



Hawkesbury City Council

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General Purpose and Special Purpose
Financial Statements and
Special Schedule Statements
for the period ended 30 June 2013

d a t e o f m e e t i n g : 12 N o v e m b e r 2013

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t i m e : 6 : 30 p . m .

HAWKESBURY CITY COUNCIL

FINANCIAL STATEMENTS for the year ended 30 June 2013

General Purpose, Special Purpose, Special Schedules



SHAPING OUR FUTURE



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If you do not understand it, contact the
Telephone Interpreter Service on 131 450.



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Part 1 General Purpose Financial Statements

For the year ended 30 June 2013



Overview

- i. These financial statements are General Purpose Financial Statements and cover the consolidated operations for Hawkesbury City Council.
- ii. Hawkesbury City Council is a body politic 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 detailed in Paragraph 8 of the LGA and includes giving Council;

- the ability to provide goods, services and facilities, and to carry out activities appropriate to the current and future needs of the local community and of the wider public,
- the responsibility for administering regulatory requirements under the LGA and
- a role in the management, improvement and development of the resources in the area.

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

- iii. All figures presented in these financial statements are presented in Australian Currency.
- iv. These financial statements were authorised for issue by the Council on 09 October 2013.

Council has the power to amend and reissue these financial statements.

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their Council and Community.

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2013.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the NSW Division of Local Government.

About the Councillor/Management Statement


The financial statements must be certified by Senior staff as "presenting fairly" the Council's financial results for the year, and are required to be adopted by Council - ensuring both responsibility for and ownership of the financial statements.

About the Primary Financial Statements

The financial statements incorporate five 'primary' financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses.



This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair values of Council's Infrastructure, Property, Plant and Equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its Assets, Liabilities and "Net Wealth".

4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's 'Net Wealth'.

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the financial statements provide greater detail and additional information on the 5 primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialize in Local Government).

In NSW, the Auditor provides two audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. Their observations on the conduct of the Audit including commentary on the Council's financial performance and financial position.

Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the Audit Report.

Submissions from the public can be made to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Division of Local Government.



Statement by Councillors and Management

HAWKESBURY CITY COUNCIL

General Purpose Financial Statements FOR THE YEAR ENDED 30 June 2013

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

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

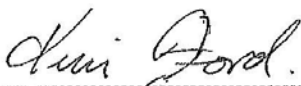
- The Local Government Act 1993 (as amended) and the regulations made thereunder,
- The Australian Accounting Standards and Professional Pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

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

- 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 the Statements false or misleading in any way.

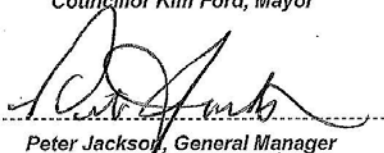
Signed in accordance with a resolution of Council made on 24 September 2013



Councillor Kim Ford, Mayor



Councillor Tiffany Tree, Deputy Mayor



Peter Jackson, General Manager



Emma Galea, Responsible Accounting Officer

Primary Financial Statements

Income Statement

for the financial year ended 30 June 2013

Budget ⁽¹⁾			Actual	Actual
2013	\$ '000	Notes	2013	2012
	Income from Continuing Operations			
	Revenue:			
40,925	Rates & Annual Charges	3a	40,421	38,900
4,733	User Charges & Fees	3b	5,272	5,082
1,941	Interest & Investment Revenue	3c	2,173	2,791
3,309	Other Revenues	3d	4,903	3,562
6,426	Grants & Contributions provided for Operating Purposes	3e,f	8,508	9,367
837	Grants & Contributions provided for Capital Purposes	3e,f	14,354	17,161
	Other Income:			
	Net gains from the disposal of assets	5	24	-
	Entities using the equity method	19	340	212
58,171	Total Income from Continuing Operations		75,995	77,075
	Expenses from Continuing Operations			
17,708	Employee Benefits & On-Costs	4a	22,068	21,284
550	Borrowing Costs	4b	33	538
18,438	Materials & Contracts	4c	18,154	18,261
18,890	Depreciation & Amortisation	4d	14,315	18,407
11,870	Other Expenses	4e	10,161	9,988
	Net Losses from the Disposal of Assets	5	-	289
67,456	Total Expenses from Continuing Operations		64,731	68,767
(9,285)	Operating Result from Continuing Operations		11,264	8,308
(9,285)	Net Operating Result for the Year		11,264	8,308
(9,285)	Net Operating Result attributable to Council		11,264	8,308
	Net Operating Result attributable to Non-controlling Interests		-	-
	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes			
(10,122)			(3,090)	(8,853)

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

Statement of Comprehensive Income

for the financial year ended 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
Net Operating Result for the year (as per Income statement)		11,264	8,308
Other Comprehensive Income:			
Gain (loss) on revaluation of I,PP&E	20b (ii)	30,101	1,906
Adjustment to correct prior period errors	20 (c)	1,534	(977)
Total Items which will not be reclassified subsequently to the Operating Result		31,635	929
Total Other Comprehensive Income for the year		31,635	929
Total Comprehensive Income for the Year		42,899	9,237
Total Comprehensive Income attributable to Council		42,899	9,237
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Statement of Financial Position

as at 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	7,498	4,919
Investments	6b	37,010	35,450
Receivables	7	5,110	4,791
Inventories	8	297	183
Other	8	593	274
Total Current Assets		50,508	45,617
Non-Current Assets			
Receivables	7	1,165	1,136
Infrastructure, Property, Plant & Equipment	9	774,527	739,020
Investments accounted for using the equity method	19	2,178	1,838
Investment Property	14	31,690	24,596
Total Non-Current Assets		809,560	766,590
TOTAL ASSETS		860,068	812,207
LIABILITIES			
Current Liabilities			
Payables	10	5,938	5,129
Borrowings	10	1,091	389
Provisions	10	7,098	7,396
Total Current Liabilities		14,127	12,914
Non-Current Liabilities			
Borrowings	10	6,693	2,460
Provisions	10	5,251	5,735
Total Non-Current Liabilities		11,944	8,195
TOTAL LIABILITIES		26,071	21,109
Net Assets		833,997	791,098
EQUITY			
Retained Earnings	20	318,651	305,853
Revaluation Reserves	20	515,346	485,245
Council Equity Interest		833,997	791,098
Total Equity		833,997	791,098

Statement of Changes in Equity

for the financial year ended 30 June 2013

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2013						
Opening Balance (as per Last Year's Audited Accounts)		305,853	485,245	791,098	-	791,098
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/12)		305,853	485,245	791,098	-	791,098
c. Net Operating Result for the Year		11,264		11,264	-	11,264
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)		30,101	30,101		30,101
- Correction of Prior Period Errors (retained earnings)	20 (c)	1,534	-	1,534		1,534
Other Comprehensive Income		1,534	30,101	31,635	-	31,635
Total Comprehensive Income (c&d)		12,798	30,101	42,899	-	42,899
e. Distributions to/(Contributions from) Non-controlling Interests				-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		318,651	515,346	833,997	-	833,997

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2012						
Opening Balance (as per Last Year's Audited Accounts)		298,133	483,728	781,861	-	781,861
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/11)		298,133	483,728	781,861	-	781,861
c. Net Operating Result for the Year		8,308	-	8,308	-	8,308
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	1,906	1,906	-	1,906
- Correction of Prior Period Errors (retained earnings)	20b (ii)	(977)	-	(977)	-	(977)
Other Comprehensive Income		(977)	1,906	929	-	929
Total Comprehensive Income (c&d)		7,331	1,906	9,237	-	9,237
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		389	(389)	-	-	-
Equity - Balance at end of the reporting period		305,853	485,245	791,098	-	791,098

Statement of Cash Flows

for the financial year ended 30 June 2013

Budget 2013	\$ '000	Notes	Actual 2013	Actual 2012
Cash Flows from Operating Activities				
<u>Receipts:</u>				
40,925	Rates & Annual Charges		40,263	39,105
4,733	User Charges & Fees		3,421	4,860
1,941	Investment & Interest Revenue Received		2,263	3,009
7,261	Grants & Contributions		12,542	11,446
	Bonds, Deposits & Retention amounts received		418	-
3,309	Other		7,109	7,658
<u>Payments:</u>				
(17,708)	Employee Benefits & On-Costs		(21,393)	(21,295)
(18,438)	Materials & Contracts		(17,907)	(18,446)
-	Borrowing Costs		(173)	2
	Bonds, Deposits & Retention amounts refunded		-	(75)
(11,878)	Other		(15,173)	(13,455)
10,145	Net Cash provided (or used in) Operating Activities	11b	11,370	12,809
Cash Flows from Investing Activities				
<u>Receipts:</u>				
	Sale of Investment Securities		59,450	66,200
729	Sale of Infrastructure, Property, Plant & Equipment		1,229	636
<u>Payments:</u>				
	Purchase of Investment Securities		(61,010)	(65,950)
	Purchase of Investment Property		(24)	(17)
(13,110)	Purchase of Infrastructure, Property, Plant & Equipment		(13,296)	(16,659)
(12,381)	Net Cash provided (or used in) Investing Activities		(13,651)	(15,790)
Cash Flows from Financing Activities				
<u>Receipts:</u>				
	Proceeds from Borrowings & Advances		5,260	-
<u>Payments:</u>				
	Repayment of Borrowings & Advances		(400)	(400)
-	Net Cash Flow provided (used in) Financing Activities		4,860	(400)
(2,236)	Net Increase/(Decrease) in Cash & Cash Equivalents		2,579	(3,381)
8,985	plus: Cash & Cash Equivalents - beginning of year	11a	4,919	8,300
6,749	Cash & Cash Equivalents - end of the year	11a	7,498	4,919
Additional Information:				
	plus: Investments on hand - end of year	6b	37,010	35,450
	Total Cash, Cash Equivalents & Investments		44,508	40,369

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



Notes to the General Purpose Financial Statements

Note 1 Summary of Significant Accounting Policies

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

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

a) Basis of preparation

(i) Background

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

- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Act (1993) and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

For the purpose of preparing these financial statements, Council has been deemed to be a not-for-profit entity.

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

Because AASBs are sector neutral, some standards either:

- 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
- specifically exclude application by Not for Profit entities.

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

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

(iii) New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2012.

Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates.



(v) *Basis of Accounting*

These financial statements have been prepared under the historical cost convention except for:

- 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,
- the write down of any Asset on the basis of Impairment (if warranted) and
- certain classes of Infrastructure, property, plant and equipment that are accounted for at fair valuation.

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

(vi) *Changes in Accounting Policies*

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

A change in accounting for and reporting Work In Progress was implemented in 2012/2013.

There have also been no changes in accounting policies, apart from the WIP, when compared with previous financial statements unless otherwise stated [refer Note 20(d)].

(vii) *Critical Accounting Estimates*

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASBs).

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

- (i) Estimated fair values of investment properties
- (ii) Estimated fair values of infrastructure, property, plant and equipment.
- (iii) Estimated tip remediation provisions.

Critical judgements in applying the entity's accounting policies

- (i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.
- (ii) Projected Section 94 Commitments - Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.



b) Revenue recognition

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

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

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

Revenue is measured on major income categories as follows:

(i) 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.

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

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

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

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


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

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

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

(ii) 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.

(iii) 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.

(iv) 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 and Investments is accounted for using the Effective Interest method in accordance with AASB 139.

c) Principles of Consolidation

These financial statements incorporate (i) the assets and liabilities of Council and any Entities (or operations) that it controls (as at 30 June 2013) and (ii) all the related operating results (for the financial year ended the 30th June 2013).

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

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

(i) The Consolidated Fund

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

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

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

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

(ii) The Trust Fund

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

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

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

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



(iii) *Joint Ventures*

Jointly Controlled Assets and 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 and 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 and reserves is recognised in the balance sheet.

