>Ratio reduced due to increased grants</p>
Year	Ratio %											
2006	59.54%											
2007	57.83%											
2008	57.50%											
2009	53.71%											
<div>4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</div>  <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2006</td><td>4.41%</td></tr><tr><td>2007</td><td>5.31%</td></tr><tr><td>2008</td><td>6.68%</td></tr><tr><td>2009</td><td>6.12%</td></tr></table>	Year	Ratio %	2006	4.41%	2007	5.31%	2008	6.68%	2009	6.12%	<div>Purpose of Rates & Annual Charges Outstanding Ratio</div> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<div>Commentary on 2008/09 Result</div> <div>2008/09 Ratio6.12%</div> <p>ratio improved due to outsourcing od debt collection function in 2008/09</p>
Year	Ratio %											
2006	4.41%											
2007	5.31%											
2008	6.68%											
2009	6.12%											

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 14. Investment Properties

\$ '000	Actual 2009	Actual 2008
(a) Investment Properties at Fair value		
<u>Investment Properties on Hand</u>	<u>25,649</u>	<u>25,318</u>
Opening Balance	25,318	29,268
- Disposals during Year	-	(180)
- Net Gain/(Loss) from Fair Value Adjustments	331	17
- Transfers from/(to) Owner Occupied (Note 9)	-	(3,801)
- Other Movements	-	14
CLOSING BALANCE - INVESTMENT PROPERTIES	<u>25,649</u>	<u>25,318</u>
(b) Valuation Basis		
The basis of Valuation of Investment Properties is Fair Value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.		
For 2009 no independent valuations were obtained.		
(c) Contractual Obligations at Reporting Date		
Refer to Note 12 for disclosures relating to any Capital and Service obligations that have been contracted.		
(d) Leasing Arrangements		
Details of leased Investment Properties are as follows;		
Future Minimum Lease Payments receivable under non-cancellable Investment Property Operating Leases not recognised in the Financial Statements are due:		
Within 1 year	600	2,153
Later than 1 year but less than 5 years	2,470	1,911
Later than 5 years	168	166
Total Minimum Lease Payments Receivable	<u>3,238</u>	<u>4,230</u>
(e) Investment Property Income & Expenditure - summary		
Rental Income from Investment Properties:		
- Minimum Lease Payments	1,362	1,550
- Other Rentals	444	140
Direct Operating Expenses on Investment Properties:		
- that generated rental income	(202)	(193)
- that did not generate rental income	(265)	(170)
Net Revenue Contribution from Investment Properties	<u>1,339</u>	<u>1,327</u>
Fair Value Movement for year	331	17
Total Income attributable to Investment Properties	<u>1,670</u>	<u>1,344</u>

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 15. Financial Risk Management

\$ '000

Risk Management

Council's activities expose it to a variety of financial risks including **(i)** price risk, **(ii)** credit risk, **(iii)** liquidity risk and **(iv)** interest rate risk.

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

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

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

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

	Carrying Value		Fair Value	
	2009	2008	2009	2008
Financial Assets				
Cash and Cash Equivalents	20,048	29,207	20,064	29,207
Investments				
- "Held for Trading"	-	2,822	-	2,822
- "Held to Maturity"	20,500	7,000	20,500	7,000
Receivables	4,223	4,156	-	4,156
Total Financial Assets	44,771	43,185	40,564	43,185
Financial Liabilities				
Payables	4,707	4,383	4,707	4,383
Loans / Advances	-	56	-	56
Total Financial Liabilities	4,707	4,439	4,707	4,439

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 15. Financial Risk Management (continued)

\$ '000

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

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

Council's Financial Section manages its Cash & Investments portfolio with the assistance of independent advisor

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

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

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2009				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	405	405	(405)	(405)
2008				
Possible impact of a 10% movement in Market Values	282	282	(282)	(282)
Possible impact of a 1% movement in Interest Rates	362	362	(362)	(362)

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

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

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

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

	2009 Rates & Annual Charges	2009 Other Receivables	2008 Rates & Annual Charges	2008 Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	1,829	-	1,619
Overdue	2,064	424	2,270	361
	2,064	2,253	2,270	1,980
(ii) Movement in Provision for Impairment of Receivables			2009	2008
Balance at the beginning of the year			94	94
+ new provisions recognised during the year			2	33
- amounts already provided for & written off this year			(2)	(33)
Balance at the end of the year			94	94

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2009									
Trade/Other Payables	553	4,154						4,707	4,707
Total Financial Liabilities	553	4,154	-	-	-	-	-	4,707	4,707
2008									
Trade/Other Payables	630	3,753	-	-	-	-	-	4,383	4,383
Loans & Advances	-	6	6	6	6	6	28	58	56
Total Financial Liabilities	630	3,759	6	6	6	6	28	4,441	4,439

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

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

	2009		2008	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	4,707	0.0%	4,383	0.0%
Loans & Advances - Fixed Interest Rate	-	N/A	56	6.9%
	4,707		4,439	

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 08/09 was incorporated as part of its Management Plan and was adopted by the Council on 16 June 2008.

