



Hawkesbury City Council

attachment to item 234

General Purpose and Special Purpose
Financial Reports
and Special Schedules
for the Period Ended 30 June 2008

date of meeting: 11 November 2008
location: council chambers
time: 5:00 p.m.

Hawkesbury City Council

GENERAL PURPOSE FINANCIAL REPORT
for the year ended 30 June 2008

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



Hawkesbury City Council

General Purpose Financial Report for the financial year ended 30 June 2008

Contents	Page
1. Statement by Councillors & Management	2
2. Primary Financial Statements:	
- Income Statement	3
- Balance Sheet	4
- Statement of Changes in Equity	5
- Cash Flow Statement	6
3. Notes to the Financial Statements	7
4. Independent Auditor's Reports:	
- On the Financial Report (Sect 417 [2])	75
- On the Conduct of the Audit (Sect 417 [3])	76

Overview

- (i) This Financial Report covers the consolidated operations for Hawkesbury City Council.
- (ii) Hawkesbury City Council is a body corporate of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

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

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

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

- (iii) All figures presented in this Financial Report represent Australian Currency.
- (iv) This Financial Report was authorised for issue by the Council on 09/09/2008.
Council has the power to amend and reissue the financial report.
-

HAWKESBURY CITY COUNCIL

General Purpose Financial Report FOR THE YEAR ENDED 30 June 2008

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

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

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

To the best of our knowledge and belief, these reports

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

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

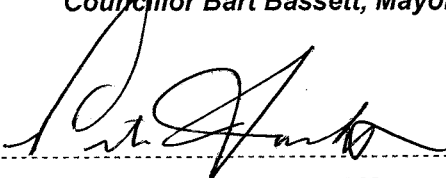
Signed in accordance with a resolution of Council made on 9 September 2008



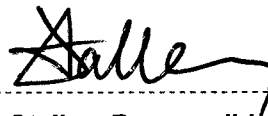
Councillor Bart Bassett, Mayor



Councillor Ted Books, Deputy Mayor



Peter Jackson, General Manager



Rob Stalley, Responsible Accounting Officer

Hawkesbury City Council

Income Statement

for the financial year ended 30 June 2008

Budget ⁽¹⁾			Actual	Actual
2008	\$ '000	Notes	2008	2007
Income from Continuing Operations				
Revenue:				
33,602	Rates & Annual Charges	3a	33,663	32,345
4,890	User Charges & Fees	3b	6,506	5,618
1,342	Interest & Investment Revenue	3c	1,562	2,032
4,833	Other Revenues	3d	3,183	3,455
7,084	Grants & Contributions provided for Operating Purposes	3e,f	9,471	8,539
507	Grants & Contributions provided for Capital Purposes	3e,f	3,790	2,742
Other Income:				
-	Net gains from the disposal of assets	5	33	511
	Share of interests in Joint Ventures & Associated Entities			
-	using the Equity Method	19	341	691
52,258	Total Income from Continuing Operations		58,549	55,933
Expenses from Continuing Operations				
14,044	Employee Benefits & On-Costs	4a	19,490	19,314
102	Borrowing Costs	4b	222	212
21,958	Materials & Contracts	4c	18,373	15,896
7,606	Depreciation & Amortisation	4d	8,608	7,018
9,134	Other Expenses	4e	8,734	7,916
52,844	Total Expenses from Continuing Operations		55,427	50,356
(586)	Net Operating Result for the Year		3,122	5,577
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes				
(1,093)			(668)	2,835

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

Hawkesbury City Council

Balance Sheet

as at 30 June 2008

\$ '000	Notes	Actual 2008	Actual 2007
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	29,207	4,147
Investments	6b	9,822	30,084
Receivables	7	3,529	3,847
Inventories	8	239	313
Other	8	47	47
Total Current Assets		42,844	38,438
Non-Current Assets			
Receivables	7	627	509
Infrastructure, Property, Plant & Equipment	9	420,409	319,361
Investments Accounted for using the equity method	19	1,032	691
Investment Property	14	25,318	29,268
Total Non-Current Assets		447,386	349,829
TOTAL ASSETS		490,230	388,267
LIABILITIES			
Current Liabilities			
Payables	10	4,522	4,722
Borrowings	10	6	6
Provisions	10	6,032	5,875
Total Current Liabilities		10,560	10,603
Non-Current Liabilities			
Interest Bearing Liabilities	10	50	56
Provisions	10	5,030	4,777
Total Non-Current Liabilities		5,080	4,833
TOTAL LIABILITIES		15,640	15,436
Net Assets		474,590	372,831
EQUITY			
Retained Earnings	20	339,715	350,816
Revaluation Reserves	20	134,875	22,015
Council Equity Interest		474,590	372,831
Total Equity		474,590	372,831

Hawkesbury City Council

Statement of Changes in Equity

for the financial year ended 30 June 2008

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

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

Hawkesbury City Council

Cash Flow Statement

for the financial year ended 30 June 2008

Budget 2008	\$ '000	Notes	Actual 2008	Actual 2007
Cash Flows from Operating Activities				
Receipts:				
33,602	Rates & Annual Charges		33,121	32,051
4,890	User Charges & Fees		6,533	6,201
1,342	Interest & Investment Revenue Received		1,388	254
7,591	Grants & Contributions		13,423	11,880
4,833	Other		7,352	4,885
Payments:				
(14,044)	Employee Benefits & On-Costs		(19,332)	(19,044)
(21,958)	Materials & Contracts		(20,254)	(15,154)
(102)	Borrowing Costs		(2)	(4)
(9,134)	Other		(10,123)	(9,038)
<u>7,020</u>	Net Cash provided (or used in) Operating Activities	11b	<u>12,106</u>	<u>12,031</u>
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		29,584	7,630
-	Sale of Investment Property		159	878
1,394	Sale of Infrastructure, Property, Plant & Equipment		834	1,651
-	Deferred Debtors Receipts		48	49
Payments:				
-	Purchase of Investment Securities		(9,500)	(13,700)
(8,460)	Purchase of Infrastructure, Property, Plant & Equipment		(8,165)	(8,094)
<u>(7,066)</u>	Net Cash provided (or used in) Investing Activities		<u>12,960</u>	<u>(11,586)</u>
Cash Flows from Financing Activities				
Receipts:				
Nil				
Payments:				
-	Repayment of Borrowings & Advances		(6)	(5)
<u>-</u>	Net Cash Flow provided (used in) Financing Activities		<u>(6)</u>	<u>(34)</u>
(46)	Net Increase/(Decrease) in Cash & Cash Equivalents		25,060	411
4,147	plus: Cash & Cash Equivalents - beginning of year	11a	4,147	3,736
<u>4,101</u>	Cash & Cash Equivalents - end of the year	11a	<u>29,207</u>	<u>4,147</u>

Please refer to Note 11 for information on the following:

- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net cash flow disclosures relating to any Discontinued Operations

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	8
2(a)	Council Functions / Activities - Financial Information	24
2(b)	Council Functions / Activities - Component Descriptions	25
3	Income from Continuing Operations	26
4	Expenses from Continuing Operations	31
5	Gains or Losses from the Disposal of Assets	35
6(a)	Cash & Cash Equivalent Assets	36
6(b)	Investments	37
6(c)	Restricted Cash, Cash Equivalents & Investments - details	38
7	Receivables	40
8	Inventories & Other Assets	41
9(a)	Infrastructure, Property, Plant & Equipment	42
9(b)	Restricted Infrastructure, Property, Plant & Equipment	43
9(c)	Infrastructure, Property, Plant & Equipment - Current Year Impairments	44
10(a)	Payables, Borrowings & Provisions	45
10(b)	Description of (& movements in) Provisions	46
11	Reconciliation of Cash Flow movements & additional information	47
12	Commitments for Expenditure	49
13	Statement of Performance Measures	51
14	Investment Properties	52
15	Financial Risk Management disclosures	53
16	Material Budget Variations	57
17	Statement of Developer Contributions	59
18	Contingencies and Other Liabilities/Assets not recognised	61
19	Investments in Subsidiaries, Associated Entities & Joint Ventures	63
20	Equity - Retained Earnings and Revaluation Reserves	67
21	Reinstatement, Rehabilitation & Restoration Liabilities	69
22	Non Current Assets and Disposal Groups classified as "Held for Sale"	70
23	Events occurring after Balance Sheet date	71
24	Discontinued Operations	72
25	Intangible Assets	73

Additional Disclosures

26	Council Information & Contact Details	74
----	---------------------------------------	----

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies

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

Under Australian Equivalents to International Financial Reporting Standards (AIFRS), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial reports.

(a) Basis of preparation

(i) Background

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

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

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

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

Because AASB's are sector neutral, some standards either (i) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's or (ii) specifically exclude application by Not-for-Profit entities.

Examples include;

- excluding Local Government from applying AASB 120 (IAS 20) for Grant Accounting and AASB 118 (IAS 18) for Segment Reporting, &

- different requirements on (a) Impairment of Assets relating to Not-For-Profit AASB 136 (IAS 36) and (b) IAS 116 (IAS 16) regarding accounting for the Revaluation of Assets.

Accordingly in preparing this Financial Report and Accompanying Notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

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

(iii) Application of AAS 27

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

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

(iv) Basis of Accounting

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

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

(v) Changes in Accounting Policies

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

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

(vi) Critical Accounting Estimates

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

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

(b) Revenue recognition

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

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

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

Income from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, and (i) it is probable that the economic benefits comprising the contribution will

flow to the Council and (ii) the amount of the contribution can be measured reliably.