(iv) *Associated Entities*

Where Council has the power to participate in the financial and operating decisions (of another entity), i.e. where Council is deemed to have “significant influence” over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the equity method of accounting – in a similar fashion to Joint Venture Entities and 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 four member councils.

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

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

(vi) *Additional Information*

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

d) Leases


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

(i) *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.

(ii) 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 and Cash Equivalents for presentation of the Cash Flow Statement.

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 and at the time it was acquired.

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

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

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



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

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

Assets in this category are primarily classified as current assets as they are primarily held for trading and/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 and Receivables' classification, these investments are generally quoted in an active market.

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

(iv) Available-for-sale financial assets

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

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

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


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

Financial Assets – Reclassification

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

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

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



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

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

General Accounting and Measurement of Financial Instruments:

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.

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.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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.

Types of Investments

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

Investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the Ministerial 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 following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments that Council holds are no longer prescribed (e.g. managed funds, CDOs, and equity linked notes) however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

g) Fair value estimation

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

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

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

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

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

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

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


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

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

h) Receivables

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

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



The collectability 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 (i.e. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

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

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

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

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

i) Inventories

(i) 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.

(ii) 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,PPandE)

(i) Acquisition of assets

Council's non-current assets are continually revalued (over a five year period) in accordance with the fair valuation policy as mandated by the Division of Local Government.



At balance date, the following classes of I,PPandE were stated at their Fair Value:

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks** (External Valuation) – Indexed annually between valuations
- **Operational Land** (External Valuation)
- **Buildings** – Specialised/Non Specialised (External Valuation)
- **Plant and Equipment** (as approximated by depreciated historical cost)
- **Roads Assets** - including roads, bridges and footpaths (Internal Valuation)
- **Drainage Assets** (Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)
- **Community Land** (Valuer General Valuation)
- **Land Improvements** (as approximated by depreciated historical cost)
- **Other Structures** (External Valuation)
- **Other Assets** (as approximated by depreciated historical cost)

(ii) 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.

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

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

(iii) 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.

(iv) Asset Revaluations (including Indexation)

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

- Increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve.

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

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

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

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

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

(v) *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 and Equipment	
Office Furniture	> \$1,000
Office Equipment	> \$1,000
Other Plant and Equipment	> \$1,000

Buildings and Land Improvements	
Park Furniture and Equipment	> \$1,000
Building	
Construction/extensions	> \$1,000
Renovations	> \$1,000
Other Structures	> \$1,000

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

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



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

(vi) *Depreciation*

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

Land is not depreciated.

Estimated useful lives for Council's I,PPandE include:

- Plant and 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 equipment 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 60 to 80 years
 - Culverts 50 to 80 years
- Transportation Assets
 - Sealed Roads: Surface 12 to 20 years
 - Sealed Roads: Structure 50 to 60 years
 - Bridge: Concrete 80 to 100 years
 - Bridge: Other 50 to 60 years
 - Road Pavements 60 years
 - Kerb, Gutter and Paths 40 to 60 years
- Sewer Assets
 - Reticulation pipes: PVC 80 years
 - Reticulation pipes: Other 25 to 75 years
 - Pumps and telemetry 20 to 25 years



o) Rural Fire Service assets

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

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

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

p) Investment property

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

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

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

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

The last full revaluation for Council’s Investment Properties was as at 30 June 2013.

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

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

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

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

Costs are estimated on the basis of a closure plan.


The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. 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 disclosed as a borrowing cost in Note 4(b).



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

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

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

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

These costs are charged to the income statement.

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

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

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

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

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

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

r) Non-Current Assets (or Disposal Groups) 'Held for Sale' and Discontinued Operations

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

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

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

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

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

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



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

s) Impairment of assets

All Council's I,PPandE is subject to an annual assessment of impairment.

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

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

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

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Non-financial assets (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill and 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 end of month of the invoice date.

u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

v) Borrowing costs

Borrowing costs are expensed, except to the extent that they are incurred during the construction of qualifying assets.

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.



w) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

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

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

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

x) Employee benefits

(i) Short Term Obligations

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

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

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

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

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


(ii) Other Long Term Obligations

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

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

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

Expected future payments are then discounted using market yields at the reporting date based 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 four or more years of service has been classified as Current (subject to a probability factor), 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 four years' service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

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

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

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.

The last valuation of the Scheme was performed by Mr Martin Stevenson (BSc, FIA, FIAA) on 20 February 2013 and covers the period ended 30 June 2013.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2013 the prior period deficit still exists.


Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2013 was \$759,952.

The amount of additional contributions included in the total employer contribution advised above is \$329,618.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$1,532,509 as at 30 June 2013.

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



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

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

Defined Contribution Plans

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

(iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/13.

y) Self insurance

Council has determined to self-insure for workers compensation.

A provision for self-insurance has been made to recognise outstanding claims the amount of which is detailed in Note 10.

Council also maintains a bank guarantee and reserves to meet expected future claims.

z) Allocation between current and non-current assets and 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.

(i) Exceptions

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

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

(aa) Taxes


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

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

(i) Goods and 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, i.e. they are inclusive of GST where applicable.

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

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

(ab) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2013.

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.

(i) Applicable to Local Government with implications:

- AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures (effective from 1 January 2015).
- AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption.

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


Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)
- AASB 13 explains how to measure fair value and aims to enhance fair value disclosures.

Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance.



It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements.

However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

(ii) *Applicable to Local Government but no implications for Council;*

- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (AASB 132 and AASB 7) (effective 1 January 2013).

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (effective 1 January 2014).

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

(iii) *Applicable to Local Government but not relevant to Council at this stage;*

- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013).


This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

- AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.



Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

- AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

- AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

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

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.


Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

- Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013).

This revised standard on accounting for employee benefits requires the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.

This replaces the expected return on plan assets that is currently included in profit or loss.



The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits.

The amendments will have to be implemented retrospectively.

Council does not recognise defined benefit assets and liabilities for the reasons set out in paragraph (x) (iii) and so these changes will not have an impact on its reported results.

(iv) *Not applicable to Local Government per se;*

- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle (effective 1 January 2013).
- AASB 1 - this standard clarifies that an entity can apply AASB 1 more than once. An entity can elect to apply AASB 123 from the transition date or an earlier date.
- AASB 101 - clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments.
- AASB 116 - clarifies the classification of servicing equipment.
- AASB 132 and Interpretation 2 - clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes
- AASB 134 - provides clarification about segment reporting.

The amendments arising from this standard are not expected to change the reported financial position or performance of the Council.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

ac) Rounding of amounts

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

ad) Comparative Figures

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

ae) Disclaimer

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

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2013	Actual 2013	Actual 2012	Original Budget 2013	Actual 2013	Actual 2012	Original Budget 2013	Actual 2013	Actual 2012	Actual 2013	Actual 2012	Actual 2013	Actual 2012
Looking After People and Place	3,854	6,430	5,299	23,518	23,443	23,630	(19,664)	(17,013)	(18,331)	(606)	962	256,617	225,888
Caring for Our Environment	17,556	17,058	17,376	19,063	17,151	18,272	(1,507)	(93)	(896)	153	155	141,641	140,115
Linking the Hawkesbury	3,145	14,406	15,202	18,118	17,717	19,164	(14,973)	(3,311)	(3,962)	2,895	741	355,339	346,214
Supporting Business and Local Jobs	5	316	6	516	540	484	(511)	(224)	(478)	310	-	17,762	15,522
Sharing Our Future Together	4,872	4,854	5,742	6,241	5,880	5,965	(1,369)	(1,026)	(223)		954	86,531	83,971
Total Functions & Activities	29,432	43,064	43,625	67,456	64,731	67,515	(38,024)	(21,667)	(23,890)	2,752	2,812	857,890	811,710
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)		340	212		-	-	-	340	212		-	2,178	1,838
General Purpose Income ¹	28,739	32,591	33,238			1,252	28,739	32,591	31,986	4,564	5,929		(1,341)
Operating Result from Continuing Operations	58,171	75,995	77,075	67,456	64,731	68,767	(9,285)	11,264	8,308	7,316	8,741	860,068	812,207

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



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

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

LOOKING AFTER PEOPLE AND PLACE

A community in which the area's character is preserved and lifestyle choices are provided with sustainable, planned, well serviced development, within strongly connected, safe and friendly neighbourhoods.

CARING FOR OUR ENVIRONMENT

A community dedicated to minimising its ecological footprint, enjoying a clean river and an environment that is nurtured, healthy, protected and provides opportunities for its sustainable use.

LINKING THE HAWKESBURY

"A community which is provided with facilities and services efficiently linked by well maintained roads and accessible and integrated transport and communication systems which also connect surrounding regions."

SUPPORTING BUSINESS AND LOCAL JOBS

New and existing industries which provide opportunities for a range of local employment and training options, complemented by thriving town centres.

SHAPING OUR FUTURE TOGETHER

An independent, strong and engaged community, with a respected leadership which provides for the future needs of its people in a sustainable and financially responsible manner.

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		22,379	21,643
Farmland		1,401	1,372
Business		2,583	2,503
Total Ordinary Rates		26,363	25,518
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		7,552	7,283
Sewerage Services		4,611	4,371
Waste Management Services (non-domestic)		860	763
Section 611 Charges		17	16
Sullage		1,018	949
Total Annual Charges		14,058	13,382
TOTAL RATES & ANNUAL CHARGES		40,421	38,900

Council has used 2011 year valuations provided by the NSW Valuer General in calculating its rates.

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Sewerage Services		497	521
Sullage		369	238
Waste Management Services (non-domestic)		23	17
Total User Charges		889	776
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Planning & Building Regulation		802	849
Regulatory/ Statutory Fees		234	205
Registration Fees		2	2
Section 149 Certificates (EPA Act)		186	184
Section 603 Certificates		85	80
SMF Inspection Fees		158	199
Total Fees & Charges - Statutory/Regulatory		1,467	1,519
(ii) Fees & Charges - Other(incl. General User Charges (per s.608)			
Caravan Park		12	3
Cemeteries		160	204
Dog Pound		569	482
Leaseback Fees - Council Vehicles		229	215
Library		81	71
Park Rents		162	153
Restoration Charges		266	210
Swimming Centre		187	147
Vehicle Inspection Fees		14	14
Waste Management Facility		1,217	1,273
Other		19	15
Total Fees & Charges - Other		2,916	2,787
TOTAL USER CHARGES & FEES		5,272	5,082

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		214	229
- Interest earned on Investments (interest & coupon payment income)		1,959	2,562
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>2,173</u>	<u>2,791</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		214	229
General Council Cash & Investments		1,448	1,791
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		262	354
Sewerage Fund Operations		133	253
Domestic Waste Management operations		18	57
Stormwater Management		58	102
Other Externally Restricted Assets		38	5
Restricted Investments/Funds - Internal:			
Internally Restricted Assets		2	-
<u>Total Interest & Investment Revenue Recognised</u>		<u>2,173</u>	<u>2,791</u>
(d) Other Revenues			
Fair Value Adjustments - Investment Properties	14	1,693	-
Rental Income - Investment Properties	14	1,463	1,509
Rental Income - Other Council Properties		359	424
Fines - Parking		330	397
Fines - Other		52	75
Legal Fees Recovery - Rates & Charges (Extra Charges)		176	386
Insurance Claim Recoveries		11	99
Recycling Income		100	132
Sales - General		2	2
GST Fuel Rebates		94	67
NSW Rural Fire Reimbursement		185	149
Other		438	322
<u>TOTAL OTHER REVENUE</u>		<u>4,903</u>	<u>3,562</u>

Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance - General Component	2,686	3,613	-	-
Financial Assistance - Local Roads Component	1,563	2,010	-	-
Pensioners' Rates Subsidies - General Component	315	306	-	-
Total General Purpose	4,564	5,929	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Sewerage	38	38	-	-
- Domestic Waste Management	115	116	-	-
Aged Care	-	51	-	-
Community Care	87	57	43	-
Environmental Protection	-	10	-	-
Housing Community	143	84	8	20
Public Order & Safety	55	46	-	50
Recreation & Culture	457	527	172	148
Street Lighting	93	91	-	-
Transport (Other Roads & Bridges Funding)	690	787	541	787
Economic Affairs	310	-	-	-
Total Specific Purpose	1,988	1,807	764	1,005
Total Grants	6,552	7,736	764	1,005
Grant Revenue is attributable to:				
- Commonwealth Funding	5,123	6,084	110	510
- State Funding	1,425	1,652	654	495
- Other Funding	4	-	-	-
	6,552	7,736	764	1,005

Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 94 - Contributions towards amenities/services	-	-	799	154
S 94A - Fixed Development Consent Levies	-	-	528	446
S 64 - Sewerage Service Contributions	-	-	328	210
Total Developer Contributions	¹⁷ -	-	1,655	810
Other Contributions:				
Bushfire Prevention	223	334	-	-
Dedications (S94)	-	-	11,337	14,311
Other Councils - Joint Works/Services	310	461	-	-
Roads & Bridges	1,340	697	498	76
Sewerage (excl. Section 64 contributions)	-	-	50	959
Dedications (other than S94)	-	-	50	-
Other	83	139	-	-
Total Other Contributions	1,956	1,631	11,935	15,346
Total Contributions	1,956	1,631	13,590	16,156
<u>TOTAL GRANTS & CONTRIBUTIONS</u>	<u>8,508</u>	<u>9,367</u>	<u>14,354</u>	<u>17,161</u>

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2013	Actual 2012
(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	6,500	6,430
add: Grants & contributions recognised in the current period but not yet spent:	2,874	1,791
less: Grants & contributions recognised in a previous reporting period now spent:	(843)	(1,721)
Net Increase (Decrease) in Restricted Assets during the Period	2,031	70
Unexpended and held as Restricted Assets	8,531	6,500
Comprising:		
- Specific Purpose Unexpended Grants	960	632
- Developer Contributions	7,571	5,868
	8,531	6,500

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
(a) Employee Benefits & On-Costs			
Salaries and Wages		17,184	16,687
Travelling		9	12
Employee Leave Entitlements (ELE)		3,285	2,432
Superannuation		2,186	2,114
Workers' Compensation Insurance		718	159
Fringe Benefit Tax (FBT)		73	45
Payroll Tax		37	27
Training Costs (other than Salaries & Wages)		184	211
Other		(1,128)	6
Total Employee Costs		22,548	21,693
less: Capitalised Costs		(480)	(409)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>22,068</u>	<u>21,284</u>
Number of "Equivalent Full Time" Employees at year end		273	266
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		281	268
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Nil			
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)		-	-
- Remediation Liabilities	26	(118)	134
Premium recognised on financial instrument transaction		-	-
- * Unwinding of interest free loan from State Government		75	404
Other Borrowing Costs - loan interest		76	-
Total Other Borrowing Costs		33	538
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>33</u>	<u>538</u>

* Unwinding of interest free loan calculation was based on 2.56%

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(c) Materials & Contracts			
Raw Materials & Consumables		11,216	10,193
Contractor & Consultancy Costs		5,824	6,941
Auditors Remuneration ⁽¹⁾		61	57
Legal Expenses:			
- Legal Expenses: Planning & Development		229	58
- Legal Expenses: Debt Recovery		163	295
- Legal Expenses: Other		110	99
Operating Leases:			
- Operating Lease Rentals: Contingent Rentals ⁽²⁾		398	478
Other		153	140
Total Materials & Contracts		18,154	18,261
less: Capitalised Costs		-	-
TOTAL MATERIALS & CONTRACTS		18,154	18,261
1. Auditor Remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
(i) Audit and Other Assurance Services			
- Audit & review of financial statements: Council's Auditor		53	50
- Audit & review of financial statements: Other Consolidated Entity Auditors		8	7
Remuneration for audit and other assurance services		61	57
(ii) Taxation Services			
- Tax compliance services		-	-
Remuneration for taxation services		-	-
(iii) Other Services			
- Remuneration advice		-	-
Remuneration for other services		-	-
Total Auditor Remuneration		61	57
2. Operating Lease Payments are attributable to:			
Computers		300	342
Other		98	136
		398	478

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2013	Actual 2012	Actual 2013	Actual 2012
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	1,564	1,687
Office Equipment		-	-	297	337
Furniture & Fittings		-	-	36	32
Land Improvements (depreciable)		-	-	311	315
Buildings - Non Specialised		-	-	618	621
Buildings - Specialised		-	-	2,809	2,899
Other Structures		-	-	745	804
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	3,585	5,713
- Stormwater Drainage		-	-	1,183	1,552
- Sewerage Network		-	-	1,450	2,670
Other Assets					
- Library Books		-	-	417	385
- Park Assets		-	-	1,159	1,266
Asset Reinstatement Costs	9 & 26	-	-	141	126
Total Depreciation & Impairment Costs		-	-	14,315	18,407
less: Capitalised Costs		-	-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	14,315	18,407

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		85	129
Bad & Doubtful Debts		6	4
Bank Charges		157	158
Computer Software Charges		690	578
Contributions/Levies to Other Levels of Government		-	-
- Bushfire Fighting Fund		497	465
- NSW Fire Brigade Levy		136	138
- Waste S88 EPA Contribution		2,081	2,006
- Other Contributions/Levies		677	549
Councillor Expenses - Mayoral Fee		37	34
Councillor Expenses - Councillors' Fees		200	200
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		67	87
Donations, Contributions & Assistance to other organisations (Section 356)		107	96
Election Expenses		296	-
Electricity & Heating		1,029	828
Fire Control Expenses		169	148
Gas		37	53
Insurance		1,011	1,009
Licences & Subscriptions		153	132
Office Expenses (including computer expenses)		34	67
Postage		138	127
Printing & Stationery		84	84
Revaluation Decrements (Fair Valuation of Investment Properties)	14	-	1,276
Sewerage Treatment Works Operations		911	441
Stormwater - Environmental		93	64
Street Lighting		723	642
Telephone & Communications		198	209
Valuation Fees (Rates)		134	126
Water		166	127
Other		245	211
Total Other Expenses		10,161	9,988
less: Capitalised Costs		-	-
<u>TOTAL OTHER EXPENSES</u>		<u>10,161</u>	<u>9,988</u>

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2013	Actual 2012
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		1,184	636
less: Carrying Amount of P&E Assets Sold / Written Off		(1,109)	(536)
Net Gain/(Loss) on Disposal		75	100
Infrastructure			
Proceeds from Disposal - Infrastructure		45	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(96)	(389)
Net Gain/(Loss) on Disposal		(51)	(389)
Financial Assets			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		59,450	66,200
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(59,450)	(66,200)
Net Gain/(Loss) on Disposal		-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		24	(289)

Note 6a. - Cash Assets and Note 6b. - Investments

\$ '000	Notes	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		448	-	569	-
Cash-Equivalent Assets ¹					
- Deposits at Call		7,050	-	2,850	-
- Short Term Deposits		-	-	1,500	-
Total Cash & Cash Equivalents		7,498	-	4,919	-
Investments (Note 6b)					
- Long Term Deposits		37,010	-	35,450	-
Total Investments		37,010	-	35,450	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		44,508	-	40,369	-

**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"		7,498	-	4,919	-
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Investments

a. "At Fair Value through the Profit & Loss"					
b. "Held to Maturity"	6(b-ii)	37,010	-	35,450	-
c. "Loans & Receivables"	6(b-iii)			-	-
d. "Available for Sale"	6(b-iv)			-	-
Investments		37,010	-	35,450	-

Note 6b. Investments (continued)

	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 Actual Non Current
\$ '000				
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Nil				
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	35,450	-	35,700	-
Additions	61,010	-	65,950	-
Disposals (sales & redemptions)	(59,450)	-	(66,200)	-
Balance at End of Year	37,010	-	35,450	-
Comprising:				
- Long Term Deposits	37,010	-	35,450	-
Total	37,010	-	35,450	-

Note 6c. Restricted Cash, Cash Equivalents & Investments - Details

	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 Actual Non Current
\$ '000				
Total Cash, Cash Equivalents and Investments	44,508	-	40,369	-
attributable to:				
External Restrictions (refer below)	17,840	-	13,982	-
Internal Restrictions (refer below)	21,110	-	18,432	-
Unrestricted	5,558	-	7,955	-
	44,508	-	40,369	-

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans- LIRS	-	5,088		5,088
External Restrictions - Included in Liabilities	-	5,088	-	5,088

External Restrictions - Other

Developer Contributions (D)	5,868	1,968	(266)	7,571
Specific Purpose Unexpended Grants (F)	628	958	(628)	958
Specific Purpose Unexpended Contr (F)	775	2,396	(2,329)	842
Specific Purpose Unexpended Grants-Sewer Fund (F)	195	61	(5)	251
Sewerage Services (G)	3,177	8,314	(10,956)	535
Domestic Waste Management (G)	1,205	8,428	(9,031)	602
Stormwater Management (G)	2,134	58	(198)	1,993
External Restrictions - Other	13,982	22,183	(23,413)	12,752
Total External Restrictions	13,982	27,271	(23,413)	17,840

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

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	107	-	(13)	94
Employees Leave Entitlement	1,714		(149)	1,565
Council S94 Contributions	316		(1)	315
Election	370	100	(296)	174
Heritage	128			128
Information Technology	213	204	(49)	368
Kerb & Gutter	116		(116)	-
Risk Management and HLC Risk Management	362	29	(1)	390
Roadworks	2,367	2,517	(2,367)	2,517
Sullage	122	1,408	(1,530)	-
Tip Remediation	5,490	6,864	(4,520)	7,834
Unexpended Contributions	440		(35)	405
Unspent Work Reserve/Property Development	4,820	5,982	(5,638)	5,164
Workers Compensation	817	724	(477)	1,064
Other - Contingency	840			840
Other -Legal	210	28		238
Other - Infrastructure Projects	-	14		14
Total Internal Restrictions	18,432	17,870	(15,192)	21,110
TOTAL RESTRICTIONS	32,414	45,141	(38,605)	38,950

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

Note 7. Receivables

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		1,560	1,033	1,423	1,012
Interest & Extra Charges		98	90	124	95
User Charges & Fees		2,443	42	951	29
Private Works		102	-	64	-
Accrued Revenues					
- Interest on Investments		677	-	736	-
Government Grants & Subsidies		144	-	1,211	-
Net GST Receivable		180	-	376	-
Total		5,204	1,165	4,885	1,136
less: Provision for Impairment					
User Charges & Fees		(94)	-	(94)	-
Total Provision for Impairment - Receivables		(94)	-	(94)	-
<u>TOTAL NET RECEIVABLES</u>		<u>5,110</u>	<u>1,165</u>	<u>4,791</u>	<u>1,136</u>
Externally Restricted Receivables					
Sewerage Services					
- Rates & Availability Charges		257	-	226	-
- Other		-	-	498	-
Total External Restrictions		257	-	724	-
Internally Restricted Receivables					
Nil					
Internally Restricted Receivables		-	-	-	-
Unrestricted Receivables		4,853	1,165	4,067	1,136
TOTAL NET RECEIVABLES		5,110	1,165	4,791	1,136

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 was charged on overdue rates & charges up to 10.00% (2012 11.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Note 8. Inventories & Other Assets

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		233	-	174	-
Trading Stock		64	-	9	-
Total Inventories		297	-	183	-
Other Assets					
Prepayments		592	-	274	-
Other		1	-	-	-
Total Other Assets		593	-	274	-
<u>TOTAL INVENTORIES / OTHER ASSETS</u>		890	-	457	-

Externally Restricted Assets

There are no restrictions applicable to the above assets.