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

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

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

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

\$ '000	2009 Budget	2009 Actual	2009 Variance* -----		
REVENUES					
Rates & Annual Charges	34,486	34,419	(67)	(0%)	U
User Charges & Fees	4,298	6,416	2,118	49%	F
Hawkesbury leisure Centre is not included in the Budget figure \$1.96m					
Interest & Investment Revenue	1,517	2,695	1,178	78%	F
Higher funds invested due to carryovers					
Other Revenues	3,297	3,986	689	21%	F
Hawkesbury Sports Centre is not included in the Budget figure \$225k Property income higher than budget due to occupancy rates higher than budgeted					
Operating Grants & Contributions	6,897	8,769	1,872	27%	F
Only known grants are budgeted for					
Capital Grants & Contributions	443	7,261	6,818	1539%	F
Only known grants are budgeted for					
Net Gains from Disposal of Assets	-	526	526	0%	F
Budget is based on disposal at WDV					
Share of Net Profits - Joint Ventures & Associates	-	9	9	0%	F

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2009

Note 16. Material Budget Variations (continued)

\$ '000	2009 Budget	2009 Actual	2009 Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	14,729	20,376	(5,647)	(38%)	U
Employee costs charged to jobs are not budgeted as employee costs Hawkesbury leisure Centre is not included in the Budget figure					
Borrowing Costs	52	5	47	90%	F
The tip remediation discount unwinding is not included in the Budget figure					
Materials & Contracts	19,215	17,793	1,422	7%	F
Depreciation & Amortisation	7,301	10,424	(3,123)	(43%)	U
The extra depreciation from the revaluation of assets was not in the Budget figure					
Other Expenses	9,422	8,543	879	9%	F

Budget Variations relating to Council's Cash Flow Statement include:

Cash Flows from Operating Activities	7,077	16,359	9,282	131.2%	F
Higher grants & employee costs charged to jobs					
Cash Flows from Investing Activities	(8,575)	(25,462)	(16,887)	196.9%	U
High carryovers were not budgeted for					
Cash Flows from Financing Activities	(6)	(56)	(50)	833.3%	U
Loans were paid in 2008/09					

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	376	16	-	23	-	-	415	66	(481)	-	-
Roads	443	1	-	26	-	-	470	6	(476)	-	-
Parking	552	-	-	32	-	-	584	-	(584)	-	-
Open Space	608	43	-	36	(24)	-	663	16	(679)	-	-
Community Facilities	1,787	118	-	101	(143)	-	1,863	42	(1,905)	-	-
Recreational Facilities	980	44	-	59	-	-	1,083	19	(1,102)	-	-
Bushfire	42	-	-	2	-	-	44	-	(44)	-	-
Extractive Industries	1,421	66	-	62	(408)	-	1,141	122	(1,263)	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
S94 Contributions - under a Plan	6,209	288	-	341	(575)	-	6,263	271	(6,534)	-	-
S94A Levies - under a Plan	531	319	-	40	(153)	-	737				-
Total S94 Revenue Under Plans	6,740	607	-	381	(728)	-	7,000				-
S64 Contributions	271	47	943	14			332				
Total Contributions	7,011	654	943	395	(728)	-	7,332	271	(6,534)	-	-

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER - HAWKESBURY CITY

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	376	16		23			415	66	(481)	-	
Roads	443	1		26			470	6	(476)	-	
Parking	552			32			584		(584)	-	
Open Space	608	43		36	(24)		663	16	(679)	-	
Community Facilities	1,787	118		101	(143)		1,863	42	(1,905)	-	
Recreational Facilities	980	44		59			1,083	19	(1,102)	-	
Bushfire	42			2			44		(44)	-	
Extractive Industries	1,421	66		62	(408)		1,141	122	(1,263)	-	
Total	6,209	288	-	341	(575)	-	6,263	271	(6,534)	-	-

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN - HAWKESBURY CITY

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other	531	319		40	(153)		737	149	(886)	-	
Total	531	319	-	40	(153)	-	737	149	(886)	-	-

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Westpool

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

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

Council's contribution represented 7.3% of the total amounts paid in by member Councils.

The pool ended with a surplus of \$12.2M of which Council's proportional share is \$1.025M.