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

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

The Council has obligations to provide facilities from contributions required from developers under the provisions of S94 of the EPA Act 1991.

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

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

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

User Charges, Fees and Other Income

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

A provision for doubtful debt is recognised when collection in full is no longer probable.

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

Sale of Infrastructure, Property, Plant and Equipment

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

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

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

Interest and Rents

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

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

(ii) The Trust Fund

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

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

(c) Principles of Consolidation

These Financial Reports incorporate (i) the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30/6/08) and (ii) all the related operating results (for the financial year ended the 30th June 2008).

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

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

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

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

(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.

(iii) Joint Venture Entities

Jointly Controlled Assets

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

Jointly Controlled Entities

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

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

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

(iv) Associated Entities

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

Such entities are usually termed "Associates".

(v) County Councils

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

- **Hawkesbury River County Council**
Control of noxious weeds, with 4 member Councils

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

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

(vi) Additional Information

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

(d) Leases

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

Finance Leases

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

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in other long term payables.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

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

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

Operating Leases

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

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

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

(e) Cash and Cash Equivalents

Cash and cash equivalents includes;

- cash on hand,
- deposits held **at call** with financial institutions,

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

- other short-term, highly liquid investments with **original maturities of three months or less** that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and

- bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(f) Investments and Other Financial Assets

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

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

Each classification depends on the purpose/intention for which the investment was acquired.

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

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

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

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

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

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

(ii) Loans and receivables

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

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

They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

Investments are 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.

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.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(ii) Subsequent Measurement

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

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

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

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

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

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

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

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

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

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

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

(iii) Types of Investments

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

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

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

(g) Fair value estimation

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

(h) Receivables

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

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

The collectibility of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off in accordance with Councils policy.

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

The amount of the provision is the difference between the asset's carrying amount and the

present value of estimated future cash flows, discounted at the effective interest rate.

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

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

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.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

(j) Infrastructure, property, plant and Equipment (I,PP&E)**Acquisition of assets**

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

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

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

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

- **2008/09:** Roads, bridges, footpaths and drainage, land improvements, other structures and other assets
- **2009/10:** Community land

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

Initial Recognition

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

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

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

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

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably.

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

Asset Revaluations

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

- Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve.
- To the extent that the increase reverses a decrease previously recognising profit or loss, the increase is first recognised in profit or loss.
- Decreases that reverse previous increases of the same asset are first charged against 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.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

Capitalisation Thresholds

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

Land

- council land	100% Capitalised
- open space	100% Capitalised
- land under roads	100% Capitalised

Plant & Equipment

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

Buildings & Land Improvements

Park Furniture & Equipment	> \$1,000
----------------------------	-----------

Building

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

Other Structures

> \$1,000

Water & Sewer Assets

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

Stormwater Assets

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

Transport Assets

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

Bridge construction & reconstruction	> \$1,000
--------------------------------------	-----------

cost (net of their residual values) over its estimated useful life.

Land is not depreciated.

The range of estimated useful lives for Councils assets include:

Plant & Equipment

- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years

Other Equipment

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

Buildings

- Buildings	50 to 100 years
-------------	-----------------

Stormwater Drainage

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

Transportation Assets

- Sealed Roads: Surface	20 years
- Sealed Roads: Structure	20 years

- Bridge: Concrete	100 years
- Bridge: Other	50 years

- Road Pavements	60 years
- Kerb, Gutter & Paths	40 years

Water & Sewer Assets

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

Depreciation

Depreciation on Councils infrastructure, property, plant and equipment assets is calculated using the straight line method in order to allocate an assets

Other Infrastructure Assets

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Disposal and De-recognition

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

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

(k) Intangible Assets

IT development and software

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

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

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

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

(l) Crown Reserves

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

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

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

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

(m) Rural Fire Service assets

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

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

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

(n) Investment property

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

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

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.

(o) Land

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

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

(p) Land under roads

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

These deferral arrangements cease to apply as of 1 July 2008.

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

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

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

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

Costs are estimated on the basis of a closure plan.

The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and

revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

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

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

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

This amortisation of the discount is shown as a borrowing cost.

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

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

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

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date. These costs are charged to the income statement.

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

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

nature of the disturbance and the remediation techniques.

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

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

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

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

(r) Non-current assets held for sale

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

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

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

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

(s) Impairment of assets

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

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

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

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

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

(t) Payables

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

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

(u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

(v) Borrowing costs

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

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

(w) Provisions

Provisions for legal claims and service warranties are recognised when:

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

Provisions are not recognised for future operating losses.

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

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

(x) Employee benefits**(i) Wages & salaries, annual leave and sick leave**

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

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

Calculations therefore incorporate (where the leave is expected to be paid more than 12 months after the reporting date) the use of discounted cash flows.

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

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

(ii) Long service leave

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

Long Service Leave is measured at the present value of the expected future payments to be made using the projected unit credit method.

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

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

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

(iii) Retirement benefit obligations

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

The existence of this surplus has resulted in Councils contributing during the 2007/2008 year at half the normal level of contributions.

The financial position of the Scheme is monitored annually.

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

(y) Self insurance

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

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

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

(z) Allocation between current and non-current

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

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

Exceptions

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

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

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2008.

(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).

Goods & Services Tax (GST)

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

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

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

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

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

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST.

Accordingly, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

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

(ab) New accounting standards and UIG interpretations

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

Applicable to Local Government with the implications:

- Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101

- AASB 1051 Land Under Roads,

AASB 1051 will allow Council to recognise or not recognise land under roads acquired before 30 June 2008.

Council will be required to nominate whether to recognise Land under roads (acquired after 30 June 2008) or to exclude these Assets from recognition.

This Standard could have a significant impact on the Council's Balance Sheet depending on Council's accounting policy choice.

- AASB 1052 Disaggregated Disclosures,

AASB 1052 requires disclosure of financial information by function or activity.

Council already provides this information in Note 2(a) so there will be no additional impact on the financial statements.

- AASB 1004 Contributions (revised),

AASB 1004 requires contributions made to Council to be recognised at fair value when they are controlled and to be appropriately disclosed.

Council already accounts for contributions in this manner so there will be no additional impact on the financial statements.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

- AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AAS 27, AAS 29 and AAS 31,

Council will no longer apply AAS 27 from 1 July 2008 due to its withdrawal. Council currently applies AIFRS (but with AAS 27 taking precedence).

The withdrawal of AAS 27 will see specific paragraphs transferred to existing AIFRS, and accordingly there is little impact from its withdrawal.

Applicable to Local Government but no implications for Council;

- Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]

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

- AASB-I 12 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession Arrangements: Disclosures
- ASB-I 13 Customer Loyalty Programmes
- AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Not applicable to Local Government per se;

- AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8
- AASB 1049 Whole of Government and General Government Sector Financial Reporting
- AASB 1050 Administered Items

- Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities (revised)

Council has not adopted any of these standards early.

(ac) Rounding of amounts

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

(ad) Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within this Financial Report and/or the Notes.

(ae) Disclaimer

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

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).										
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations	
	Original Budget 2008	Actual 2008	Actual 2007	Original Budget 2008	Actual 2008	Actual 2007	Original Budget 2008	Actual 2008	Actual 2007	Actual 2008	Actual 2007
											Total Assets held (Current & Non-current)
Governance	-	-	-	658	645	629	(658)	(645)	(629)	-	-
Administration	606	739	1,136	2,237	2,147	5,440	(1,631)	(1,408)	(4,304)	-	69,963
Public Order & Safety	627	1,204	1,094	2,842	2,813	2,790	(2,215)	(1,609)	(1,696)	55	3,033
Health	222	183	221	600	618	484	(378)	(435)	(263)	-	196
Community Services & Education	162	648	2,331	577	2,035	2,289	(415)	(1,387)	42	457	7,876
Housing & Community Amenities	12,428	11,480	12,020	14,228	12,629	12,564	(1,800)	(1,149)	(544)	186	3,865
Water Supplies	-	-	-	-	-	-	-	-	-	-	-
Sewerage Services	4,235	4,077	3,734	3,957	4,894	3,841	278	(817)	(107)	34	70,689
Recreation & Culture	477	3,593	3,128	12,034	13,699	10,596	(11,557)	(10,106)	(7,468)	1,071	82,479
Fuel & Energy	144	81	-	144	352	-	-	(271)	-	-	-
Mining, Manufacturing & Construction	556	531	478	890	894	863	(334)	(363)	(385)	-	293
Transport & Communication	2,942	6,291	2,655	12,974	13,414	8,566	(10,032)	(7,123)	(5,911)	4,081	212,459
Economic Affairs	1,870	1,958	2,779	1,703	1,287	2,294	167	671	485	-	38,345
Total Functions & Activities	24,269	30,785	29,576	52,844	55,427	50,356	(28,575)	(24,642)	(20,780)	5,884	489,198
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)		341	691		-	-		341	691		1,032
General Purpose Income ¹	27,989	27,423	25,666			-	27,989	27,423	25,666	4,493	4,499
Operating Result from Continuing Operations	52,258	58,549	55,933	52,844	55,427	50,356	(586)	3,122	5,577	10,377	490,230
											388,267

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 2(b). Components of Functions / Activities

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

GOVERNANCE

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

ADMINISTRATION

Costs not otherwise attributed to other functions / activities.