Domestic Waste Management

Nil

Other

Nil

Total Externally Restricted Assets	-	-	-	-
Total Internally Restricted Assets	-	-	-	-
Total Unrestricted Assets	890	-	457	-
TOTAL INVENTORIES & OTHER ASSETS	890	-	457	-

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2012					Asset Movements during the Reporting Period							as at 30/6/2013				
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Adjustments & Transfers between Asset Classes	Adjustment to Prior Periods	Tfrs from/(to) Investment Properties	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying
	Cost	Fair Value	Dep'n	Impairment	Value								Cost	Fair Value	Dep'n	Impairment	Value
Capital Work in Progress	-	-	-	-	-	2,127							2,127	-	-	-	2,127
Plant & Equipment	-	14,494	8,452	-	6,042	3,091	(1,109)	(1,564)	117				-	14,845	8,268	-	6,577
Office Equipment	-	4,920	4,292	-	628	329		(297)					-	5,249	4,589	-	660
Furniture & Fittings	-	1,718	1,434	-	284	16		(36)					-	1,727	1,463	-	264
Land:																	
- Operational Land	-	96,716	-	-	96,716				(11,185)	1,680	(2,439)	7,429	-	92,201	-	-	92,201
- Community Land	-	66,772	-	-	66,772				11,185	(453)	(1,395)		-	76,109	-	-	76,109
- Land under Roads (post 30/6/08)	-	23,873	-	-	23,873	8,826							-	32,699	-	-	32,699
Land Improvements - non depreciable	-	408	-	-	408	120			153				-	681	-	-	681
Land Improvements - depreciable	-	5,572	4,346	-	1,226	23		(311)					-	5,595	4,657	-	938
Buildings - Non Specialised	-	34,199	14,012	-	20,187	11	(2)	(618)				2,526	-	38,893	14,607	-	24,286
Buildings - Specialised	-	84,139	34,472	-	49,667	25	(4)	(2,809)	(2,312)	273	(1,369)	18,169	-	95,220	35,762	-	59,458
Other Structures	-	27,978	16,017	-	11,961	80	(14)	(745)	1,565	(122)			-	30,696	17,971	-	12,725
Infrastructure:																	
- Roads, Bridges, Footpaths	-	529,537	258,459	-	271,078	3,727		(3,585)	(186)				-	531,578	260,544	-	271,034
- Stormwater Drainage	-	159,946	77,612	-	82,334	2,141		(1,183)					-	162,087	78,795	-	83,292
- Sewerage Network	-	149,495	71,093	-	78,402	3,455	(49)	(1,450)		67		1,977	-	156,752	74,350	-	82,402
Other Assets:																	
- Heritage Collections	-	943	-	-	943	1		-					-	944	-	-	944
- Library Books	-	4,106	3,612	-	494	255	(7)	(417)					-	4,119	3,794	-	325
- Park Asset	-	56,585	29,530	-	27,055	645	(20)	(1,159)	663				-	58,449	31,265	-	27,184
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)																	
- Tip Asset	-	1,593	643	-	950	(188)		(141)					-	1,405	784	-	621
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	-	1,262,994	523,974	-	739,020	24,684	(1,205)	(14,315)	-	1,445	(5,203)	30,101	2,127	1,309,249	536,849	-	774,527

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals \$8.2m and New Assets \$3.0m. Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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

\$ '000

Class of Asset	Actual 2013				Actual 2012			
	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		611	358	253	-	584	343	241
Land								
- Operational Land		2,225		2,225	-	9,678	-	9,678
- Community Land		7		7	-	49	-	49
Buildings		842	516	326	-	970	517	453
Other Structures		268	116	152	-	-	-	-
Infrastructure		156,752	74,377	82,375	-	149,495	71,092	78,403
Total Sewerage Services	-	160,705	75,367	85,338	-	160,776	71,952	88,824
Domestic Waste Management								
Plant & Equipment		1,834	996	838	-	1,735	964	771
Buildings				-	-	10	-	10
Other Assets		518	255	263	-	461	173	288
Total DWM	-	2,352	1,251	1,101	-	2,206	1,137	1,069
TOTAL RESTRICTED I,PP&E	-	163,057	76,618	86,439	-	162,982	73,089	89,893

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

\$ '000	Notes	Actual 2013	Actual 2012
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Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		4,319	-	3,958	-
Payments Received In Advance		-	-	308	-
Security Bonds, Deposits & Retentions		1,281	-	863	-
Other		338	-	-	-
Total Payables		5,938	-	5,129	-
Borrowings					
Loans - Secured ¹		390	2,134	389	2,460
Other - Loan		701	4,559	-	-
Total Borrowings		1,091	6,693	389	2,460
Provisions					
Employee Benefits;					
Annual Leave		1,784	-	1,724	-
Sick Leave		678	-	704	-
Long Service Leave		4,311	743	4,013	425
Leave in Lieu		173	-	148	-
Sub Total - Aggregate Employee Benefits		6,946	743	6,589	425
Self Insurance - Workers Compensation		75	325	730	810
Asset Remediation/Restoration (Future Works)	26	77	4,183	77	4,500
Total Provisions		7,098	5,251	7,396	5,735
Total Payables, Borrowings & Provisions		14,127	11,944	12,914	8,195

(i) Liabilities relating to Restricted Assets

	2013		2012	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Sewer	240	2,577	957	2,476
Domestic Waste Management	310	3	491	6
Loan - LIRS	701	4,559	-	-
Liabilities relating to externally restricted assets	1,251	7,139	1,448	2,482
Internally Restricted Assets				
Nil				
Total Liabilities relating to restricted assets	1,251	7,139	1,448	2,482
Total Liabilities relating to Unrestricted Assets	12,876	4,805	11,466	5,713
TOTAL PAYABLES, BORROWINGS & PROVISIONS	14,127	11,944	12,914	8,195

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.

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

	Actual 2013	Actual 2012
\$ '000		
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	5,319	4,784
Payables - Security Bonds, Deposits & Retentions	488	324
	5,807	5,108

Note 10b. Description of and movements in Provisions

Class of Provision	2012	2013				Closing Balance as at 30/6/13
	Opening Balance as at 1/7/12	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	1,724	1,183	(1,123)			1,784
Sick Leave	704	776	(802)			678
Long Service Leave	4,438	1,492	(876)			5,054
Other Leave	148	37	(12)			173
Self Insurance	1,540	-	(1,140)			400
Asset Remediation	4,577	(11)	(306)			4,260
TOTAL	13,131	3,477	(4,259)	-	-	12,349

- 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.
- 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.
- 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.

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2013	Actual 2012
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	7,498	4,919
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		7,498	4,919
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		11,264	8,308
Adjust for non cash items:			
Depreciation & Amortisation		14,315	18,407
Net Losses/(Gains) on Disposal of Assets		(24)	289
Non Cash Capital Grants and Contributions		(11,387)	(14,311)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investment Properties		(1,693)	1,276
- Unwinding of interest free loan		75	404
Unwinding of Discount Rates on Reinstatement Provisions		(118)	134
Unwinding of Discount Rate in PV calculation		(11)	2
Share of Net (Profits) or Losses of Associates/Joint Ventures		(340)	(212)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(348)	(567)
Decrease/(Increase) in Inventories		(114)	6
Decrease/(Increase) in Other Assets		(319)	(129)
Increase/(Decrease) in Payables		361	(939)
Increase/(Decrease) in Other Liabilities		448	(14)
Increase/(Decrease) in Employee Leave Entitlements		675	(11)
Increase/(Decrease) in Other Provisions		(1,414)	166
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		11,370	12,809

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

\$ '000	Notes	Actual 2013	Actual 2012
(c) Non-Cash Investing & Financing Activities			
Dedicated Contributions		11,387	14,311
Total Non-Cash Investing & Financing Activities		11,387	14,311
(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		500	500
Total Financing Arrangements		1,300	1,300

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.

(e) Net Cash Flows Attributable to Discontinued Operations

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

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2013	Actual 2012
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Property, Plant & Equipment		3,601	5,253
Total Commitments		3,601	5,253
These expenditures are payable as follows:			
Within the next year		3,601	5,253
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
Total Payable		3,601	5,253
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		680	1,734
Unexpended Grants		515	89
Externally Restricted Reserves		2,213	2,100
Internally Restricted Reserves		193	1,330
Total Sources of Funding		3,601	5,253

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(b) Finance Lease Commitments			
Nil			
(c) 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		444	1,252
Later than one year and not later than 5 years		649	1,935
Later than 5 years		-	-
Total Non Cancellable Operating Lease Commitments		1,093	3,187

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.

(d) Investment Property Commitments

Nil

(e) Investment in Associates / Joint Ventures - Commitments

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

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

\$ '000	Amounts 2013	Indicator 2013	Prior Periods 2012 2011	
Local Government Industry Indicators - Consolidated				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	32,411	4.58 : 1	4.86	4.26
Current Liabilities less Specific Purpose Liabilities ^(2,3)	7,069			
2. Debt Service Ratio				
Debt Service Cost	476	0.82%	0.71%	0.74%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)	57,697			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	40,421	53.19%	50.47%	55.00%
Income from Continuing Operations	75,995			
4(a). Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	2,781	6.40%	6.26%	7.05%
Rates, Annual & Extra Charges Collectible	43,465			
4(b).				
Rates, Annual & Extra Charges Outstanding ⁽⁴⁾	1,858	4.27%	n/a	n/a
Rates, Annual & Extra Charges Collectible	43,465			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁵⁾	8,228	85.31%	64.15%	48.80%
Depreciation, Amortisation & Impairment	9,645			

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(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

⁽⁴⁾ Excluding payment arrangements \$538 and pensioners \$385.

⁽⁵⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)

<p>1. Unrestricted Current Ratio</p> <table><tr><th>Year</th><th>Ratio : 1</th></tr><tr><td>2010</td><td>4.35</td></tr><tr><td>2011</td><td>4.26</td></tr><tr><td>2012</td><td>4.86</td></tr><tr><td>2013</td><td>4.58</td></tr></table>	Year	Ratio : 1	2010	4.35	2011	4.26	2012	4.86	2013	4.58	<p>Purpose of Unrestricted Current Ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 4.58 : 1</p> <p>Ratio decreased slightly as a result of an increase in liabilities.</p>
Year	Ratio : 1											
2010	4.35											
2011	4.26											
2012	4.86											
2013	4.58											
<p>2. Debt Service Ratio</p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2010</td><td>0.00%</td></tr><tr><td>2011</td><td>0.74%</td></tr><tr><td>2012</td><td>0.71%</td></tr><tr><td>2013</td><td>0.82%</td></tr></table>	Year	Ratio %	2010	0.00%	2011	0.74%	2012	0.71%	2013	0.82%	<p>Purpose of Debt Service Ratio</p> <p>To assess the impact of loan principal & interest repayments on the discretionary revenue of council.</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 0.82%</p> <p>The ratio reflects the annual payment of a \$4m loan under the Local Infrastructure Fund agreement (interest free loan) and a LIRS loan of \$5.26m (fixed interest rate).</p>
Year	Ratio %											
2010	0.00%											
2011	0.74%											
2012	0.71%											
2013	0.82%											
<p>3. Rates & Annual Charges Coverage Ratio</p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2010</td><td>45.94%</td></tr><tr><td>2011</td><td>55.00%</td></tr><tr><td>2012</td><td>50.47%</td></tr><tr><td>2013</td><td>53.19%</td></tr></table>	Year	Ratio %	2010	45.94%	2011	55.00%	2012	50.47%	2013	53.19%	<p>Purpose of Rates & Annual Charges Coverage Ratio</p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 53.19%</p> <p>This ratio has increased over the previous year due to the decrease in grants and contributions.</p>
Year	Ratio %											
2010	45.94%											
2011	55.00%											
2012	50.47%											
2013	53.19%											
<p>4(a). Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2010</td><td>6.37%</td></tr><tr><td>2011</td><td>7.05%</td></tr><tr><td>2012</td><td>6.26%</td></tr><tr><td>2013</td><td>6.40%</td></tr></table>	Year	Ratio %	2010	6.37%	2011	7.05%	2012	6.26%	2013	6.40%	<p>Purpose of Rates & Annual Charges Outstanding Ratio</p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 6.40%</p> <p>This ratio has increased slightly which indicates that the level of outstandings has deteriorated slightly from previous year.</p>
Year	Ratio %											
2010	6.37%											
2011	7.05%											
2012	6.26%											
2013	6.40%											
<p>5. Building & Infrastructure Renewals Ratio</p> <table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2010</td><td>67.57%</td></tr><tr><td>2011</td><td>48.80%</td></tr><tr><td>2012</td><td>64.15%</td></tr><tr><td>2013</td><td>85.31%</td></tr></table>	Year	Ratio %	2010	67.57%	2011	48.80%	2012	64.15%	2013	85.31%	<p>Purpose of Asset Renewals Ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 85.31%</p> <p>This ratio has increased as a result of renewal works undertaken in 2012/13.</p>
Year	Ratio %											
2010	67.57%											
2011	48.80%											
2012	64.15%											
2013	85.31%											