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

(ii) Workers Compensation Claims

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

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

(iii) Other Guarantees

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

2. Superannuation Schemes

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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

3. Other Liabilities

(i). Third Party Claims

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

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000

LIABILITIES NOT RECOGNISED:

3. Other Liabilities (continued)

(ii) S94 Plans

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

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

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

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

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

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

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

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) Land Under Roads

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000

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

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

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

Subsidiaries

Note 19(a)

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

Associated Entities & Joint Venture Entities

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

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

Joint Venture Operations

Note 19(c)

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

Subsidiaries, Associated Entities and Joint Ventures Not Recognised

Note 19(d)

Accounting Recognition:

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

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

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2009	Actual 2008	Actual 2009	Actual 2008
Associated Entities	-	-	-	-
Joint Venture Entities	9	341	1,041	1,032
Total	9	341	1,041	1,032

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

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	
			2009	2008
1. Hawkesbury Leisure Centre	Sports, fitness & swimming	Non-Reporting	100%	100%
Current Year Financial Movements in Total Operation/Entity		Gross Financial Summary of Subsidiary		
Opening Equity Balance	18,736	Assets		247
New Capital Contributions	-	Liabilities		(506)
Operating Result	(87)	Net Equity		(259)
Adjustment to Equity Share	-	Revenues		2,069
Distributions Paid	-	Net Profit		(87)
Closing Equity Balance	18,649	Minority Interest Share		-
Minority Interest Share	-			
2. Hawesbury Sports Centre	Sports & Sporting Recreation areas	Non-Reporting	100%	100%
Current Year Financial Movements in Total Operation/Entity		Gross Financial Summary of Subsidiary		
Opening Equity Balance	444	Assets		698
New Capital Contributions	-	Liabilities		(59)
Operating Result	(112)	Net Equity		639
Adjustment to Equity Share	-	Revenues		747
Distributions Paid	-	Net Profit		(112)
Closing Equity Balance	332	Minority Interest Share		-
Minority Interest Share	-			

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000

19(b) Associated Entities & Joint Venture Entities

(a) Carrying Amounts

Name of Entity	Principal Activity	2009	2008
Westpool	Local Government Insurance Pool	1,025	1,032
United Independent Pools	Local Government Insurance Pool	16	-
Total Carrying Amounts - Joint Venture Entities		1,041	1,032

(b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2009	2008	2009	2008	2009	2008
Westpool	7%	6%	8%	8%	14%	14%
United Independent Pools	7%	7%	8%	8%	7%	7%

(c) Movement in Carrying Amounts

	Westpool		United Independent Pools	
	2009	2008	2009	2008
Opening Balance	1,032	691	-	-
Share in Operating Result	(7)	341	16	-
Councils Equity Share in the Joint Venture Entity	1,025	1,032	16	-

(d) Share of Joint Ventures Assets & Liabilities

	Assets		Liabilities		Net Assets
	Current	Non Current	Current	Non Current	
2009					
Westpool	1,873	2	157	693	1,025
United Independent Pools	228	-	174	38	16
Totals	2,101	2	331	731	1,041
2008					
Westpool	1,828	2	105	693	1,032
United Independent Pools	-	-	-	-	-
Totals	1,828	2	105	693	1,032

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

	2009			2008		
	Revenues	Expenses	Result	Revenues	Expenses	Result
Westpool	383	390	(7)	315	(26)	341
United Independent Pools	232	216	16	-	-	-
Totals	615	606	9	315	(26)	341

19(c) Joint Venture Operations

Council has no interest in any Joint Venture Operations.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2009	Actual 2008
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		339,715	350,816
a. Correction of Prior Period Errors	20 (c)	114	(14,223)
b. Changes in Accounting Policies (Prior Period Effects)	20 (d)	-	-
c. Current Year Income & Expenses Recognised direct to Equity excluding direct to Reserves transactions		-	-
d. Net Operating Result for the Year		6,940	3,122
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
g. Other Changes (disclosure required)		-	-
Balance at End of the Reporting Period		346,769	339,715
b. Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		135,864	134,875
Total		135,864	134,875
(ii). Reconciliation of movements in Reserves:			
- Opening Balance		134,875	22,015
- Revaluations for the year	9(a)	989	112,860
- Balance at End of Year		135,864	134,875
TOTAL VALUE OF RESERVES		135,864	134,875
(iii). Nature & Purpose of Reserves			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.			
c. Correction of Error/s relating to a Previous Reporting Period			
1. The audited Accounts for the Hawkesbury Leisure Centre to 30 June 2007 were not received in time for the 06/07 YE Accounts of Council.			
Estimates were used for the consolidation of the Centre for the 06/07 YE Accounts with adjustments made in Council's 07/08 YE Accounts, resulting in a net decrease to Councils Retained Earnings			
		-	(166)

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2009	Actual 2008
<p>2. Council revalued the following asset classes for the 07/08 Year End:</p> <p>- Buildings</p> <p>This reassessment resulted in a material difference as to where some assets actually sat in with respect to their asset life cycle relative to what the value of accumulated depreciation in Council's Financial Reports had previously indicated.</p> <p>Council did not have sufficient and reliable information that would allow the restatement of information prior to 30/6/07 (the closing date for the comparative figures in last year's report).</p> <p>As a result, Council adjusted the accumulated depreciation for the Asset Classes below as at 30/6/07 to reflect the correct value of accumulated depreciation;</p> <p>- Buildings: Non Specialised (increase)/decrease to accumulated depreciation 2,573</p> <p>- Buildings: Specialised (increase)/decrease to accumulated depreciation 11,816</p> <p>This adjustment resulted in a net decrease in Council's Accumulated Surplus as at 30/6/07.</p>			
<p>3. Council revalued the following asset classes for the 08/09 Year End:</p> <p>- Landfill Remediation 114</p> <p>This adjustment resulted in a net increase in Council's Accumulated Surplus as at 30/6/08.</p>			
<p>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.</p> <p>These amounted to the following Equity Adjustments:</p>			
<p>- Adjustments to Opening Equity - 30/6/07 (14,223)</p> <p>(relating to adjustments for the 30/6/07 reporting year end and prior periods)</p>			
<p>- Adjustments to Closing Equity - 30/6/08 -</p> <p>(relating to adjustments for the 30/6/08 year end)</p>			
Total Prior Period Adjustments - Prior Period Errors		114	(14,223)