PUBLIC ORDER & SAFETY

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

HEALTH

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

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

FUEL & ENERGY - Gas Supplies

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries and pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2008	Actual 2007
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		19,209	17,389
Farmland		1,022	950
Business		1,747	1,675
Total Ordinary Rates		21,978	20,014
Special Rates			
Environmental Stormwater		1	1,014
Total Special Rates		1	1,014
Annual Charges (pursuant to s.496 & s.501)			
Domestic Waste Management Services		5,327	5,131
Sewerage Services		3,268	3,163
Waste Management Services (non-domestic)		487	453
Sullage		2,602	2,570
Total Annual Charges		11,684	11,317
TOTAL RATES & ANNUAL CHARGES		33,663	32,345

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2008	Actual 2007
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		13	5
Sewerage Services		507	467
Total User Charges		520	472
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s608, 610A & 611)			
Planning & Building Regulation		986	903
Regulatory/ Statutory Fees		90	203
Registration Fees		3	-
Section 149 Certificates (EPA Act)		167	169
Section 603 Certificates		69	66
Section 611 Charges		13	13
SMF Inspection Fees		139	170
Other		14	-
Total Fees & Charges - Statutory/Regulatory		1,481	1,524
(ii) Fees & Charges - Other (incl. General User Charges (per s.610C))			
Caravan Park		6	6
Cemeteries		150	108
Child Care		-	141
Dog Pound		490	421
Leaseback Fees - Vehicles		138	139
Library		44	35
Park Rents		9	12
Restoration Charges		66	57
Swimming Centres / Sports Stadium		2,237	2,119
Vehicle Inspection Fees		15	15
Waste Management Facility		1,220	1,171
Sporting Fields		130	119
Other		-	13
Total Fees & Charges - Other		4,505	4,356
TOTAL USER CHARGES & FEES		6,506	6,352

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2008	Actual 2007
(c). Interest & Investment Revenue (incl. losses)			
Interest on Overdue Rates & Annual Charges		187	133
Interest earned on Investments (interest & coupon payment income)		1,549	184
Fair Valuation Movements in Investments (unrealised capital gains/(losses))		(178)	1,710
Other		4	5
TOTAL INTEREST & INVESTMENT REVENUE		1,562	2,032

Interest Revenue is attributable to:

Unrestricted Investments/Financial Assets:

Overdue Rates & Annual Charges	187	133
General Council Cash & Investments	675	777

Restricted Investments/Funds - External:

Development Contributions		
- Section 94 & Section 94A	256	332
- Section 64	10	-
Sewerage Fund Operations	47	101
Domestic Waste Management operations	20	162
Stormwater Management	90	151

Restricted Investments/Funds - Internal:

Internally Restricted Assets	277	376
Total Interest & Investment Revenue Recognised	1,562	2,032

(d). Other Revenues

Fair Value Adjustments - Investment Properties	14	17	(188)
Rental Income - Investment Properties	14	1,690	1,818
Rental Income - Other Council Properties		342	179
Parking Fines		310	246
Other Fines		43	45
Legal Fees Recovery - Rates & Charges (Extra Charges)		23	58
GST Fuel Rebates		47	48
NSW Rural Fire Reimbursement		103	113
Other		608	407
TOTAL OTHER REVENUE		3,183	2,726

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations (continued)

\$ '000	2008 Operating	2007 Operating	2008 Capital	2007 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance - General Component	2,900	2,953	-	-
Financial Assistance - Local Roads Component	1,312	1,275	-	-
Pensioners' Rates Subsidies - General Component	281	271	-	-
Total General Purpose	4,493	4,499	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Sewerage	34	35	-	-
- Domestic Waste Management	85	86	-	-
Aged Care	32	-	-	-
Bushfire & Emergency Services	-	5	44	-
Child Care	395	1,074	-	-
Community Care	121	30	-	-
Community Centres	-	-	24	-
Community Services & Education	-	857	-	-
Employment & Training Programs	-	24	-	-
Environmental Protection	-	20	-	116
Flood Mitigation	-	-	1,500	-
Housing & Community	31	-	-	106
Library	124	129	45	63
Recreation & Culture	476	43	401	733
Street Lighting	82	80	-	-
Traffic Route Subsidy	4	-	-	-
Transport (Roads to Recovery)	694	371	-	-
Transport (Other Roads & Bridges Funding)	751	819	1,030	1,180
Public Order & Safety	11	-	-	-
Total Specific Purpose	2,840	3,573	3,044	2,198
Total Grants	7,333	8,072	3,044	2,198
Grant Revenue is attributable to:				
- Commonwealth Funding	1,467	4,785	68	1,528
- State Funding	5,866	3,287	2,976	670
- Other Funding	-	-	-	-
	7,333	8,072	3,044	2,198

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations (continued)

\$ '000	2008 Operating	2007 Operating	2008 Capital	2007 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 94 - Contributions towards amenities/services	-	-	307	87
S 94A - Fixed Development Consent Levies	-	-	282	233
S 64 - Sewerage Service Contributions	-	-	139	122
Total Developer Contributions	17	-	728	442
Other Contributions:				
Bushfire Prevention	177	187	-	-
Other Councils - Joint Works/Services	266	189	-	9
Roads & Bridges	-	91	-	-
Contribution towards Storm Damage	1,678	-	-	-
Sewerage (excl. Section 64 contributions)	10	-	-	-
Parks Contributions	7	-	-	-
Other	-	-	18	-
Total Other Contributions	2,138	467	18	102
Total Contributions	2,138	467	746	544
TOTAL GRANTS & CONTRIBUTIONS	9,471	8,539	3,790	2,742

(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	9,783	8,410
add: Grants and contributions recognised in the current period which have not been spent:	4,628	4,400
less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(3,565)	(3,027)

Net Increase (Decrease) in**Restricted Assets during the Current Reporting Period****1,063** **1,373****Unexpended at the Close of this****Reporting Period and held as Restricted Assets****10,846** **9,783****Comprising:**

- Specific Purpose Unexpended Grants	3,835	3,619
- Developer Contributions	7,011	6,164
	10,846	9,783

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2008	Actual 2007
(a) Employee Benefits & On-Costs			
Salaries and Wages		15,469	15,146
Employee Termination Costs		288	436
Travelling		5	13
Employee Leave Entitlements (ELE)		1,935	2,049
Superannuation		1,362	1,246
Workers' Compensation Insurance		394	361
Fringe Benefit Tax (FBT)		38	38
Payroll Tax		25	17
Training Costs (other than Salaries & Wages)		160	212
Protective Clothing		1	-
Other		-	16
Total Employee Costs		19,677	19,534
less: Capitalised Costs		(187)	(220)
TOTAL EMPLOYEE COSTS EXPENSED		19,490	19,314
Number of "Equivalent Full Time" Employees at year end		246	251
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		254	266
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		2	4
Total Interest Bearing Liability Costs Expensed		2	4
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			-
- Remediation Liabilities	21	220	208
Total Other Borrowing Costs		220	208
TOTAL BORROWING COSTS EXPENSED		222	212

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2008	Actual 2007
(c) Materials & Contracts			
Raw Materials & Consumables		12,282	13,833
Contractor & Consultancy Costs		4,813	1,362
Auditors Remuneration			
- Council's Auditor:			
i. Audit Services		41	46
- Auditors of other Consolidated Entities (if different to Council's Auditor):			
i. Audit Services		10	5
Legal Expenses - Planning & Development		317	232
Legal Expenses - Other		87	251
Operating Lease Rentals - Minimum Lease Payments ¹		1	5
Other		822	162
Total Materials & Contracts		18,373	15,896
less: Capitalised Costs			-
TOTAL MATERIALS & CONTRACTS		18,373	15,896
1. Operating Leases are attributable to:			
- Other		1	5
		1	5

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Depreciation/Amortisation	
	Actual 2008	Actual 2007
(d) Depreciation, Amortisation & Impairment		
Plant and Equipment	920	1,105
Office Equipment	346	337
Furniture & Fittings	62	64
Land Improvements (depreciable)	268	170
Buildings - Non Specialised	73	68
Buildings - Specialised	1,137	952
Other Structures	785	501
Infrastructure:		
- Roads, Bridges & Footpaths	1,826	1,635
- Stormwater Drainage	462	621
- Sewerage Network	1,903	758
Other Assets		
- Library Books	206	186
- Other	3	6
Asset Reinstatement Costs	617	615
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED	8,608	7,018

9 & 22

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2008	Actual 2007
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		208	193
Bad & Doubtful Debts		33	54
Bank Charges		163	192
Cleaning		520	524
Computer Software Charges		588	867
Contributions to Other Levels of Government			
- NSW Fire Brigade Levy		152	115
- Bushfire Fighting Fund		416	373
- Waste s88 EPA Contribution		1,077	726
- Other Contributions		420	452
Councillor Expenses - Mayoral Fee		32	30
Councillor Expenses - Councillors Fees		174	168
Councillors Expenses (incl. Mayor) - Other (excluding fees above)		81	52
Donations, Contributions & Assistance to other organisations (Section 356)		90	94
Electricity & Heating		512	561
Fire Control Expenses		175	187
Heritage Programs		5	16
Insurance		640	719
Licenses & Subscriptions		75	105
Office Expenses (including computer expenses)		146	176
Postage		146	130
Printing & Stationery		140	112
Sewerage Treatment Works Operations		976	825
Stormwater - Environmental		61	108
Street Lighting		528	406
Telephone & Communications		236	292
Valuation Fees (Rates)		95	95
Water		104	116
Gas		138	-
Security		43	-
Other		760	228
TOTAL OTHER EXPENSES		8,734	7,916