Note 13b. Statement of Performance Measurement - Indicators (by Fund)

\$ '000	Water 2013	Sewer 2013	General ¹ 2013
Local Government Industry Indicators - by Fund			
1. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽¹⁾	n/a	14.85 : 1	4.58 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)			
prior period:	n/a	-1.44 : 1	4.86 : 1
2. Debt Service Ratio			
Debt Service Cost	n/a	7.64%	0.15%
Income from Continuing Operations			
(excl. Capital Items & Specific Purpose Grants/Contributions)	prior period:	n/a	7.92%
			0.00%
3. Rates & Annual Charges Coverage Ratio			
Rates & Annual Charges	n/a	80.87%	50.94%
Income from Continuing Operations			
prior period:	n/a	81.38%	48.15%
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
Rates, Annual & Extra Charges Outstanding	n/a	4.80%	6.75%
Rates, Annual & Extra Charges Collectible			
prior period:	n/a	4.61%	6.42%
5. Building & Infrastructure Renewals Ratio			
Asset Renewals (Building & Infrastructure assets)	n/a	81.00%	104.77%
Depreciation, Amortisation & Impairment			
prior period:	n/a	112.52%	52.05%

Notes

⁽¹⁾ General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

Note 14. Investment Properties

\$ '000	Notes	Actual 2013	Actual 2012
(a) Investment Properties at Fair value			
Investment Properties on Hand		31,690	24,596
Reconciliation of Annual Movement:			
Opening Balance		24,596	25,855
- Acquisitions / Additions		24	17
- Capitalised Expenditure - adjustment to prior year		175	-
- Net Gain/(Loss) from Fair Value Adjustments		1,693	(1,276)
- Reclassification of Investment Properties (Note 9)		5,203	-
CLOSING BALANCE - INVESTMENT PROPERTIES		31,690	24,596
(b) Valuation Basis			
The basis of valuation of Investment Properties is Fair Value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.			
The 2013 revaluations were based on Independent Assessments made by: Lunney Watt and Associates Pty.Ltd. Registered Valuer No's VAL6991 & VAL2733			
(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		376	376
Later than 1 year but less than 5 years		1,856	1,856
Later than 5 years		134	134
Total Minimum Lease Payments Receivable		2,366	2,366
(e) Investment Property Income & Expenditure - summary			
Rental Income from Investment Properties:			
- Minimum Lease Payments		1,310	1,355
- Other Rentals		153	154
Direct Operating Expenses on Investment Properties:			
- that generated rental income		(202)	(268)
- that did not generate rental income		(276)	(209)
Net Revenue Contribution from Investment Properties		985	1,032
plus:			
Fair Value Movement for year		1,693	(1,276)
Total Income attributable to Investment Properties		2,678	(244)

Note 15. Financial Risk Management

\$ '000

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2013	2012	2013	2012
Financial Assets				
Cash and Cash Equivalents	7,498	4,919	7,498	4,919
Investments				
- "Held to Maturity"	37,010	35,450	37,010	35,450
Receivables	6,275	5,927	6,275	5,927
Total Financial Assets	50,783	46,296	50,783	46,296
Financial Liabilities				
Payables	5,938	4,821	5,938	4,821
Loans / Advances	7,784	2,849	7,784	2,849
Total Financial Liabilities	13,722	7,670	13,722	7,670

Fair Value is determined as follows:

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

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and 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 investment counterparty 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 (for 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
2013				
Possible impact of a 1% movement in Interest Rates	445	445	(445)	(445)
2012				
Possible impact of a 1% movement in Interest Rates	405	405	(405)	(405)

Note 15. Financial Risk Management (continued)

\$ '000

(c) 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.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

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

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

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

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

	2013 Rates & Annual Charges	2013 Other Receivables	2012 Rates & Annual Charges	2012 Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	3,644	-	3,461
Overdue	2,593	132	2,435	125
	2,593	3,776	2,435	3,586
(ii) Movement in Provision for Impairment of Receivables				
			2013	2012
Balance at the beginning of the year			94	94
+ new provisions recognised during the year			6	4
- amounts already provided for & written off this year			(6)	(4)
Balance at the end of the year			94	94

Note 15. Financial Risk Management (continued)

\$ '000

(d) 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.

Payment terms can (in extenuating circumstances) also be extended & overdraft facilities utilised as required.

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		
2013									
Trade/Other Payables	1,281	4,657						5,938	5,938
Loans & Advances		800	826	849	875	903	3,804	8,057	7,784
Total Financial Liabilities	1,281	5,457	826	849	875	903	3,804	13,995	13,722
2012									
Trade/Other Payables	863	3,958	-	-	-	-	-	4,821	4,821
Loans & Advances	-	400	400	400	400	400	1,200	3,200	2,849
Total Financial Liabilities	863	4,358	400	400	400	400	1,200	8,021	7,670

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:

	2013		2012	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	5,938	0.0%	4,821	0.0%
Loans & Advances - Fixed Interest Rate	5,260	5.82%	-	0.0%
Loans & Advances - Nil Interest Rate	2,524	0.0%	2,849	0.0%
	<u>13,722</u>		<u>7,670</u>	

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 12/13 was adopted by the Council on 18 June 2013.

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 results for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

Note that for Variations* of Budget to Actual :

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

F = Favourable Budget Variation, **U** = Unfavourable Budget Variation

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----	
REVENUES				
Rates & Annual Charges	40,925	40,421	(504)	(1%) U
User Charges & Fees	4,733	5,272	539	11% F
Income from the Hawkesbury Sports Council (HSC) and Waste and Sustainability Improvement Program payment not included in the Original Budget. Construction certificates were under budget and sewer trade waste income and commercial sillage income were over budget.				
Interest & Investment Revenue	1,941	2,173	232	12% F
Investment revenue is more than the Original Budget due to higher level of funds invested.				
Other Revenues	3,309	4,903	1,594	48% F
The revaluation of investment properties as at 30 June 2013 resulted in a favourable variance. The revaluation result was unknown at time of formulating the Original Budget				
Operating Grants & Contributions	6,426	8,508	2,082	32% F
Only known grants are budgeted for in the Original Budget.				
Capital Grants & Contributions	837	14,354	13,517	1615% F
Only known grants are budgeted for in the Original Budget. Non cash asset dedications are also not included in the Original Budget.				
Net Gains from Disposal of Assets	-	24	24	0% F
Share of Net Profits - Joint Ventures & Associates	-	340	340	0% F
Share of profits from joint ventures and associates unknown at time of formulating the Original Budget.				

Note 16. Material Budget Variations (continued)

\$ '000	2013 Budget	2013 Actual	2013 Variance*	
EXPENSES				
Employee Benefits & On-Costs	17,708	22,068	(4,360)	(25%) U
Employee costs charged to jobs are budgeted against jobs and not employee costs. Increases in employee entitlements provisions were only partially budgeted for.				
Borrowing Costs	550	33	517	94% F
Movements in Tip Remediation Costs not budgeted for. Unwinding of Fair Value Adjustment on Sewer Loan less than budgeted.				
Materials & Contracts	18,438	18,154	284	2% F
Depreciation & Amortisation	18,890	14,315	4,575	24% F
At the time the Original Budget was formulated, the impact of adjustments made to useful lives as a result of reviewing the useful lives of infrastructure assets was unknown. The review resulted in depreciation expenses being less than the Original Budget.				
Impairment Expenses	-	-	-	0% F
Other Expenses	11,870	10,161	1,709	14% F
Section 88 Fees were under the Original Budget and the impact of consolidation of HSC is not included in the Original Budget.				
Net Losses from Disposal of Assets	-	-	-	0% F
Share of Net Losses - Joint Ventures & Associates	-	-	-	0% F
Operating Result from Discontinued Operations	-	-	-	0% F

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

Cash Flows from Operating Activities	10,145	11,370	1,225	12.1% F
Grants and contributions received during the year was not included the Original Budget. Investment income greater than budget due to a higher level of funds invested. Section 88 Fees less than budgeted.				
Cash Flows from Investing Activities	(12,381)	(13,651)	(1,270)	10.3% U
The Original Budget does not include changes in the overall value of the investment portfolio.				
Cash Flows from Financing Activities	-	4,860	4,860	0.0% F
The outcome of the application in relation to the Local Infrastructure Renewal Scheme Loan was unknown at the time of formulating the Original Budget.				

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	485	-	1,029	15	(1,029)	-	(529)	5	(505)	-	-
Roads	550	538	1,482	33	(1,482)	-	(361)	-	(1,121)	-	-
Parking	684	-	-	21	-	-	705	-	(705)	-	-
Open Space	829	161	-	30	-	-	1,020	30	(1,050)	-	-
Community Facilities	1,621	167	8,826	55	(8,832)	-	(6,989)	35	(1,872)	-	-
Recreational Facilities	1,297	69	-	41	(25)	-	1,382	30	(1,412)	-	-
Bushfire	44	-	-	1	(8)	-	37	-	(37)	-	-
Extractive Industries	630	(225)	-	10	(87)	-	328	160	(488)	-	-
Plan Administration Reserve	-	87	-	2	-	-	89	-	(89)	-	-
Other	40	2	-	1	(5)	-	38	-	(38)	-	-
S94 Contributions - under a Plan	6,180	799	11,337	209	(11,468)	-	7,057	260	(7,317)	-	-
S94A Levies - under a Plan	1,260	528	-	52	(82)	-	1,758				-
Total S94 Revenue Under Plans	7,440	1,327	11,337	261	(11,550)	-	8,815				-
S64 Contributions	(1,572)	379		-	(51)		(1,244)				
Total Contributions	5,868	1,706	11,337	261	(11,601)	-	7,571				-

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - HAWKESBURY CITY

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	485		1,029	15	(1,029)		500	5	(505)	-	
Roads	550	538	1,482	33	(1,482)		1,121		(1,121)	-	
Parking	684			21			705		(705)	-	
Open Space	829	161		30			1,020	30	(1,050)	-	
Community Facilities	1,621	167	8,826	55	(8,832)		1,837	35	(1,872)	-	
Recreational Facilities	1,297	69		41	(25)		1,382	30	(1,412)	-	
Bushfire	44			1	(8)		37		(37)	-	
Extractive Industries	630	(225)		10	(87)		328	160	(488)	-	
Plan Administration Reserve	-	87		2			89		(89)	-	
Other	40	2		1	(5)		38	-	(38)	-	
Total	6,180	799	11,337	209	(11,468)	-	7,057	260	(7,317)	-	-

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	1,260	528		52	(82)		1,758				
Total	1,260	528	-	52	(82)	-	1,758				-



Note 18 Contingencies and Other Assets/Liabilities Not Recognised

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but their knowledge and 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 and Professional Indemnity insurance coverage, and associated services such as training and risk assessment.