d. Voluntary Changes in Accounting Policies

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 21. Non Current Assets/Liabilities classified as "Held for Sale"

\$ '000	2009		2008	
	Current	Non Current	Current	Non Current

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

Note 22. Events occurring after Balance Sheet Date

\$ '000

Events that occur after the reporting date of 30 June 2009, up to and including the date when the financial report is "authorised for issue" have been taken into account in preparing this financial report.

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

Accordingly, the "authorised for issue" date is 22/10/09.

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

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

These financial reports (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2009.

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

These financial reports (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2009 and which are only indicative of conditions that arose after 30 June 2009.

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

Note 23. Discontinued Operations

Council has not classify any of its Operations as "Discontinued".

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 24. Intangible Assets

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

Note 25. 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	
		2009	2008
Waste Depots			-
South Windsor Waste Depot	2014	900	3,889
East Kurrajong Waste Depot	2014	2,429	-
Balance at End of the Reporting Period	10	<u>3,329</u>	<u>3,889</u>

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

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

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

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

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

Reconciliation of movement in Provision for year:

Balance at beginning of year	3,889	3,669
Effect of a change in other calculation estimates used	(560)	-
Amortisation of discount (expensed to borrowing costs)	-	220
Total - Reinstatement, rehabilitation and restoration provision	<u>3,329</u>	<u>3,889</u>

Hawkesbury City Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 26. Additional Council Disclosures - Council Information

Principal Place of Business:

366 George Street
Windsor NSW 2756

Contact Details**Mailing Address:**

PO Box 146
Windsor NSW 2756

Telephone: 02 4560 4444

Facsimile: 02 4560 4400

Opening Hours

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

Internet: www.hawkesbury.nsw.gov.au

Email: council@hawkesbury.nsw.gov.au

Officers**GENERAL MANAGER**

Peter Jackson

RESPONSIBLE ACCOUNTING OFFICER

Rob Stalley

PUBLIC OFFICER

Laurie Mifsud

AUDITORS

PricewaterhouseCoopers (Sydney)

Elected Members**MAYOR**

Bart Bassett

COUNCILLORS

Kevin Conolly

Barry Calvert

Warwick Mackay

Christine Paine

Bob Porter

Paul Rasmussen

Jill Reardon

Rex Stubbs

Tiffany Tree

Wayne Whelan

Leigh Williams

Other Information

ABN: 54 659 038 834

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

Scope

We have audited the financial report of **Hawkesbury City Council** for the financial year ended 30 June 2009 as set out on pages 1 to 3. The financial report consists of the general purpose financial report 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 report
 - i. has been properly prepared in accordance with the requirements of this Division;
 - ii. is consistent with the Council's accounting records;
 - iii. present fairly the Council's financial position and the results of its operations; and
 - iv. is 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



R L Gavin
Partner

22 October 2009

22 October 2009

The Mayor
Councillor Bart Bassett
Hawkesbury City Council
DX 8601
WINDSOR

Dear Councillor Bassett

**Report on the Conduct of the Audit for Year Ended 30 June 2009
Section 417(3)**

We have completed our audit for the financial report of Hawkesbury Council for the year ended 30 June 2009, in accordance with Section 415 of the Local Government Act 1993.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, 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 report is presented fairly in accordance with Australian Accounting Standards 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.

Operating Result

Council's net operating result increased from a surplus of \$3.1m in the previous year to a surplus of \$6.9m in the current period. This was mainly due to higher capital grants and contributions (up \$3.5m).

Cash Position

Council's overall cash position increased from \$39m to \$41m during the period under review. The following table highlights the composition of cash.

	June 2008 \$m	June 2009 \$m
Externally restricted	16.4	17.6
Internally restricted	16.6	18.0
Unrestricted	6.0	4.9
	39.0	40.5

Working Capital

Council's net current assets increased from \$32.3m to \$33.3m 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 2008 \$'000	June 2009 \$'000
Net Current Assets	32,284	33,335
Less External Restrictions	16,368	17,608
Internal Restrictions	16,629	18,019
	(713)	(2,292)
Add Current liabilities to be funded from other sources.	6,038	6,018
Available Working Capital	5,325	3,726

The effective unrestricted or available working capital upon which Council could build its 2009/10 budget was \$3.7m.