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 5. Gains or Losses on Disposal of Assets

\$ '000	Notes	Actual 2008	Actual 2007
Property (excl. Investment Property)			
Proceeds from Disposal		-	1,189
less: Carrying Amount of Property Assets Sold		-	(478)
Net Gain/(Loss) on Disposal		-	711
Plant & Equipment			
Proceeds from Disposal		834	462
less: Carrying Amount of P&E Assets Sold		(780)	(381)
Net Gain/(Loss) on Disposal		54	81
Investment Properties			
Proceeds from Disposal		159	878
less: Carrying Amount of Investment Properties Sold		(180)	(1,159)
Net Gain/(Loss) on Disposal		(21)	(281)
Financial Assets*			
Proceeds from Disposal		29,584	-
less: Carrying Amount of Financial Assets Sold		(29,584)	-
Net Gain/(Loss) on Disposal		-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		33	511

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	2008	2008	2007	2007
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)				
Cash on Hand and at Bank	612	-	887	-
Cash-Equivalent Assets ¹				
- Deposits at Call	12,095	-	1,260	-
- Short Term Deposits	16,500	-	2,000	-
Total Cash & Cash Equivalents	29,207	-	4,147	-
Investment Securities (Note 6b)				
- Managed Funds	-	-	29,584	-
- Long Term Deposits	7,000	-	500	-
- Equity Linked Notes	2,822	-	-	-
Total Investment Securities	9,822	-	30,084	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS	39,029	-	34,231	-

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

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

Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"	29,207	-	4,147	-
--	---------------	----------	--------------	----------

Investments

a. "At Fair Value through the Profit & Loss"				
- "Held for Trading" 6(b-i)	2,822	-	29,584	-
- "Designated At Fair Value on Initial Recognition" 6(b-i)	-	-	-	-
b. "Held to Maturity" 6(b-ii)	7,000	-	500	-
c. "Loans & Receivables" 6(b-iii)	-	-	-	-
d. "Available for Sale" 6(b-iv)	-	-	-	-
Investments	9,822	-	30,084	-

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 6b. Investments (continued)

	2008	2008	2007	2007
	Actual	Actual	Actual	Actual
\$ '000	Current	Non Current	Current	Non Current

Note 6(b-i)**Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"**

Balance at the Beginning of the Year	29,584	-	21,374	-
Revaluations (through the Income Statement)	(178)	-	1,710	-
Additions	2,500	-	13,000	-
Disposals (sales & redemptions)	(29,584)	-	(6,500)	-
Transfers from/(to) "Held to Maturity"	500	-	-	-
Balance at End of Year	2,822	-	29,584	-

Comprising:

- Managed Funds	-	-	29,584	-
- Equity Linked Notes	2,822	-	-	-
Total	2,822	-	29,584	-

Note 6(b-ii)**Reconciliation of Investments classified as "Held to Maturity"**

Balance at the Beginning of the Year	500	-	930	-
Additions	7,000	-	700	-
Disposals (sales & redemptions)	-	-	(1,130)	-
Transfers from/(to) "At Fair Value"	(500)	-	-	-
Balance at End of Year	7,000	-	500	-

Comprising:

- Long Term Deposits	7,000	-	-	-
- Equity Linked Notes	-	-	-	-
Total	7,000	-	-	-

Note 6(b-iii)**Reconciliation of Investments classified as "Loans & Receivables"**

Nil

Note 6(b-iv)**Reconciliation of Investments classified as "Available for Sale"**

Nil

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 6c. Restricted Cash, Cash Equivalents & Investments

	2008	2008	2007	2007
	Actual	Actual	Actual	Actual
\$ '000	Current	Non Current	Current	Non Current
Total Cash, Cash Equivalents and Investment Securities	39,029	-	34,231	-
attributable to:				
External Restrictions (refer below)	16,368	-	16,833	-
Internal Restrictions (refer below)	16,629	-	12,386	-
Unrestricted	6,032	-	5,012	-
	39,029	-	34,231	-

2008	Opening	Transfers to	Transfers from	Closing
\$ '000	Balance	Restrictions	Restrictions	Balance

Details of Restrictions

External Restrictions

Developer Contributions - General (D)	6,043	844	(147)	6,740
Developer Contributions - Sewer Fund (D)	121	150	-	271
Specific Purpose Unexpended Grants (F)	4,855	-	(1,020)	3,835
Sewerage Services (G)	2,260	-	(222)	2,038
Domestic Waste Management (G)	1,009	5,839	(5,783)	1,065
Stormwater Management (G)	2,545	161	(287)	2,419
Total External Restrictions	16,833	6,994	(7,459)	16,368

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

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

2008 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	901	1,731	(859)	1,773
Employees Leave Entitlement	2,101	253	(289)	2,065
Council s94 Contributions	551	17	(1)	568
Kerb & Gutter	346	10	-	356
Tip Remediation	1,642	4,537	(3,423)	2,756
Risk Management	376	20	-	396
Workers compensation	1,350	30	(349)	1,031
Unexpended Contributions	498	15	-	513
Unspent Work Reserve	2,106	3,785	(1,883)	4,008
Roadworks	307	9	-	316
Forgotten Valley Mobile Resource Unit	142	-	(142)	-
Information Technology	513	14	(52)	475
Drainage	17	0	-	17
Election	233	99	-	332
Glossodia/Freemans	50	1	-	51
Sullage	469	2,900	(2,452)	917
Trees	40	1	-	41
Parks & Gardens	46	1	-	47
Heritage	88	3	(5)	86
Other	610	271	-	881
Total Internal Restrictions	12,386	13,697	(9,455)	16,629
TOTAL RESTRICTIONS	29,219	20,691	(16,914)	32,997

- A Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- B Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- C Sewerage, Domestic Waste Management (DWM) & Stormwater Management are externally restricted assets and must be applied for the purposes for which they were raised.
- D For the year ending 30 June 2008, the Extractive Industries Reserve was reclassified from internal restriction to external restriction.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 7. Receivables

\$ '000	2008		2007	
	Current	Non Current	Current	Non Current
Purpose				
Rates & Annual Charges	1,791	479	1,421	307
Interest & Extra Charges	43	70	32	47
User Charges & Fees	994	27	952	56
Accrued Revenues				
- Interest on Investments	340		22	-
- Other Income Accruals			929	-
Government Grants & Subsidies	190		352	-
Deferred Debtors	44	51	44	99
Net GST Receivable	221		189	-
Total	3,623	627	3,941	509
less: Provision for Impairment				
User Charges & Fees	(94)		(94)	-
Total Provision for Impairment - Receivables	(94)	-	(94)	-
TOTAL NET RECEIVABLES	3,529	627	3,847	509
Externally Restricted Receivables				
Sewerage Services				
- Rates & Availability Charges	156	34	121	17
- Other	11	-	34	-
Domestic Waste Management	355	65	235	47
Environmental Levy	-	14	44	8
Total External Restrictions	522	113	434	72
Internally Restricted Receivables	-	-	5	-
Unrestricted Receivables	3,007	514	3,408	437
TOTAL NET RECEIVABLES	3,529	627	3,847	509

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest is charged on overdue rates & charges at 10.00% (2007 9.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 8. Inventories & Other Assets

\$ '000	2008		2007	
	Current	Non Current	Current	Non Current
Inventories				
Stores & Materials	226		296	
Trading Stock	13		17	-
Total Inventories	239	-	313	-
Other Assets				
Prepayments	47		47	-
Total Other Assets	47	-	47	-
<u>TOTAL INVENTORIES & OTHER ASSETS</u>	<u>286</u>	<u>-</u>	<u>360</u>	<u>-</u>
 (i) Externally Restricted Assets				
Sewerage				
Nil				
Domestic Waste Management				
Nil				
Total Externally Restricted Assets	-	-	-	-
Total Internally Restricted Assets	-	-	-	-
Total Unrestricted Assets	286	-	360	-
TOTAL INVENTORIES & OTHER ASSETS	286	-	360	-

(ii) Other Disclosures

Inventory Write Downs

\$60,702 was recognised as an expense relating to the write down of Inventory balances held during the year.