Council's contribution represented 8% of the total amounts paid in by member Councils. The pool ended with a surplus of \$23.591M of which Council's proportional share is \$1.861M.

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 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 and 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 its 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.

(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.

Assets Not Recognised:

1. 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 and including 30/06/2008.

2. Infringement Notices/Fines

Fines and 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 unpaid 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.

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 Statement of Financial Position.

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

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
Associated Entities	-	-	-	-
Joint Venture Entities	340	212	2,178	1,838
Total	340	212	2,178	1,838

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

\$ '000

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

These consolidated financial statements incorporate the assets, liabilities & 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	
			2013	2012
1. Hawkesbury Sports Centre	Sports & Sporting Recreation	Non Reporting	100%	100%
Current Year Financial Movements in Total Operation/Entity		Gross Financial Summary of Subsidiary		
Opening Equity Balance	427	Assets		562
New Capital Contributions		Liabilities		(70)
Operating Result	65	Net Equity		492
Adjustment to Equity Share				
Distributions Paid		Revenues		846
Closing Equity Balance	492	Net Profit		65

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

(ii) JOINT VENTURE ENTITIES

(a) Carrying Amounts

Name of Entity	Principal Activity	2013	2012
Westpool	Local Govt Insurance Pool	1,861	1,599
United Independent Pools	Local Govt Insurance Pool	317	239
Total Carrying Amounts - Joint Venture Entities		2,178	1,838

(b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2013	2012	2013	2012	2013	2012
Westpool	8%	7%	8%	8%	11%	11%
United Independent Pools	5%	5%	5%	5%	6%	6%

(c) Movement in Carrying Amounts

	Westpool		United Independent Pools	
	2013	2012	2013	2012
Opening Balance	1,599	1,553	239	73
Share in Operating Result	262	46	78	166
Council's Equity Share in the Joint Venture Entity	1,861	1,599	317	239

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

\$ '000

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

(d) Share of Joint Ventures Assets & Liabilities

	Assets		Liabilities		Net Assets
	Current	Non Current	Current	Non Current	
2013					
Westpool	3,677	2	250	1,568	1,861
United Independent Pools	456		55	84	317
Totals	4,133	2	305	1,652	2,178
2012					
Westpool	3,113	3	204	1,313	1,599
United Independent Pools	389	-	76	74	239
Totals	3,502	3	280	1,387	1,838

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

	2013			2012		
	Revenues	Expenses	Result	Revenues	Expenses	Result
Westpool	848	586	262	636	590	46
United Independent Pools	482	404	78	523	357	166
Totals	1,330	990	340	1,159	947	212

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2013	Actual 2012
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		305,853	298,133
a. Correction of Prior Period Errors	20 (c)	1,534	(977)
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		11,264	8,308
e. Distributions to/(Contributions from) Non-controlling Interests		-	-
f. Transfers between Equity		-	389
g. Other Changes (disclosure required)		-	-
Balance at End of the Reporting Period		318,651	305,853

(b) Reserves

(i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	515,346	485,245
Total	515,346	485,245

(ii) Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		485,245	483,728
- Revaluations for the year	9(a)	30,101	1,906
- Transfer to Retained Earnings for Asset disposals			(389)
- Balance at End of Year		515,346	485,245
TOTAL VALUE OF RESERVES		515,346	485,245

(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.

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

\$ '000	Notes	Actual 2013	Actual 2012
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(c) Correction of Error/s relating to a Previous Reporting Period

Correction of errors disclosed in this year's financial statements:

Council has made the following asset adjustments to retained earnings:

Asset disposals - duplication of assets identified	(1,878)
Depreciation adjustment to properties	1,176
Operational Land previously not recorded in asset register	1,690
Buildings previously not recorded in asset register	347
Assets - adjustments between capital and operating	110
	<u>1,445</u>
Investment Property previously not recorded in investment register	175
Adjustment prior year income and expenses	(86)
Total Prior Period Adjustments - Prior Period Errors	<u>1,534</u>

Correction of errors as disclosed in last year's financial statements:

- Plant and Equipment Asset Class decrease to accumulated depreciation	56
Council has adjusted Land Improvements Depreciable from previous period relating to the duplication within asset classes	(1,033)
Total Prior Period Adjustments - Prior Period Errors	<u>(977)</u>

(d) Voluntary Changes in Accounting Policies

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

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013	Actual 2013
	Other	Water	Sewer	General ¹
Continuing Operations				
Income from Continuing Operations				
Rates & Annual Charges		-	4,611	35,810
User Charges & Fees		-	605	4,667
Interest & Investment Revenue		-	37	2,136
Other Revenues		-	33	4,870
Grants & Contributions provided for Operating Purposes		-	38	8,470
Grants & Contributions provided for Capital Purposes		-	378	13,976
Other Income				
Net Gains from Disposal of Assets		-	-	24
Share of interests in Joint Ventures & Associates using the Equity Method				340
Total Income from Continuing Operations	-	-	5,702	70,293
Expenses from Continuing Operations				
Employee Benefits & on-costs		-	657	21,411
Borrowing Costs		-	-	(42)
Materials & Contracts		-	1,508	16,646
Depreciation & Amortisation		-	1,547	12,768
Other Expenses		-	2,118	8,043
Unwinding of interest free loan			75	
Net Losses from the Disposal of Assets		-	53	(53)
Share of interests in Joint Ventures & Associates using the Equity Method				-
Total Expenses from Continuing Operations	-	-	5,958	58,773
Operating Result from Continuing Operations	-	-	(256)	11,520
Discontinued Operations				
Net Profit/(Loss) from Discontinued Operations		-	-	-
Net Operating Result for the Year	-	-	(256)	11,520
Net Operating Result attributable to each Council Fund	-	-	(256)	11,520
Net Operating Result attributable to Non-controlling Interests	-	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	-	-	(634)	(2,456)

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

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

Note 21. Financial Result & Financial Position by Fund (continued)

Statement of Financial Position by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013	Actual 2013
	Other	Water	Sewer	General ¹
ASSETS				
Current Assets				
Cash & Cash Equivalents		-	6,838	660
Investments		-	-	37,010
Receivables		-	257	4,853
Inventories		-	-	297
Other		-	-	593
Total Current Assets	-	-	7,095	43,413
Non-Current Assets				
Receivables		-	-	1,165
Infrastructure, Property, Plant & Equipment		-	85,338	689,189
Investments Accounted for using the equity method		-	-	2,178
Investment Property		-	-	31,690
Total Non-Current Assets	-	-	85,338	724,222
TOTAL ASSETS	-	-	92,433	767,635
LIABILITIES				
Current Liabilities				
Payables		-	-	5,938
Borrowings		-	75	1,016
Provisions		-	239	6,859
Total Current Liabilities	-	-	314	13,813
Non-Current Liabilities				
Borrowings		-	2,449	4,244
Provisions		-	53	5,198
Total Non-Current Liabilities	-	-	2,502	9,442
TOTAL LIABILITIES	-	-	2,816	23,255
Net Assets	-	-	89,617	744,380
EQUITY				
Retained Earnings		-	43,515	275,136
Revaluation Reserves		-	46,102	469,244
Council Equity Interest	-	-	89,617	744,380
Non-controlling Interests		-	-	-
Total Equity	-	-	89,617	744,380

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

NB. All amounts disclosed above are Gross - that is, they include internal receivables & payables between the Funds.



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

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

Note 23. Events occurring after the Reporting Period

Events that occur between the end of the reporting period (ending 30 June 2013) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 09/10/2013.

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

(i) Events that provide evidence of conditions that existed at the Reporting Period

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2013.

(ii) Events that provide evidence of conditions that arose after the Reporting Period

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2013 and which are only indicative of conditions that arose after 30 June 2013.

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

Note 24. Discontinued Operations

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

Note 25. Intangible Assets

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

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

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2013	2012
South Windsor Waste Depot	2017	1,299	1,509
East Kurrajong Waste Depot	2014	2,961	3,068
Balance at End of the Reporting Period	10(a)	4,260	4,577

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

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

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

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

- basing the future works costs on current reinstatement standards,
- using rates for government securities as the discount rate equivalent to the estimated reinstatement date.

Reconciliation of movement in Provision for year:

Balance at beginning of year	4,577	4,275
Amounts capitalised to new or existing assets:		
- South Windsor Waste Depot	(177)	144
- East Kurrajong Waste Depot	(11)	22
*Effect of a change in discount rates used in PV calculations	(11)	2
Amortisation of discount (expensed to borrowing costs)	(118)	134
Total - Reinstatement, rehabilitation and restoration provision	4,260	4,577

* Discount rate calculation was based on 2.56%

Amount of Expected Reimbursements

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



Note 27 Council Information and Contact Details

Principal place of business:

366 George Street
Windsor NSW 2756

Contact Details

Mailing Address

PO Box 146
Windsor NSW 2756

Opening Hours

8:30am to 5pm
Monday to Friday

Telephone: (02) 4560 4444

Facsimile: (02) 4587 7740

Internet: www.hawkesbury.nsw.gov.au

Email: council@hawkesbury.nsw.gov.au

Officers

GENERAL MANAGER
Mr Peter Jackson

RESPONSIBLE ACCOUNTING OFFICER
Ms Emma Galea

PUBLIC OFFICER
Mr Laurie Mifsud

AUDITORS
Pricewaterhouse Coopers
Darling ark Tower 2
201 Sussex Street
Sydney

Elected Members

MAYOR
Clr Kim Ford

COUNCILLORS
Clr Patrick Conolly
Clr Barry Calvert
Clr Mike Creed
Clr Mary Lyons-Buckett
Clr Warwick Mackay
Clr Christine Paine
Clr Bob Porter
Clr Paul Rasmussen
Clr Jill Reardon
Clr Tiffany Tree
Clr Leigh Williams

Other Information

ABN: 54 659 038 834

Independent Auditor's report to the Council - S417(2)



Hawkesbury City Council

Independent auditor's report to the Council – s417(2) Report on the general purpose financial statements

Report on the financial statements

We have audited the accompany financial statements of Hawkesbury City Council, which comprise the statement of financial position as at 30 June 2013 and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, accompanying notes to the financial statements and the Statement by Councillors and Management in the approved form as required by Section 413(2) of the Local Government Act 1993.

Councillors' responsibility for the financial statements

The Councillors of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1993 and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Councillors, as well as evaluating the overall presentation of the financial statements.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial statements.

Our audit responsibility does not extend to the Original Budget Figures included in the Income Statement, Statement of Cash Flows and the Original Budget disclosures in notes 2(a) and 16 and the

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Projections disclosed in note 17 to the financial statements, nor the attached Special Schedules, and accordingly, we express no opinion on them.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Auditor's 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 (the Division); and
- (b) the financial statements:
 - (i) have been presented, in all material respects, in accordance with the requirements of this Division
 - (ii) are consistent with the Council's accounting records
 - (iii) present fairly, in all material respects, the Council's financial position as of 30 June 2013 and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that have come to light during the course of the audit.

A handwritten signature in black ink, appearing to read 'Peter Buchholz', is positioned above the printed name.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Peter Buchholz', is positioned above the printed name.