Performance Indicators

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

	June 2008 %	June 2009 %
Unrestricted current ratio	443	437
Debt Service Ratio	.02	.11
Rate Coverage Ratio	58	54
Rates Outstanding Ratio	6.7	6.1
Asset Renewals Ratio	55	66

The Unrestricted Current Ratio was constant and remained well above the accepted industry benchmark of 100%.

Council's Debt Service Ratio increased to .11% of Operating Revenue but is well below the industry benchmark of 10%

The Rate Coverage Ratio declined from 58% to 54% due to an increase in capital grants and contributions.

The Rates Outstanding Ratio improved from 6.7% of collectables to 6.1%. This ratio is higher than the accepted industry benchmark of 5% and should be monitored.

The Asset Renewal Ratio indicates that infrastructure assets are being renewed at 66% of the rate at which they are depreciating.

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.

Investments

Since July 2007, global financial markets have experienced a period of high volatility led by events in the US housing market, particularly sub prime loans, which has impacted the value, recoverability, liquidity, cash flows and rates of return of many financial assets including Collateralised Debt Obligations (CDOs), Equity Linked Notes (ELNs) and certain other Managed Funds.

At 30 June 2009, Council's investment portfolio totalled \$40.5 million, and did not include any securities impacted by this volatility.

Land Under Roads

Council elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051. Land acquired since that date must be recognised and \$377k has been accordingly taken up in the current reporting period.

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



PricewaterhouseCoopers



R L Gavin
Partner
Sydney

Hawkesbury City Council

SPECIAL PURPOSE FINANCIAL REPORTS
for the year ended 30 June 2009

*Lifestyle, Environment, Access
and Opportunity @ Hawkesbury*



Hawkesbury City Council

Special Purpose Financial Reports

for the financial year ended 30 June 2009

Contents	Page
1. Statement by Councillors & Management	2
2. Special Purpose Financial Reports:	
- Income Statement of Sewerage Business Activity	3
- Income Statement of Other Business Activities	4
- Balance Sheet of Sewerage Business Activity	5
- Balance Sheet of Other Business Activities	6
3. Notes to the Special Purpose Financial Reports	7
4. Auditor's Report	14

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/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.
 - (iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).
 - (iv) In preparing these financial reports for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).
-

Hawkesbury City Council

Special Purpose Financial Reports for the financial year ended 30 June 2009

Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

The attached Special Purpose Financial Reports have been prepared in accordance with:


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

To the best of our knowledge and belief, these Reports:

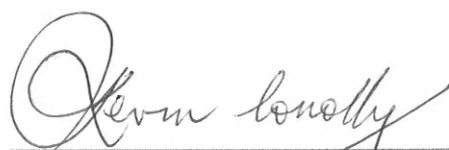
- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 8 September 2009.



Councillor Bart Bassett
MAYOR



Councillor Kevin Conolly
DEPUTY MAYOR



Peter Jackson
GENERAL MANAGER



Rob Stalley
RESPONSIBLE ACCOUNTING OFFICER

Hawkesbury City Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2009

\$ '000	Actual 2009	Actual 2008	Actual 2007
Income from continuing operations			
Access charges	3,421	3,325	3,163
User charges	541	469	447
Interest	51	73	112
Grants and contributions provided for non capital purposes	146	44	36
Profit from the sale of assets	177	4	-
Other income	35	13	11
Total income from continuing operations	4,371	3,928	3,769
Expenses from continuing operations			
Employee benefits and on-costs	962	959	1,343
Borrowing costs	4	2	3
Materials and contracts	1,225	1,414	1,832
Depreciation and impairment	1,993	1,923	788
Calculated taxation equivalents	17	24	16
Other expenses	972	736	-
Total expenses from continuing operations	5,173	5,058	3,982
Surplus (deficit) from Continuing Operations before capital amounts	(802)	(1,130)	(213)
Grants and contributions provided for capital purposes	1,007	149	122
Surplus (deficit) from Continuing Operations after capital amounts	205	(981)	(91)
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	205	(981)	(91)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-
SURPLUS (DEFICIT) AFTER TAX	205	(981)	(91)
plus Opening Retained Profits	32,702	33,683	54,199
plus/less: Prior Period Adjustments	-	-	(20,425)
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	17	24	16
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	-
less:			
- Tax Equivalent Dividend paid	(17)	(24)	(16)
- Surplus dividend paid	-	-	-
Closing Retained Profits	32,907	32,702	33,683
Return on Capital %	-1.3%	-1.8%	-0.4%
Subsidy from Council	4,221	4,983	3,550
Calculation of dividend payable:			
Surplus (deficit) after tax	205	(981)	(91)
less: Capital grants and contributions (excluding developer contributions)	(1,007)	-	-
Surplus for dividend calculation purposes	-	-	-
Potential Dividend calculated from surplus	-	-	-