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2007				Asset Movements during the Reporting Period						as at 30/6/2008			
	At Cost	At Fair Value	Accumulated Deprec.	Carrying Value	Asset Additions	WDV-Asset Disposals	Depreciation Expense	Adjustments & Transfers	Trfs from/(to) Inv. Properties	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated Dep'n	Carrying Value
Plant & Equipment	10,636	-	7,752	2,884	1,672	(781)	(920)					10,880	8,025	2,855
Office Equipment	3,510	-	2,588	922	197		(346)					3,641	2,868	773
Furniture & Fittings	1,443	-	1,248	195	19		(62)	(5)				1,388	1,241	147
Land:														
- Operational	20,267	-	-	20,267				(391)	(479)	77,416	29,742	96,813		96,813
- Community	25,550	-	-	25,550				400	3,792		3,796			29,742
Land Improvements - depreciable	3,492	-	2,479	1,013	304		(268)	100					2,647	1,149
Buildings - Non Specialised	6,479	-	210	6,269			(73)	(3,062)	488	7,197		19,332	8,513	10,819
Buildings - Specialised	52,702	-	3,254	49,448	2,316		(1,137)	(11,914)		27,714	8,924	92,790	26,363	66,427
Other Structures	7,964	-	3,154	4,810	960		(785)	517					3,422	5,502
Infrastructure:														
- Roads, Bridges, Footpaths	134,687	-	13,364	121,323	2,037		(1,826)	(39)			136,685		15,190	121,495
- Stormwater Drainage	34,996	-	3,642	31,354	33		(462)	2			35,030		4,103	30,927
- Sewerage Network	-	99,015	46,722	52,293	319		(1,903)			533		100,377	49,135	51,242
Other Assets:														
- Heritage Collections	60	-	60	-			-				60		60	-
- Library Books	2,748	-	2,120	628	273		(206)	2			3,022		2,325	697
- Other	204	-	17	187	35		(3)	1			240		20	220
Reinstatement, Rehabilitation & Restoration Assets (refer Note 21):														
- Tip Asset	3,080	-	862	2,218			(617)				3,080		1,479	1,601
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	307,818	99,015	87,472	319,361	8,165	(781)	(8,608)	(14,389)	3,801	112,860	220,579	325,221	125,391	420,409

Asset Additions includes Infrastructure Asset Renewals for the year of \$2.9m and expenditure on New Infrastructure Assets of \$1.76m.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	Actual 2008				Actual 2007			
	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	-	434	312	122	378	-	318	60
Office Equipment				-	-	-	-	-
Furniture & Fittings				-	-	-	-	-
Land								
- Operational Land		9,775		9,775	1,070	-	-	1,070
- Community Land	7			7	7	-	-	7
- Improvements non-depreciable				-	-	-	-	-
- Improvements - depreciable				-	-	-	-	-
Buildings		965	432	533	8	-	4	4
Other Structures				-	-	-	-	-
Infrastructure		100,377	49,135	51,242	-	99,015	46,722	52,293
Total Sewerage Services	7	111,551	49,879	61,679	1,463	99,015	47,044	53,434
Domestic Waste Management								
Plant & Equipment	-	1,518	847	671	1,520	-	861	659
Buildings		31	-	31	57	-	7	50
Total DWM	-	1,549	847	702	1,577	-	868	709
TOTAL RESTRICTED I,PP&E	7	113,100	50,726	62,381	3,040	99,015	47,912	54,143

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	Notes	Actual 2008	Actual 2007
(i) Impairment Losses recognised in the Statement of Financial Performance include:			
Total Impairment Losses		-	-
(ii) Reversals of Impairment Losses previously recognised in the Statement of Financial Performance include:			
Total Impairment Reversals		-	-
<u>IMPAIRMENT of ASSETS - GAINS/(LOSSES)</u>		-	-

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2008		2007	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - Operating		3,627	-	3,752	-
Payments Received In Advance		139	-	99	-
Accrued Expenses;					
- Other Expenditure Accruals		126	-	137	-
Security Bonds, Deposits & Retentions		630	-	734	-
Total Payables		4,522	-	4,722	-
Borrowings					
Loans - Secured ¹		6	50	6	56
Total Interest Bearing Liabilities		6	50	6	56
Provisions					
Employee Benefits;					
Annual Leave		1,427	-	1,355	-
Sick Leave		905	-	1,022	-
Long Service Leave		3,346	271	3,136	238
Leave in Lieu		104	-	112	-
Sub Total - Aggregate Employee Benefits		5,782	271	5,625	238
Self Insurance - Claims Incurred		250	870	250	870
Asset Remediation/Restoration (Future Works)	21	-	3,889	-	3,669
Total Provisions		6,032	5,030	5,875	4,777
Total Payables, Interest Bearing Liabilities & Provisions					
		10,560	5,080	10,603	4,833

(i) Liabilities relating to Restricted Assets

	2008		2007	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Domestic Waste Management	345	15	420	16
Sewer	246	65	229	60
Total Liabilities relating to restricted assets	591	80	649	76

¹ Loans are secured over the General Rating Income of Council

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000

(ii) Current Liabilities not anticipated to be settled within the next 12 months

The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.	2008	2007
Provisions - Employees Benefits	3,845	3,513
Security Bonds, Deposits & Retentions	145	145
Other Liabilities	125	125
	4,115	3,783

Note 10b. Description of and movements in Provisions

Class of Provision	2007			2008	Unused amounts reversed	Closing Balance as at 30/6/08
	Opening Balance as at 1/7/07	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting		
Annual Leave	1,355	1,133	(1,061)			1,427
Sick Leave	1,022	382	(499)			905
Long Service Leave	3,374	609	(366)			3,617
Leave in Lieu	112	3	(11)			104
Self Insurance	1,120	-				1,120
Asset Remediation	3,669	220				3,889
TOTAL	10,652	2,347	(1,937)	-	-	11,062

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 11. Cash Flow Statement - Additional Information

\$ '000	Notes	Actual 2008	Actual 2007
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	29,207	4,147
Less Bank Overdraft	10	-	-
BALANCES as per STATEMENT of CASH FLOWS		29,207	4,147
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		3,122	5,577
Adjust for non cash items:			
Depreciation & Amortisation		8,608	7,018
Recognition of Impairment Losses - Financial Investments		178	-
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L			
- Investments classified as "@ Fair Value" or "Held for Trading"		-	(1,710)
- Investment Properties		(17)	188
- Other		153	-
Unwinding of Discount Rates on Reinstatement Provisions		220	208
Net Losses/(Gains) on Disposal of Assets		(33)	(511)
Share of Net (Profits) or Losses of Associates/Joint Ventures		(341)	(691)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		152	(682)
Increase/(Decrease) in Provision for Doubtful Debts		-	53
Decrease/(Increase) in Inventories		74	23
Decrease/(Increase) in Other Current Assets		-	85
Increase/(Decrease) in Payables		(125)	2,299
Increase/(Decrease) in other accrued Expenses Payable		(11)	(42)
Increase/(Decrease) in Other Current Liabilities		(64)	(74)
Increase/(Decrease) in Employee Leave Entitlements		190	300
Increase/(Decrease) in Other Provisions		-	(10)
NET CASH PROVIDED FROM/(USED IN)		12,106	12,031
OPERATING ACTIVITIES from CASH FLOW STATEMENT		12,106	12,031

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	Notes	Actual 2008	Actual 2007
(c) Non-Cash Investing & Financing Activities			
Nil			
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ¹		800	800
Credit Cards / Purchase Cards		500	355
Total Financing Arrangements		1,300	1,155
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		-	-
Total Financing Arrangements Utilised		-	-

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

(ii) Secured Loan Liabilities

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

(e) Net Cash Flows Attributable to Discontinued Operations

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2008	Actual 2007
(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		3,246	1,675
Total Commitments		3,246	1,675
These expenditures are payable as follows:			
Within the next year		3,246	1,675
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
Total Payable		3,246	1,675
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		1,209	-
Unexpended Grants		998	1,019
Externally Restricted Reserves		123	-
Internally Restricted Reserves		916	656
Total Sources of Funding		3,246	1,675
(b) Other Expenditure Commitments (exclusive of GST)			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
DWM & Recycling Services		1,526	3,103
Audit Services		66	150
Effluent Collection		5,150	380
Other		1,342	1,568
Total Commitments		8,084	5,201
These expenditures are payable as follows:			
Within the next year		4,089	2,881
Later than one year and not later than 5 years		3,480	1,720
Later than 5 years		515	600
Total Payable		8,084	5,201

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2008	Actual 2007
---------	-------	----------------	----------------

(c) Finance Lease Commitments

Nil

(d) Operating Lease Commitments (Non Cancellable)

a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:

Within the next year	322	183
Later than one year and not later than 5 years	378	190
Later than 5 years	-	-
Total Non Cancellable Operating Lease Commitments	700	373

b. Non Cancellable Operating Leases include the following assets:

Office Rentals

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

Conditions relating to Finance & Operating Leases:

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

(e) Investment Property Commitments

Nil

(f) Remuneration Commitments

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

Within the next year	1,269	620
Later than one year and not later than 5 years	4,822	2,105
Later than 5 years	-	-
Total Payable	6,091	2,725

(g) Investment in Associates / Joint Ventures - Commitments

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 13. Statement of Performance Measurement

\$ '000	Amounts 2008	Indicator 2008	Prior Periods 20072006	
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	<u>25,954</u>	4.43 : 1	3.63	4.50
Current Liabilities less Specific Purpose Liabilities ^(2,3)	<u>5,854</u>			
2. Debt Service Ratio				
Debt Service Cost	<u>8</u>	0.02%	0.02%	0.02%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>49,781</u>			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	<u>33,663</u>	57.50%	57.83%	59.54%
Revenue from Continuing Operations	<u>58,549</u>			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	<u>2,383</u>	6.68%	5.31%	4.41%
Rates, Annual & Extra Charges Collectible	<u>35,680</u>			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾	<u>2,944</u>	54.51%	n/a	n/a
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	<u>5,401</u>			

Notes

⁽¹⁾ Refer Notes 6-8 inclusive.