Peter Buchholz
Partner

Sydney
21 October 2013



The Mayor
Councillor Kim Ford
Hawkesbury City Council
DX 8601
WINDSOR

Dear Councillor Ford

Report on the conduct of the audit for year ended 30 June 2013 – Section 417(3)

We have completed our audit of the financial reports of the Hawkesbury Council for the year ended 30 June 2013, 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 reports are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial reports, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial reports are presented fairly in accordance with 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.

This report should be read in conjunction with our audit opinion on the general purpose financial statements provided under Section 417(2) of the Local Government Act 1993.

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

Operating Result

Council's operating result improved from a surplus of \$8.3 million in the previous year to \$11.3 million in the current period. The result before capital grants and contributions was a deficit of \$3.1 million compared to \$8.9 million in the previous year.

Cash Position

Council's overall cash position increased from \$40 million to \$44 million during the period under review. The following table highlights the composition of cash.

	June 2013 \$m	June 2012 \$m
Externally restricted	18	14
Internally restricted	21	18
Unrestricted	5	8
Total	44	40

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Working Capital

Council's net current assets increased from \$33 million to \$36 million during the period under review.

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

	June 2013 \$'000	June 2012 \$'000
Net current assets	36,381	32,703
Less:		
External restrictions	17,840	13,982
Internal restrictions	21,110	18,432
	<2,569>	289
Add:		
Current liabilities to be funded from other sources	8,037	6,978
Available Working Capital	5,468	7,267

The effective unrestricted or available working capital upon which Council could build its 2013/14 budget was \$5.5 million.

Performance Indicators

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

	June 2013 %	June 2012 %
Unrestricted current ratio	458	486
Debt service ratio	.82	.71
Rate coverage ratio	53	50
Rates outstanding ratio	6.4	6.3
Asset renewals ratio	85	64

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

Council's Debt Service Ratio was .82% and remains well below the accepted industry benchmark of 10%. Overall, debt rose from \$3.2 million to \$8.1 million.

The Rate Coverage Ratio increased from 50% to 53% due to a significant drop in capital grants and contributions.

The Rates Outstanding Ratio increased to 6.3% of collectibles. This ratio is still higher than the accepted industry benchmark of 5% and should be monitored.

The Asset Renewals Ratio indicates that infrastructure assets are being renewed at 86% of the rate at which they are depreciating.



Council is considered to be in a sound and stable financial position. Most indicators remain better than accepted industry benchmarks except for the rates outstanding ratio which is improving.

General

The books of accounts and records inspected by us have been kept in an accurate and conscientious manner.

We thank the General Manager and his staff for the co-operation and courtesy extended to us during the course of our audit.

Yours faithfully

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'P L Buchholz'.

P L Buchholz
Partner
21 October 2013



Part 2 Special Purpose Financial Statements
For the year ended 30 June 2013



Background

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

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

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

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

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

HAWKESBURY CITY COUNCIL

Special Purpose Financial Statements FOR THE YEAR ENDED 30 June 2013

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

The Special Purpose Financial Statements have been prepared in accordance with:

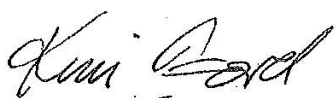
- The NSW Government Policy Statement *"Application of National Competition Policy to Local Government"*.
- The Division of Local Government guidelines *"Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality"*.
- The Local Government Code of Accounting Practice and Financial Reporting.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

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

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

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

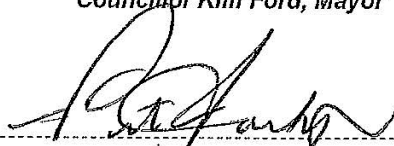
Signed in accordance with a resolution of Council made on 24 September 2013



Councillor Kim Ford, Mayor



Councillor Tiffany Tree, Deputy Mayor



Peter Jackson, General Manager



Emma Galea, Responsible Accounting Officer

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2013

\$ '000	Actual 2013	Actual 2012
Income from continuing operations		
Access charges	4,611	4,371
User charges	605	676
Interest	37	274
Grants and contributions provided for non capital purposes	38	38
Profit from the sale of assets	-	43
Other income	33	35
Total income from continuing operations	5,324	5,437
Expenses from continuing operations		
Employee benefits and on-costs	657	632
Materials and contracts	1,508	1,553
Depreciation and impairment	1,547	2,746
Loss on sale of assets	53	-
Unwinding of interest free loan	75	404
Calculated taxation equivalents	-	26
Other expenses	2,118	1,802
Total expenses from continuing operations	5,958	7,163
Surplus (deficit) from Continuing Operations before capital amounts	(634)	(1,726)
Grants and contributions provided for capital purposes	378	316
Surplus (deficit) from Continuing Operations after capital amounts	(256)	(1,410)
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	(256)	(1,410)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	(256)	(1,410)
plus Opening Retained Profits	43,703	47,233
plus/less: Prior Period Adjustments	68	(2,146)
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	26
Closing Retained Profits	43,515	43,703
Return on Capital %	-0.7%	-1.9%
Subsidy from Council	3,851	4,417
Calculation of dividend payable:		
Surplus (deficit) after tax	(256)	(1,410)
less: Capital grants and contributions (excluding developer contributions)	(378)	(316)
Surplus for dividend calculation purposes	-	-
Potential Dividend calculated from surplus	-	-

Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
ASSETS		
Current Assets		
Cash and cash equivalents	6,838	2,164
Receivables	257	226
Total Current Assets	7,095	2,390
Non-Current Assets		
Infrastructure, property, plant and equipment	85,338	88,824
Total non-Current Assets	85,338	88,824
TOTAL ASSETS	92,433	91,214
LIABILITIES		
Current Liabilities		
Payables	-	375
Non Interest bearing liabilities	75	389
Provisions	239	193
Total Current Liabilities	314	957
Non-Current Liabilities		
Non Interest bearing liabilities	2,449	2,460
Provisions	53	17
Total Non-Current Liabilities	2,502	2,477
TOTAL LIABILITIES	2,816	3,434
NET ASSETS	89,617	87,780
EQUITY		
Retained earnings	43,515	43,703
Revaluation reserves	46,102	44,077
Council equity interest	89,617	87,780
Non-controlling equity interest	-	-
TOTAL EQUITY	89,617	87,780



Notes to the Special Purpose Financial Statements

Note 1 Significant Accounting Policies

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

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in these special purpose financial statements, unless otherwise stated, have been prepared in accordance with:

- the recognition and measurement criteria of relevant Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and
- Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with:

- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, 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 and Costing for Council Businesses A Guide to Competitive Neutrality"* issued by the Division of Local Government in July 1997 has also been adopted.

The pricing and 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 and Costing for Council Businesses - A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

Category 1

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

a. Sewerage Service

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

b. Hawkesbury Leisure Centre

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

The centre was managed during the year by the YMCA.

Category 2

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

Nil

Monetary Amounts

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

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Note 3 are disclosed in whole dollars.

(i) Taxation Equivalent Charges

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

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


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

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first **\$406,000** of combined land values attracts **0%**. From \$406,001 to \$2,482,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,482,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$689,000.



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 each reported Business Activity.

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

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

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

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

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date.

Local Government Rates and 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 and Debt Guarantee Fees


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

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

(ii) Subsidies

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

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



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

The overall effect of subsidies is contained within the Income Statement of each reported Business Activity.

(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:

$$\frac{\text{Operating Result before Capital Income + Interest Expense}}{\text{Written Down Value of I,PPandE as at 30 June}}$$

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.77% at 30/6/13.

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:

- 50% of this surplus in any one year, or
- the number of sewerage assessments at 30 June 2013 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Note 3. Sewerage Business

Best Practice Management disclosure requirements

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

2013

1. Calculation and Payment of Tax-Equivalents

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

(i) Calculated Tax Equivalents	-
(ii) No of assessments multiplied by \$3/assessment	23,496
(iii) Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	23,496
(iv) Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i) 50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii) No. of assessments x (\$30 less tax equivalent charges per assessment)	211,464
(iii) Cumulative surplus before dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	(3,900,000)

2013 Surplus	(634,000)	2012 Surplus	(1,726,000)	2011 Surplus	(1,540,000)
		2012 Dividend	-	2011 Dividend	

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

3. Required outcomes for 4 Criteria

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

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

Note 3. Sewerage Business

Best Practice Management disclosure requirements (continued)

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

2013

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	5,609
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	85,084
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	4,247
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	3,549
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)]	%	-0.22%
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	5,556
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	0.68%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	3,549
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)]	%	-0.22%
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%

Note 3. Sewerage Business

Best Practice Management disclosure requirements (continued)

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

2013

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

NWI F22	Net Debt to Equity (Water & Sewerage)	%	2.82%
	Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]		
NWI F23	Interest Cover (Water & Sewerage)		-
	Earnings before Interest & Tax (EBIT) divided by Net Interest		
	Earnings before Interest & Tax (EBIT):	-	185
	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:	-	114
	Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		
NWI F24	Net Profit After Tax (Water & Sewerage)	\$'000	(160)
	Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))		
NWI F25	Community Service Obligations (Water & Sewerage)	\$'000	38
	Grants for Pensioner Rebates (w11b + s12b)		

Notes: 1. References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.

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

Independent Auditors Report to the Council



Hawkesbury City Council

Independent auditor's report Report on the special purpose financial report

Report on the financial report

We have audited the accompanying financial report, being a special purpose financial report, of **Hawkesbury City Council** (the Council), which comprises the Statement of Financial Position by Business Activity for the year ended 30 June 2013, the Income Statements by Business Activity for the year then ended, Notes to the financial report for the business activities identified by Council and the Statement by Councillors and Management for Council for the year ended 30 June 2013.

Councillors' responsibility for the financial report

The Councillors of the Council are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in note 1 to the financial statements which form part of the financial report, are appropriate to meet the requirements of the Local Government Code of Accounting Practice and Financial Reporting. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to error or fraud.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Councillors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Auditor's opinion:

In our opinion, the financial report presents fairly, in all material respects, the financial position by Business Activities of **Hawkesbury City Council** as of 30 June 2013 and its financial performance by Business Activities for the year then ended in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 to the financial report, and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the Local Government Code of Accounting Practice and Financial Reporting. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Council.

A handwritten signature in blue ink, appearing to read 'Peter Buchholz'.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Peter Buchholz'.

Peter Buchholz
Partner

Sydney
21 October 2013



Part 3 Special Schedule Financial Statements

For the year ended 30 June 2013



NOTE – Special Purpose Schedules are not audited.