Hawkesbury City Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2009

\$ '000	Hawkesbury Leisure Centre	
	Actual 2009	Actual 2008
Income from continuing operations		
User charges	1,960	2,126
Interest	1	-
Other income	226	-
Total income from continuing operations	2,187	2,126
Expenses from continuing operations		
Employee benefits and on-costs	1,424	1,396
Materials and contracts	256	528
Depreciation and impairment	552	205
Other expenses	824	486
Total expenses from continuing operations	3,056	2,615
Surplus (deficit) from Continuing Operations before capital amounts	(869)	(489)
Grants and contributions provided for capital purposes	149	-
Surplus (deficit) from Continuing Operations after capital amounts	(720)	(489)
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	(720)	(489)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	(720)	(489)
plus Opening Retained Profits	6,464	8,671
plus/less: Prior Period Adjustments	-	(1,718)
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
add:		
- Subsidy Paid/Contribution To Operations	-	-
less:		
- TER dividend paid	-	-
- Dividend paid	-	-
Closing Retained Profits	5,744	6,464
Return on Capital %	-4.5%	-0.3%
Subsidy from Council	1,941	1,729

Hawkesbury City Council

Balance Sheet of Council's Sewerage Business Activity

as at 30 June 2009

\$ '000	Actual 2009	Actual 2008
ASSETS		
Current Assets		
Cash and cash equivalents	3,875	2,309
Receivables	193	447
Total Current Assets	4,068	2,756
Non-Current Assets		
Infrastructure, property, plant and equipment	61,792	61,680
Total non-Current Assets	61,792	61,680
TOTAL ASSETS	65,860	64,436
LIABILITIES		
Current Liabilities		
Payables	380	107
Interest bearing liabilities	-	3
Provisions	138	136
Total Current Liabilities	518	246
Non-Current Liabilities		
Interest bearing liabilities	-	36
Provisions	22	28
Total Non-Current Liabilities	22	64
TOTAL LIABILITIES	540	310
NET ASSETS	65,320	64,126
EQUITY		
Retained earnings	32,907	32,702
Revaluation reserves	32,413	31,424
TOTAL EQUITY	65,320	64,126

Hawkesbury City Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2009

	Hawkesbury Leisure Centre Category 1	
	Actual 2009	Actual 2008
\$ '000		
ASSETS		
Current Assets		
Cash and cash equivalents	(682)	159
Receivables	40	100
Inventories	9	13
Other	8	12
Total Current Assets	(625)	284
Non-Current Assets		
Infrastructure, property, plant and equipment	19,347	19,836
Total Non-Current Assets	19,347	19,836
TOTAL ASSETS	18,722	20,120
LIABILITIES		
Current Liabilities		
Payables	706	1,384
Total Current Liabilities	706	1,384
Non-Current Liabilities		
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	706	1,384
NET ASSETS	18,016	18,736
EQUITY		
Retained earnings	5,744	6,464
Revaluation reserves	12,272	12,272
TOTAL EQUITY	18,016	18,736

Hawkesbury City Council

Special Purpose Financial Reports for the financial year ended 30 June 2009

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 2009

Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Report (SPFR) prepared for use by the Council and the Department of Local Government.

For the purposes of these statements, the council's business activities (reported herein) are not 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 nor current values of non-current assets (except where specifically stated).

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

National Competition Policy

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

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

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the 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 & net assets of Council's Sewerage Reticulation & Treatment Operations servicing the Hawkesbury City Council area.

b. Hawkesbury Leisure Centre

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

The centre was managed during the year by the YMCA.

Category 2

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

None

Monetary Amounts

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

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

Hawkesbury City Council

Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2009

Note 1. Significant Accounting Policies (continued)

(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 – The first **\$368,000** of combined land values attracts **0%**. From \$368,001 to \$2,250,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,250,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.875%** on the value of taxable salaries and wages in excess of \$623,000.

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.

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

Local Government Rates & Charges

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

Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face "true" commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

Hawkesbury City Council

Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2009

Note 1. Significant Accounting Policies (continued)

(ii) Subsidies

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

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

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

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

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 5.54% at 30/6/09.

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

(iv) Dividends

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

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

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either **(i)** 50% of this surplus in any one year, or **(ii)** the number of sewerage assessments at 30 June 2009 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 2009

Note 2. Sewerage Business Best Practice Management disclosure requirements

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

2009

1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	17,000
(ii)	No of assessments multiplied by \$3/assessment	23,037
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	17,000
(iv)	Amounts actually paid for Tax Equivalents	17,379

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	213,370
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2009, less the cumulative dividends paid for the 2 years to 30 June 2008	-

2009 Surplus	-	2008 Surplus	-	2007 Surplus	-
		2008 Dividend	-	2007 Dividend	-

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

3. Required outcomes for 4 Criteria

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

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

Hawkesbury City Council

Notes to the Special Purpose Financial Reports
for the financial year ended 30 June 2009Note 2. Sewerage Business
Best Practice Management disclosure requirements (continued)

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

2009

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)	\$'000	5,220
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	61,792
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	3,212
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	1,131
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	0.02%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

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

NWI F3	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	5,400
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	0.65%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	1,131
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	0.02%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

Hawkesbury City Council

Notes to the Special Purpose Financial Reports
for the financial year ended 30 June 2009Note 2. Sewerage Business
Best Practice Management disclosure requirements (continued)

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

2009

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

NWI F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	-5.93%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): 14 Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c) Net Interest: -28 Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		> 100
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	188
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	35

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

**Hawkesbury City Council
Special Purpose Financial Report
Independent Auditors' Report**

Scope

We have audited the special purpose financial report of **Hawkesbury City Council** for the year ended 30 June 2009, 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.