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

⁽²⁾ Refer to Note 10(a).⁽³⁾ Refer to Note 10(c) - excludes all ELE not expected to be paid in the next 12 months.⁽⁴⁾ Asset Renewals represents Capital Expenditure on the replacement, refurbishment or upgrade to an existing Asset/s.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 14. Investment Properties

\$ '000	Actual 2008	Actual 2007
(a) Investment Properties at Fair value		
Investment Properties on Hand	25,318	29,268
Reconciliation of Annual Movement:		
Opening Balance	29,268	18,116
- Disposals during Year	(180)	(1,159)
- Net Gain/(Loss) from Fair Value Adjustments	17	(188)
- Transfers from/(to) Owner Occupied (Note 9)	(3,801)	12,499
- Other Movements	14	-
CLOSING BALANCE - INVESTMENT PROPERTIES	25,318	29,268
(b) Valuation Basis		
The basis of Valuation of Investment Properties is Fair Value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.		
The 2007 revaluations were based on Independent Assessments made by K. D. Wood Valuations (Aust) Pty Ltd. For 2008 no independent valuations were obtained.		
(c) Contractual Obligations at Reporting Date		
Refer to Note 12 for disclosures relating to any Capital and Service obligations that have been contracted.		
(d) Leasing Arrangements		
Details of leased Investment Properties are as follows;		
Future Minimum Lease Payments receivable under non-cancellable Investment Property Operating Leases not recognised in the Financial Statements are due:		
Within 1 year	2,153	1,065
Later than 1 year but less than 5 years	1,911	2,066
Later than 5 years	166	102
Total Minimum Lease Payments Receivable	4,230	3,233
(e) Investment Property Income & Expenditure - summary		
Rental Income from Investment Properties:		
- Minimum Lease Payments	1,550	1,639
- Other Income	140	179
Direct Operating Expenses on Investment Properties:		
- that generated rental income	(193)	(287)
- that did not generate rental income	(170)	(28)
Net Revenue Contribution from Investment Properties	1,327	1,503
Fair Value Movement for year	17	(188)
Total Income attributable to Investment Properties	1,344	1,315

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 15. Financial Risk Management

\$ '000

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2008	2007	2008	2007
Financial Assets				
Cash and Cash Equivalents	29,207	4,147	29,207	4,147
Investments				
- "Held for Trading"	2,822	29,584	2,822	29,584
- "Held to Maturity"	7,000	500	7,000	500
Receivables	4,156	4,356	4,156	4,356
Total Financial Assets	43,185	38,587	43,185	38,587
Financial Liabilities				
Payables	4,383	4,623	4,383	4,623
Loans / Advances	56	62	55	62
Total Financial Liabilities	4,439	4,685	4,438	4,685

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 at the reporting date or independent valuation.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

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

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2008				
Impact of a 10% movement in Market Values	282	282	(282)	(282)
Impact of a 1% movement in Interest Rates	362	362	(362)	(362)
2007				
Impact of a 10% movement in Market Values	2,958	2,958	(2,958)	(2,958)
Impact of a 1% movement in Interest Rates	46	46	(46)	(46)

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

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

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

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

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

	2008	2008	2007	2007
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Aging of Receivables				
Current (not yet overdue)	-	1,619	-	2,226
Overdue	2,270	361	1,728	496
	<u>2,270</u>	<u>1,980</u>	<u>1,728</u>	<u>2,722</u>
(ii) Movement in Provision for Impairment of Receivables			2008	2007
Balance at the beginning of the year			94	40
+ new provisions recognised during the year			33	54
- amounts already provided for & written off this year			(33)	
Balance at the end of the year			<u>94</u>	<u>94</u>

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2008									
Trade/Other Payables	630	3,978						4,608	4,383
Loans & Advances		6	6	6	6	6	28	58	56
Total Financial Liabilities	630	3,984	6	6	6	6	28	4,666	4,439
2007									
Trade/Other Payables	734	4,122						4,856	4,623
Loans & Advances		6	6	6	6	6	34	64	62
Total Financial Liabilities	734	4,128	6	6	6	6	34	4,920	4,685

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:

	2008		2007	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	4,383	0.0%	4,623	0.0%
Loans & Advances - Fixed Interest Rate	56	6.9%	62	6.9%
	<u>4,439</u>		<u>4,685</u>	

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 07/08 was incorporated as part of its Management Plan and was adopted by the Council on 25th June 2007

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

This Note 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.

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

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

\$ '000	2008 Budget	2008 Actual	2008 Variance*		
REVENUES					
Rates & Annual Charges	33,602	33,663	61	0.2%	F
User Charges & Fees	4,890	6,506	1,616	33%	F
Hawkesbury Leisure Centre is not included in the main Council budget.					
Interest & Investment Revenue	1,342	1,562	220	16%	F
Delays in the Capital program meant more investment funds compared to budget.					
Other Revenues	4,833	3,183	(1,650)	(34%)	U
Internal council revenues were not eliminated in the budget.					
Operating Grants & Contributions	7,084	9,471	2,387	34%	F
Only known grants are budgeted for. Other grants received during the year are accounted for as they are received.					
Capital Grants & Contributions	507	3,790	3,283	648%	F
Only known grants are budgeted for. Other grants received during the year are accounted for as they are received.					
Net Gains from Disposal of Assets	-	33	33	0%	F
Assets are budgeted to be disposed of at written down value.					
Share of Net Profits - Joint Ventures & Associates	-	341	341	0%	F
Westpool was not budgeted for in the main Council budget.					

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 16. Material Budget Variations (continued)

\$ '000	2008 Budget	2008 Actual	2008 Variance*	
EXPENSES				
Employee Benefits & On-Costs	14,044	19,490	(5,446)	(39%) U
Council employees engaged in maintenance are budgeted against maintenance costs. Also Hawkesbury Leisure Centre is not included in the main Council budget.				
Borrowing Costs	102	222	(120)	(118%) U
The tip remediation discount amortisation was not budgeted for.				
Materials & Contracts	21,958	18,373	3,585	16% F
Contract expenses are below budget as a result of maintenance employee costs being budgeted for here.				
Depreciation & Amortisation	7,606	8,608	(1,002)	(13%) U
Actual depreciation was higher than budget due to the Sewer revaluations recognised at 30 June 2007.				
Other Expenses	9,134	8,734	400	4% F

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 17. Statement of Developer Contributions

\$ '000

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

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

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

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

The following tables detail the receipt, interest and use of the above contributions & levies and the value of all remaining funds which are "restricted" in use by their nature and must be spent for the specific purposes raised.

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Received during Year		Interest earned in Yr	Exp. during Yr	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding
Drainage	272	90	-	14	-	-	376	80	(456)	-
Roads	423	3	-	17	-	-	443	3	(446)	-
Parking	531	-	-	21	-	-	552	-	(552)	-
Open Space	595	18	-	23	(28)	-	608	16	(624)	-
Community Facilities	1,750	47	-	68	(78)	-	1,787	42	(1,829)	-
Recreational Facilities	925	18	-	37	-	-	980	16	(996)	-
Bushfire	40	-	-	2	-	-	42	-	(42)	-
Extractive Industries	1,236	131	-	54	-	-	1,421	166	(1,587)	-
S94 Contributions - under a Plan	5,772	307	-	236	(106)	-	6,209	323	(6,532)	-
S94A Levies - under a Plan	270	282	-	20	(41)	-	531	210	(741)	-
Total S94 Revenue Under Plans	6,042	589	-	256	(147)	-	6,740	533	(7,273)	-
S64 Contributions	122	139	-	10	-	-	271			271
Total Contributions	6,164	728	-	266	(147)	-	7,011	533	(7,273)	271

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - Hawkesbury City

PURPOSE	Opening Balance	Received during Year		Interest earned in Yr	Exp. during Yr	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding
Drainage	272	90		14			376	80	(456)	-
Roads	423	3		17			443	3	(446)	-
Traffic Facilities	-						-			-
Parking	531			21			552		(552)	-
Open Space	595	18		23	(28)		608	16	(624)	-
Community Facilities	1,750	47		68	(78)		1,787	42	(1,829)	-
Recreational Facilities	925	18		37			980	16	(996)	-
Bushfire	40			2			42		(42)	-
Extractive Industries	1,236	131		54			1,421	166	(1,587)	-
Other	-						-			-
Total	5,772	307	-	236	(106)	-	6,209	323	(6,532)	-

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN - Hawkesbury City

PURPOSE	Opening Balance	Received during Year		Interest earned in Yr	Exp. during Yr	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding
Other	270	282		20	(41)		531	210	(741)	-
Total	270	282	-	20	(41)	-	531	210	(741)	-

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Westpool Insurance

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

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

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

The pool ended with a surplus of \$12.3M, of which Council's proportion share is \$1.032M.

Should the pool ever require additional funding, based on past insurance events, Council would be required to make any necessary contributions.

(ii) Workers Compensation Claims

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

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

(iii) Other Guarantees

Council has provided no other Guarantees other than those listed.

2. Other Liabilities

(i). Third Party Claims

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

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

(ii) S94 Plans

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

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

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years.

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000

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

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

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

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

ASSETS NOT RECOGNISED:

(i) Infringement Notices/Fines

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

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

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

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

(ii) Defined Benefit Superannuation Contribution Plans

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

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

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

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

(ii) Defined Benefit Superannuation Contribution Plans (Continued)

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

(iii) Land Under Roads

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

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

At present, the transitional period for deferral of recognition ends on 1 July, 2008.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000

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

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

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

Subsidiaries

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

Note 19(a)

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

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.