Background

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

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from. Continuing. Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
Governance	1,401	-	-	(1,401)
Administration	3,138	2,939	43	(156)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	2,048	300	-	(1,748)
Enforcement of Local Govt. Regulations	448	57	-	(391)
Animal Control	897	457	-	(440)
Other	433	316	-	(117)
Total Public Order & Safety	3,826	1,130	-	(2,696)
Health	705	415	-	(290)
Community Services and Education				
Administration & Education	1,693	187	-	(1,506)
Total Community Services & Education	1,693	187	-	(1,506)
Housing and Community Amenities				
Town Planning	2,098	1,166	-	(932)
Other Community Amenities	10,706	8,608	3,043	945
Total Housing and Community Amenities	12,804	9,774	3,043	13
Sewerage Services	7,353	5,868	378	(1,107)

Special Schedule No. 1 - Net Cost of Services (continued)
for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from. Continuing. Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
Recreation and Culture				
Public Libraries	2,604	66	-	(2,538)
Museums	531	24	-	(507)
Art Galleries	531	24	-	(507)
Community Centres and Halls	2,619	(18)	-	(2,637)
Sporting Grounds and Venues	213	63	-	(150)
Swimming Pools	3,044	158	-	(2,886)
Parks & Gardens (Lakes)	5,612	403	150	(5,059)
Other Sport and Recreation	36	-	23	(13)
Total Recreation and Culture	15,190	720	173	(14,297)
Fuel & Energy	530	283	-	(247)
Mining, Manufacturing and Construction				
Building Control	924	242	-	(682)
Total Mining, Manufacturing and Const.	924	242	-	(682)
Transport and Communication				
Urban Roads (UR) - Local	11,830	3,213	10,598	1,981
Parking Areas	172	333	-	161
Other Transport & Communication	3,763	291	120	(3,352)
Total Transport and Communication	15,765	3,837	10,718	(1,210)
Economic Affairs				
Other Economic Affairs	1,402	3,314	-	1,912
Total Economic Affairs	1,402	3,314	-	1,912
Totals – Functions	64,731	28,709	14,355	(21,667)
General Purpose Revenues⁽²⁾		32,591		32,591
Share of interests - joint ventures & associates using the equity method	-	340		340
NET OPERATING RESULT ⁽¹⁾	64,731	61,640	14,355	11,264

(1) As reported in the Income Statement

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

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)
for the financial year ended 30 June 2013

\$'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)											
Other State Government	400	2,800	3,200		400				400	2,400	2,800
Other	-	-	-	5,260				76	701	4,559	5,260
Total Loans	400	2,800	3,200	5,260	400	-	-	76	1,101	6,959	8,060
Other Long Term Debt											
Government Advances	-	-	-							-	-
Deferred Payments	-	-	-							-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	400	2,800	3,200	5,260	400	-	-	76	1,101	6,959	8,060

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** (which are reported in the GPFS).

Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2013

\$'000	Actuals 2013	Actuals 2012
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	880	847
b. Engineering and Supervision	647	660
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	371	(48)
b. Maintenance expenses	-	315
- Pumping Stations		
c. Operation expenses (excluding energy costs)	-	-
d. Energy costs	-	-
e. Maintenance expenses	495	507
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	1,592	1,390
g. Chemical costs	-	-
h. Energy costs	-	-
i. Effluent Management	246	290
j. Biosolids Management	-	-
k. Maintenance expenses	-	23
- Other		
l. Operation expenses	16	2
m. Maintenance expenses	-	-
3. Depreciation expenses		
a. System assets	1,501	2,692
b. Plant and equipment	46	55
4. Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	36	26
5. Total expenses	5,830	6,759

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 2013

\$'000	Actuals 2013	Actuals 2012
Income		
6. Residential charges (including rates)	3,696	3,516
7. Non-residential charges		
a. Access (including rates)	23	22
b. Usage charges	892	834
8. Trade Waste Charges		
a. Annual Fees	486	509
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	19	21
10. Interest income	114	253
11. Other income	77	(202)
11a. Aboriginal Communities Water & Sewerage Program	-	-
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	38	38
c. Other grants	-	-
13. Contributions		
a. Developer charges	50	210
b. Developer provided assets	-	-
c. Other contributions	328	105
14. Total income	5,723	5,306
15. Gain (or loss) on disposal of assets	(53)	43
16. Operating Result	(160)	(1,410)
16a. Operating Result (less grants for acquisition of assets)	(160)	(1,410)

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 2013

\$'000	Actuals 2013	Actuals 2012
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	1,985	4,606
b. New Assets for Growth	258	100
c. Renewals	1,215	93
d. Plant and equipment	91	-
18. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	3,549	4,799
Non-operating funds employed		
21. Proceeds from disposal of assets	31	52
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	31	52
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	6,848	6,823
b. Residential (unoccupied, ie. vacant lot)	51	68
c. Non-residential (occupied)	874	863
d. Non-residential (unoccupied, ie. vacant lot)	59	60
26. Number of ETs for which developer charges were received	43 ET	29 ET
27. Total amount of pensioner rebates (actual dollars)	\$ 186,950	\$ 173,556

Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2013

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/>	<input type="checkbox"/> No	
If Yes, go to 29a.			
If No, please report if council has removed land value from access charges (ie rates)?			
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in sewerage developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<input type="text" 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.			

Special Schedule No. 6 - Sewerage Service Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2013

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	(1,244)	-	(1,244)
b. Special purpose grants	-	251	251
c. Accrued leave	-	-	-
d. Unexpended loans	43	-	43
e. Sinking fund	-	-	-
f. Other	3,306	4,481	7,787
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	257	-	257
c. User Charges	-	-	-
d. Other	-	-	-
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	85,085	85,085
b. Plant and equipment	-	253	253
35. Other assets	-	-	-
36. Total Assets	2,362	90,070	92,432
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	-	-	-
39. Borrowings			
a. Loans	-	2,524	2,524
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	240	53	293
41. Total Liabilities	240	2,577	2,817
42. NET ASSETS COMMITTED	2,122	87,493	89,615
EQUITY			
42. Accumulated surplus			43,513
44. Asset revaluation reserve			46,102
45. TOTAL EQUITY			89,615
Note to system assets:			
46. Current replacement cost of system assets			156,371
47. Accumulated current cost depreciation of system assets			(71,287)
48. Written down current cost of system assets			85,084



Notes to Special Schedule No's 3 and 5

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 and E decreases in FV.

Impairment Losses (item 4d and 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

Aboriginal Communities Water and Sewerage Program (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

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) incl. 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 (i.e. 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.

as at 30 June 2013

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition ^{#.}	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
Buildings		per Note 1	per Note 4	<<<<<<<<<< per Note 9 >>>>>>>>>							
	Council Offices	1 - 2%	393	11,040		5,400	5,640	3	1,249	149	128
	Council Works Depot	1 - 2%	113	3,268		1,857	1,411	3	220	115	159
	Council Halls	1 - 2%	536	17,929		7,263	10,666	3	1,039	503	131
	Council Houses	1 - 2%	81	3,500		2,982	518	4	66	42	275
	Museum	1 - 2%	96	2,999		1,090	1,909	1	-	42	27
	Library	1 - 2%	442	11,778		3,824	7,954	-	-	95	65
	Childcare Centre(s)	1 - 2%	360	11,111		5,308	5,803	2	500	66	91
	Art Gallery						-	2	-	77	11
	Amenities/Toilets	1 - 2%	481	40,796		9,675	31,121	3	780	149	187
	Leisure Facilities	1 - 2%	661	22,488		8,610	13,878	3	744	185	194
	Other		264	9,204		4,358	4,846				82
	sub total		3,427	134,113	-	50,369	83,744		4,598	1,423	1,350
	Other Structures	Assets not included in Buildings		745	30,696		17,971	12,725	4	371	260
sub total			745	30,696	-	17,971	12,725		371	260	136
Public Roads											
	Sealed Roads	1.00%	2,072	380,190		195,719	184,471	2-5	39,013	5,243	4,271
	Unsealed Roads	1.00%	110	25,833		6,494	19,339	3-5	7,709	3,502	1,323
	Sealed Roads Structure		15	1,291		205	1,086	1-3	350	85	
	Bridges	1.00%	61	34,452		14,411	20,041	1-5	6,600	350	154
	Footpaths	2.00%	153	10,318		5,675	4,643	3-5	1,179	150	69
	Cycle ways	2.00%	254	5,132		2,368	2,764	2-3	230	70	
	Kerb and Gutter	1.00%	289	48,836		22,371	26,465	3-5	5,396	541	257
	Road Furniture	1 - 10%	294	7,145		3,661	3,484	3-5	1,800	315	
	Car Parks	1.00%	337	18,381		9,640	8,741	3-5	355	60	58
	sub total		3,585	531,578	-	260,544	271,034		62,632	10,316	6,132

Special Schedule No. 7 - Condition of Public Works (continued)
as at 30 June 2013

\$'000

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition [#]	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
Sewerage	Pump Stations	1.00%	33	17,562		6,345	11,217	3	350	348	321
	Reticulation	2.00%	555	63,863		31,947	31,916	2	2,733	150	120
	Manholes	1.00%	202	18,362		10,620	7,742	2-3	1,333	25	25
	Mains	1 - 1.43%	93	9,285		4,476	4,809	3	100	5	5
	Treatment Works	1 - 1.43%	567	47,680		20,962	26,718	3	600	1,473	1,540
	Plant	20.00%					-	3	100	76	70
	sub total		1,450	156,752	-	74,350	82,402		5,216	2,077	2,081

Special Schedule No. 7 - Condition of Public Works (continued)
as at 30 June 2013

\$'000

		Dep'n. Rate (%)	Dep'n Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition ^{#.}	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
ASSET CLASS	Asset Category										
Drainage Works		per Note 1	per Note 4	<<<<<<<<< per Note 9 >>>>>>>>>							
	Retarding Basins						-	3-5	200	35	
	Stormwater Conduits	1 - 1.67%	1,031	135,005		66,488	68,517	3-5	1,550	210	155
	Inlet and Junction Pits	1 - 1.67%					-	3-4	95	30	
	Head Walls	1 - 1.67%	84	19,455		9,948	9,507				
	Stormwater Converters						-	3-4	40	12	
	Gross Pollutant Traps	1 - 1.67%	18	1,871		190	1,681	2-3	35	81	81
	Flood Mitigation	1 - 1.67%	50	5,756		2,169	3,587	3	200	45	22
	sub total		1,183	162,087	-	78,795	83,292		2,120	413	258
	TOTAL - ALL ASSETS		10,390	1,015,226	-	482,029	533,197		74,937	14,489	9,957

Notes:

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

Asset Condition "Key" - as per the DLG Integrated Planning & Reporting Manual

1	Excellent - No work required (normal maintenance)
2	Good - Only minor maintenance work required
3	Average - Maintenance work required
4	Poor - Renewal required
5	Very Poor - Urgent renewal/upgrading required

Special Schedule No. 8 - Financial Projections

as at 30 June 2013

\$'000	Actual ⁽¹⁾ 12/13	Forecast ⁽³⁾ 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16	Forecast ⁽³⁾ 16/17	Forecast ⁽³⁾ 17/18	Forecast ⁽³⁾ 18/19	Forecast ⁽³⁾ 19/20	Forecast ⁽³⁾ 20/21	Forecast ⁽³⁾ 21/22	Forecast ⁽³⁾ 22/23
(i) OPERATING BUDGET											
Income from continuing operations	75,995	59,044	64,335	68,708	73,778	80,056	86,816	93,179	100,994	109,668	119,267
Expenses from continuing operations	64,731	65,458	73,232	76,911	78,716	80,934	85,053	87,382	90,772	94,843	98,480
Operating Result from Continuing Operations	11,264	(6,414)	(8,897)	(8,203)	(4,938)	(878)	1,763	5,797	10,222	14,825	20,787
(ii) CAPITAL BUDGET											
New Capital Works ⁽²⁾	11,877	2,838	622	8,881	459	188	506	191	224	3,693	726
Replacement/Refurbishment of Existing Assets	13,069	9,913	16,188	13,985	15,681	16,877	14,804	11,567	13,874	12,483	11,739
Total Capital Budget	24,946	12,751	16,810	22,866	16,140	17,065	15,310	11,758	14,098	16,176	12,465
Funded by:											
– Loans	178	2,650	2,432								
– Asset sales	1,181	872	1,089	1,209	1,070	1,145	1,227	1,059	1,323	1,075	1,286
– Reserves	8,353	8,739	11,688	20,044	13,444	14,281	10,669	4,036	1,672	4,974	1,771
– Grants/Contributions	14,750	490	1,601	1,613	1,626	1,639	1,652	866	880	895	910
– Recurrent revenue	484						1,763	5,797	10,222	9,232	8,498
	24,946	12,751	16,810	22,866	16,140	17,065	15,311	11,758	14,097	16,176	12,465

Notes:

(1) From 12/13 Income Statement.

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

(3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.