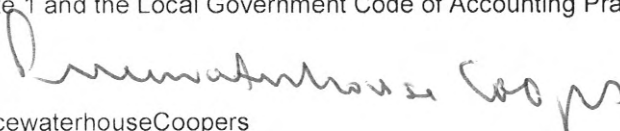
The special purpose financial report has been prepared for distribution to the Council and the Department of Premier & Cabinet - Division of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance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

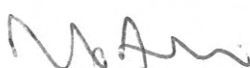
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the 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 Report of **Hawkesbury City Council** is 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



R L Gavin
Partner

22 October 2009

Hawkesbury City Council

SPECIAL SCHEDULES

for the year ended 30 June 2009

*Lifestyle, Environment, Access
and Opportunity @ Hawkesbury*



Hawkesbury City Council

Special Schedules

for the financial year ended 30 June 2009

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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;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the Department of Energy, Utilities & Sustainability (DEUS), and
 - the Department of Local Government (DLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of specific service financial activities.
-

Hawkesbury City Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2009

\$'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	933	933	-	-	-	(933)	(933)
Administration							
Corporate Support	399		126	-		(273)	
Other Support Services	2,449	2,848	1,665	-	1,791	(784)	(1,057)
Public Order and Safety							
Fire Protection – Other	1,631		323	-		(1,308)	
Animal Control	725		453	4		(268)	
Enforcement of Local Govt Regs	486		392	-		(94)	
Emergency Services	168		52	6		(110)	
		3,010			1,230		(1,780)
Health							
Administration and Inspection	564		277	-		(287)	
		564			277		(287)
Community Services and Education							
Administration	590		63	-		(527)	
		590			63	-	(527)
Housing and Community Amenities							
Housing						-	
Town Planning	1,555		669	3,816		2,930	
Domestic Waste Management	3,549		3,766	-		217	
Other Waste Management	6,945		6,500	-		(445)	
Other Sanitation and Garbage	152		-	-		(152)	
Drainage	962		8	371		(583)	
Stormwater Management	263		-	-		(263)	
Public Cemeteries	-		127	-		127	
Other Community Amenities	-	13,426	-	62	15,319	62	1,893
Sewerage Services	5,174	5,174	4,372	1,007	5,379	205	205
Recreation and Culture							
Public Libraries	2,314		213	6		(2,095)	
Museums	418		3	3		(412)	
Art Galleries	556		122	-		(434)	
Community Centres	2,548		-	3		(2,545)	
Other Cultural Services	48		-	-		(48)	
Swimming Pools	2,357		2,325	-		(32)	
Sporting Grounds	594		149	-		(445)	
Parks and Gardens (Lakes)	5,028		261	422		(4,345)	
Other Sport and Recreation	1,103	14,966	-	276	3,783	(827)	(11,183)

Hawkesbury City Council

Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2009

\$'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
Fuel and Energy							
Electricity Supplies	480	480	204	-	204	(276)	(276)
Mining, Manufacturing and Construction							
Building Control	887		362	-		(525)	
		887			362	-	(525)
Transport and Communication							
Urban Roads (UR) - Local	7,888		1,468	1,279		(5,141)	
Sealed Rural Roads (SRR) - Local	1,629		-	-		(1,629)	
Bridges on UR - Local	147		-	-		(147)	
Footpaths	137		-	-		(137)	
Parking Areas	213		-	-		(213)	
Bus Shelters and Services	51		-	-		(51)	
Water Transport	540		207	-		(333)	
Street Lighting	525		82	-		(443)	
Other	1,659	12,789	429	-	3,465	(1,230)	(9,324)
Economic Affairs							
Tourism and Area Promotion	197		5	-		(192)	
Real Estate Development	928		1,935	6		1,013	
Other Business Undertakings	349	1,474	-	-	1,946	(349)	472
Totals – Functions		57,141	26,558	7,261	33,819		(23,322)
General Purpose Revenues⁽¹⁾			30,253		30,253	30,253	30,253
Share of interests - joint ventures & associates using the equity method	-	-	9		9	9	9
NET OPERATING RESULT FOR YEAR		57,141	56,820	7,261	64,081	6,940	6,940

Notes:

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

Hawkesbury City Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)
for the financial year ended 30 June 2009