Note 19(c)

Subsidiaries, Associated Entities and Joint Ventures Not Recognised

Note 19(d)

Accounting Recognition:

(i) Subsidiaries disclosed under Note 19(a), and Joint Venture Operations disclosed at Note 19(c), are accounted for on a Line by Line Consolidation basis within the Statements of Financial Performance and Financial Position.

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

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2008	Actual 2007	Actual 2008	Actual 2007
Associated Entities	-	-	-	-
Joint Venture Entities	341	691	1,032	691
Total	341	691	1,032	691

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000

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

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

Name of Operation/Entity	Principal Activity	Type of Entity	Equity Holding	
			2008	2007
Hawkesbury Leisure Centre	Sports, fitness and swimming	Non-reporting	100%	100%

Current Year Financial Movements in Total Operation/Entity

Opening Equity Balance	8,671
New Capital Contributions	
Operating Result	(489)
Adjustment to Equity Share	10,554
Distributions Paid	
Closing Equity Balance	18,736

Gross Financial Summary of Subsidiary

Assets	20,120
Liabilities	(1,384)
Net Equity	18,736
Revenues	2,126
Net Profit	(489)

Hawkesbury Sports Council	Sports and sporting recreation areas	Non-reporting	100%	100%
---------------------------	--------------------------------------	---------------	------	------

Current Year Financial Movements in Total Operation/Entity

Opening Equity Balance	486
New Capital Contributions	
Operating Result	(42)
Adjustment to Equity Share	
Distributions Paid	
Closing Equity Balance	444

Gross Financial Summary of Subsidiary

Assets	578
Liabilities	(50)
Net Equity	528
Revenues	1,007
Net Profit	(42)

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000

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

JOINT VENTURE ENTITIES

(a) Carrying Amounts

Name of Entity	Principal Activity	2008	2007
Westpool	Insurance Pool	1,032	691
Total Carrying Amounts - Joint Venture Entities		1,032	691

(b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2008	2007	2008	2007	2008	2007
Westpool	6%	6%	8%	12%	14%	14%

(c) Movement in Carrying Amounts

	Westpool	
	2008	2007
Opening Balance	691	-
Share in Operating Result	341	691
Councils Equity Share in the Joint Venture Entity	1,032	691

(d) Share of Joint Ventures Assets & Liabilities

	Assets		Liabilities		Net Assets
	Current	Non Current	Current	Non Current	
2008					
Westpool	1,828	2	105	693	1,032
Totals	1,828	2	105	693	1,032
2007					
Westpool	1,596	2	211	696	691
Totals	1,596	2	211	696	691

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

	2008			2007		
	Revenues	Expenses	Result	Revenues	Expenses	Result
Westpool	315	(26)	341	899	208	691
Totals	315	(26)	341	899	208	691

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

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

 \$ '000

19(c) Joint Venture Operations

Council has no interest in any Joint Venture Operations.

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

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

Name of Entity/Operation	Principal Activity/Type of Entity	2008	2008
		Net Profit	Net Assets
United Independent Pools	Insurance Pool	12	18

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2008	Actual 2007
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		350,816	125,810
a. Correction of Prior Period Errors		(14,223)	-
b. Current Year Income & Expenses Recognised direct to Equity excluding direct to Reserves transactions		-	(21,599)
c. Net Operating Result for the Year		3,122	5,577
d. Transfers between Equity		-	241,028
Balance at End of the Reporting Period		<u>339,715</u>	<u>350,816</u>

b. Reserves**(i) Reserves are represented by:**

- Infrastructure, Property, Plant & Equipment Reserve	134,875	22,015
Total	<u>134,875</u>	<u>22,015</u>

(ii). Reconciliation of movements in Reserves:**Infrastructure, Property, Plant & Equipment Reserve**

- Opening Balance	22,015	241,028
- Revaluations for the year	9(a) 112,860	22,015
- Transfer to Retained Earnings		(241,028)
- Balance at End of Year	<u>134,875</u>	<u>22,015</u>

TOTAL VALUE OF RESERVES

<u>134,875</u>	<u>22,015</u>
-----------------------	----------------------

(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.

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2008
---------	-------	----------------

c. Correction of Error/s relating to a Previous Reporting Period

1. The audited accounts for 30 June 2007 of the Hawkesbury Leisure Centre were not received in time for consolidation.

The accounts for 30 June 2007 and 30 June 2008 have been received and consolidated in these statements.

For the 30 June 2007 accounts an estimate was used, and the difference between the estimate and the actual results is disclosed here as an adjustment to Retained Earnings.

(166)

2. As part of Council's transition to measuring all its I,PP&E at Fair Values, Council this year reviewed and brought to account Fair Values for its Buildings.

As part of that evaluation & measurement process, the remaining useful life of each asset has been reassessed to actual.

This reassessment has resulted in a material difference as to where some assets actually sit in relation to their asset life cycle relative to what the value of accumulated depreciation in Council's Financial Reports had previously indicated.

Council does not have sufficient and reliable information that will allow the restatement of information prior to 30/6/07 (the closing date for the comparative figures in this report).

As a result, Council has adjusted the accumulated depreciation for Buildings as at 30/6/07 to reflect the correct value of accumulated depreciation;

Buildings - Non Specialised (increase to accumulated depreciation)

2,573

Buildings - Specialised (increase to accumulated depreciation)

11,816

These adjustments resulted in a net decrease in Council's Accumulated Surplus as at 30/6/07.

In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.

These amounted to the following Equity Adjustments:

- Adjustments to Closing Equity - 30/6/07

(14,223)

-

(relating to adjustments for the 30/6/07 year end)

Total Prior Period Adjustments - Prior Period Errors

(14,223)

-

d. Voluntary Changes in Accounting Policies

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 21. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2008	2007
Waste Depots	2027	3,889	3,669
Balance at End of the Reporting Period	10	<u>3,889</u>	<u>3,669</u>

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

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

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

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

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

Reconciliation of movement in Provision for year:

Balance at beginning of year	3,669	3,461
Amounts capitalised to new or existing assets:		
Amortisation of discount (expensed to borrowing costs)	220	208
Total - Reinstatement, rehabilitation and restoration provision	<u>3,889</u>	<u>3,669</u>

Amount of Expected Reimbursements

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 22. Non Current Assets/Liabilities classified as "Held for Sale"

\$ '000	2008		2007	
	Current	Non Current	Current	Non Current

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 23. Events occurring after Balance Sheet Date

\$ '000

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

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

These financial reports (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2008.

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

These financial reports (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2008 and which are only indicative of conditions that arose after 30 June 2008.

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

Hawkesbury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2008**Note 24. Discontinued Operations**

	Actual	Actual
\$ '000	2008	2007

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 25. Intangible Assets

\$ '000

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

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

Hawkesbury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 26. Additional Council Disclosures - Council Information

Principal Place of Business:

366 George Street
Windsor NSW 2756

Contact Details
Mailing Address:

PO Box 146
Windsor NSW 2756

Telephone: 02 4560 4444

Facsimile: 02 4560 4400

Opening Hours

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

Internet: www.hawkesbury.nsw.gov.au

Email: council@hawkesbury.nsw.gov.au

Officers
GENERAL MANAGER

Peter Jackson

RESPONSIBLE ACCOUNTING OFFICER

Rob Stalley

PUBLIC OFFICER

Peter Jackson

AUDITORS

PricewaterhouseCoopers (Sydney)

Elected Members
MAYOR

Bart Bassett

COUNCILLORS

Ted Books

Barry Calvert

Kevin Conolly

Trevor Devine

Dianne Finch

Christine Paine

Bob Porter

Paul Rasmussen

Rex Stubbs

Neville Wearne

Leigh Williams

Other Information

ABN: 54 659 038 834

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

Scope

We have audited the financial reports of **Hawkesbury City Council** for the financial year ended 30 June 2008 as set out on pages 1 to 74. The financial reports consist of the general purpose financial reports and Council's statement in the approved form as required by Section 413(2)(a) of the Local Government Act, 1993. Our audit responsibility does not extend to the Original Budget figures disclosed in the Income Statement, Statement of Cash Flows, Notes 2(a) and 16 to the financial statements nor the attached Special Schedules. The Council is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Council.

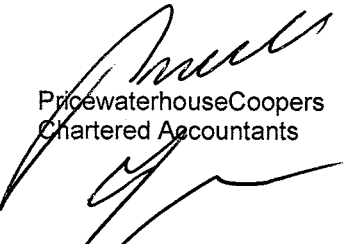
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the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

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

Audit opinion

In our opinion:

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


PricewaterhouseCoopers
Chartered Accountants

John Gordon
Sydney

8 October,

2008

8 October 2008

The Mayor
Councillor Bart Bassett
Hawkesbury City Council
DX 8601
WINDSOR

Dear Councillor Bassett

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO Box 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone 61 2 8266 0000
Facsimile 61 2 8266 9999

Report on the Conduct of the Audit for Year Ended 30 June 2008 **Section 417(3)**

We have completed our audit for the financial reports of Hawkesbury Council for the year ended 30 June 2008, in accordance with Section 415 of the Local Government Act 1993.