\$'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	6	50	56	-	56	-	-	5	-	-	-
Total Loans	6	50	56	-	56	-	-	5	-	-	-
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	6	50	56	-	56	-	-	5	-	-	-

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 2009

\$'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 Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during 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 2009

\$'000	Actuals 2009	Actuals 2008
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	740	700
b. Engineering and Supervision	626	472
2. Operation and Maintenance		
- Mains		
a. Operation expenses	97	98
b. Maintenance expenses	193	192
- Pumping Stations		
c. Operation expenses (excluding energy costs)	-	-
d. Energy costs	-	206
e. Maintenance expenses	260	358
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	981	-
g. Chemical costs	-	-
h. Energy costs	-	-
i. Effluent Management	289	98
j. Biosolids Management	-	-
k. Maintenance expenses	20	910
- Other		
l. Operation expenses	6	75
m. Maintenance expenses	-	-
3. Depreciation		
a. System assets	1,968	1,903
b. Plant and equipment	26	20
4. Miscellaneous expenses		
a. Interest expenses	4	2
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Tax Equivalents Dividends (actually paid)	17	24
5. Total expenses	5,227	5,058

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 2009

\$'000	Actuals 2009	Actuals 2008
Income		
6. Residential charges (including rates)	2,741	2,642
7. Non-residential charges		
a. Access (including rates)	18	18
b. Usage charges	678	665
8. Trade Waste Charges		
a. Annual Fees	357	264
b. Usage charges	-	-
c. Excess mass charges & re-inspection fees	-	-
9. Extra charges	19	15
10. Interest income	32	58
11. Other income	254	218
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	35	34
c. Other grants	-	-
13. Contributions		
a. Developer charges	61	149
b. Developer provided assets	943	-
c. Other contributions	114	10
14. Total income	5,252	4,073
15. Gain or loss on disposal of assets	180	4
16. Operating Result	205	(981)
16a. Operating Result (less grants for acquisition of assets)	205	(981)

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 2009

\$'000	Actuals 2009	Actuals 2008
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. Subsidised scheme	-	-
b. Other new system assets	-	-
c. Renewals	1,131	319
d. Plant and equipment	-	-
18. Repayment of debt		
a. Loans	-	6
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	1,131	325
Non-operating funds employed		
21. Proceeds from disposal of assets	306	31
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	306	31
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	6,720	6,688
b. Residential (unoccupied, ie. vacant lot)	50	70
c. Non-residential (occupied)	844	849
d. Non-residential (unoccupied, ie. vacant lot)	65	56
26. Number of ETs for which developer charges were received	40 ET	40 ET
27. Total amount (actual dollars) of pensioner rebates	\$ 154,863	\$ 111,757

Hawkesbury City Council

Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2009

\$'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" value="NO"/>	
If Yes, go to 29a. If No, please report if council has removed land value from access charges (ie rates)?			
	<input type="checkbox" value="YES"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, 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" value="NO"/>	
b. Total cross-subsidy in sewerage developer charges for 2008/09 (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 Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2009

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	332	-	332
b. Special purpose grants	85	-	85
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	3,458	-	3,458
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and charges	178	-	178
c. Other	15	-	15
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	61,792	61,792
b. Plant and equipment	-	-	-
35. Other assets	-	-	-
36. Total Assets	4,068	61,792	65,860
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	380	-	380
39. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	138	22	160
41. Total Liabilities	518	22	540
42. NET ASSETS COMMITTED	3,550	61,770	65,320
EQUITY			
42. Accumulated surplus			32,907
44. Asset revaluation reserve			32,413
45. TOTAL EQUITY			65,320
Note to system assets:			
46. Current replacement cost of system assets			114,670
47. Accumulated current cost depreciation of system assets			(52,878)
48. Written down current cost of system assets			61,792

Hawkesbury City Council

Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2009

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

Special Schedule No. 7 - Condition of Public Works (continued)

as at 30 June 2009

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Hawkesbury City Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2009

\$'000	Actual ⁽¹⁾ 08/09	Forecast 09/10	Forecast 10/11	Forecast ⁽³⁾ 11/12	Forecast ⁽³⁾ 12/13
(i) RECURRENT BUDGET					
Income from continuing operations	64,081	50,818	53,133	53,559	55,698
Expenses from continuing operations	57,141	51,604	53,494	54,187	55,621
Operating Result from Continuing Operations	6,940	(786)	(361)	(628)	77
(ii) CAPITAL BUDGET					
Capital New , Replace/Refurbish of Existing Assets	16,491	11,146	10,864	10,731	8,438
Total Capital Budget	16,491	11,146	10,864	10,731	8,438
Funded by:					
– Loans	-	-	-	-	-
– Asset sales	-	-	-	-	-
– Reserves	-	-	-	-	-
– Grants/Contributions	7,261	2,721	2,269	2,311	2,355
– Recurrent revenue	9,230	8,425	8,595	8,420	6,083
– Other	-	-	-	-	-
	16,491	11,146	10,864	10,731	8,438

Notes:

(1) From 08/09 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.