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

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

Operating Result

Council's net operating result declined from a surplus of \$5.6m in the previous year to a surplus of \$3.1m in the current period.

Cash Position

Council's overall cash position increased from \$34m to \$39m during the period under review. The following table highlights the composition of cash.

	June 2007 \$m	June 2008 \$m
Externally restricted	16.8	16.4
Internally restricted	12.4	16.6
Unrestricted	5.0	6.0
	34.2	39.0

Working Capital

Council's net current assets increased from \$27.8m to \$32.2m during the period under review.

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

	June 2007 \$'000	June 2008 \$'000
Net Current Assets	27,835	32,284
Less External Restrictions	16,833	16,368
Internal Restrictions	12,386	16,629
	(1,384)	(713)
Add Current liabilities to be funded from other sources.	5,881	6,038
Available Working Capital	4,497	5,325

The effective unrestricted or available working capital upon which Council could build its 2008/09 budget was \$5.3m.

Performance Indicators

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

	June 2007 %	June 2008 %
Unrestricted current ratio	363	443
Debt Service Ratio	.02	.02
Rate Coverage Ratio	58	58
Rates Outstanding Ratio	5.3	6.7
Asset Renewals Ratio	-	55

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

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

The Rate Coverage Ratio also remained stable at 58%.

The Rates Outstanding Ratio increased to 6.7% of collectables and is higher than the accepted industry benchmark of 5%. It should not be allowed to increase further.

The Asset Renewal Ratio indicates that infrastructure assets are being renewed at 55% of the rate at which they are depreciating.

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

Investments

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

At 30 June 2008, Council's investment portfolio totalled \$39 million and included securities that have been impacted by this market volatility. These securities were principally notes which were written down from their combined issue value of \$3 million to their fair value of \$2.8 million. This write down was booked as a loss in the Income Statement.

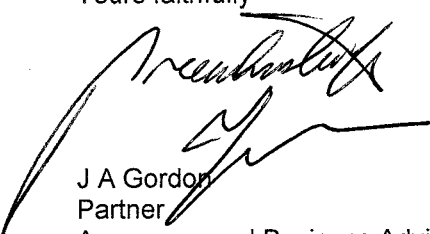
Asset Revaluation

Council revalued Operational Land and Buildings on 30 June 2008 in accordance with the Department of Local Government's fair value schedule. Sewerage assets were also revalued using a prescribed index. The revaluation resulted in an increase of \$113 million which has been booked to the asset values and the Asset Revaluation Reserve.

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



J A Gordon
Partner

Assurance and Business Advisory Services

Hawkesbury City Council

SPECIAL PURPOSE FINANCIAL REPORTS
for the year ended 30 June 2008

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



Hawkesbury City Council

Special Purpose Financial Reports

for the financial year ended 30 June 2008

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

Background

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

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

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

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

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

HAWKESBURY CITY COUNCIL

Special Purpose Financial Reports FOR THE YEAR ENDED 30 June 2008

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

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

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

To the best of our knowledge and belief, these reports

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

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

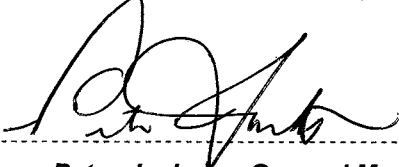
Signed in accordance with a resolution of Council made on 9 September 2008



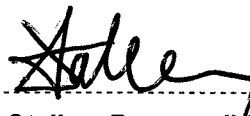
Councillor Bart Bassett, Mayor



Councillor Ted Books, Deputy Mayor



Peter Jackson, General Manager



Rob Stalley, Responsible Accounting Officer

Hawkesbury City Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2008

\$ '000	Actual 2008	Actual 2007	Actual 2006
Income from continuing operations			
Access charges	3,325	3,163	2,811
User charges	469	447	539
Liquid Trade Waste Charges		-	-
Fees		-	-
Interest	73	112	115
Grants and contributions provided for non capital purposes	44	36	21
Profit from the sale of assets	4	-	13
Other income	13	11	231
Total income from continuing operations	3,928	3,769	3,730
Expenses from continuing operations			
Employee benefits and on-costs	959	1,343	1,155
Borrowing costs	2	3	3
Materials and contracts	1,414	1,832	1,642
Depreciation and impairment	1,923	788	880
Loss on sale of assets	-	-	-
Calculated taxation equivalents	24	16	9
Debt guarantee fee (if applicable)	-	-	-
Other expenses	736	-	-
Total expenses from continuing operations	5,058	3,982	3,689
Surplus (deficit) from Continuing Operations before capital amounts	(1,130)	(213)	41
Grants and contributions provided for capital purposes	149	122	384
Surplus (deficit) from Continuing Operations after capital amounts	(981)	(91)	425
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	(981)	(91)	425
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	(12)
SURPLUS (DEFICIT) AFTER TAX	(981)	(91)	413
plus Opening Retained Profits	33,683	54,199	54,416
plus/less: Prior Period Adjustments	-	(20,425)	(642)
adjustments for amounts unpaid:			
- Taxation equivalent payments	24	16	9
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	12
less:			
- Tax Equivalent Dividend paid	(24)	(16)	(9)
- Surplus dividend paid	-	-	-
Closing Retained Profits	32,702	33,683	54,199
Return on Capital %	-1.8%	-0.4%	0.0%
Subsidy from Council	4,983	3,550	2,913
Calculation of dividend payable:			
Surplus (deficit) after tax	(981)	(91)	413
less: Capital grants and contributions (excluding developer contributions)	-	-	-
Surplus for dividend calculation purposes	-	-	413
Potential Dividend calculated from surplus	-	-	206

Hawkesbury City Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2008

\$ '000	Hawkesbury Leisure Centre	
	Actual 2008	Actual 2007
Income from continuing operations		
User charges	2,126	1,995
Total income from continuing operations	2,126	1,995
Expenses from continuing operations		
Employee benefits and on-costs	1,396	1,307
Materials and contracts	528	571
Depreciation and impairment	205	208
Other expenses	486	345
Total expenses from continuing operations	2,615	2,431
Surplus (deficit) from Continuing Operations before capital amounts	(489)	(436)
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(489)	(436)
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	(489)	(436)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	(489)	(436)
plus Opening Retained Profits	8,671	9,107
plus/less: Prior Period Adjustments	(1,718)	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
add:		
- Subsidy Paid/Contribution To Operations	-	-
less:		
- TER dividend paid	-	-
- Dividend paid	-	-
Closing Retained Profits	6,464	8,671
Return on Capital %	-2.5%	-4.8%
Subsidy from Council	1,729	1,000

Hawkesbury City Council

Balance Sheet of Council's Sewerage Business Activity

as at 30 June 2008

\$ '000	Actual 2008	Actual 2007
ASSETS		
Current Assets		
Cash and cash equivalents	2,309	2,381
Receivables	447	155
Total Current Assets	2,756	2,536
Non-Current Assets		
Receivables		17
Infrastructure, property, plant and equipment	61,680	53,434
Total non-Current Assets	61,680	53,451
TOTAL ASSETS	64,436	55,987
LIABILITIES		
Current Liabilities		
Payables	107	72
Interest bearing liabilities	3	3
Provisions	136	154
Total Current Liabilities	246	229
Non-Current Liabilities		
Interest bearing liabilities	36	39
Provisions	28	21
Total Non-Current Liabilities	64	60
TOTAL LIABILITIES	310	289
NET ASSETS	64,126	55,698
EQUITY		
Retained earnings	32,702	33,683
Revaluation reserves	31,424	22,015
TOTAL EQUITY	64,126	55,698

Hawkesbury City Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2008

Hawkesbury Leisure Centre Category 1		
\$ '000	Actual 2008	Actual 2007
ASSETS		
Current Assets		
Cash and cash equivalents	159	99
Receivables	100	165
Inventories	13	17
Other	12	-
Total Current Assets	284	281
Non-Current Assets		
Infrastructure, property, plant and equipment	19,836	9,022
Total Non-Current Assets	19,836	9,022
TOTAL ASSETS	20,120	9,303
LIABILITIES		
Current Liabilities		
Payables	1,384	607
Provisions	-	25
Total Current Liabilities	1,384	632
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	1,384	632
NET ASSETS	18,736	8,671
EQUITY		
Retained earnings	6,464	8,671
Revaluation reserves	12,272	-
TOTAL EQUITY	18,736	8,671

Hawkesbury City Council

Special Purpose Financial Reports

for the financial year ended 30 June 2008

Contents of the Notes accompanying the Financial Statements

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

Hawkesbury City Council

Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2008

Note 1. Significant Accounting Policies

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

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

This special purpose financial report, unless otherwise stated, has been prepared in accordance with;

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Urgent Issues Group Consensus Views,
- the Local Government Act and Regulations,
- the Local Government Code of Accounting Practice and Financial Reporting, and
- the Local Government Asset Accounting Manual.

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

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

National Competition Policy

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

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government". The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the Department of Local Government in July 1997 has also been adopted.

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

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

Declared Business Activities

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

Category 1

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

a. Sewerage Service

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

b. Hawkesbury Leisure Centres

Comprising the operations and net assets of the Hawkesbury Leisure Centre which includes an aquatic centre as well as an indoor stadium. The centre was managed during the year by YMCA.

Category 2

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

None

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 2 (Water Supply Best Practice Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

As required by the Department of Water & Energy, some amounts shown in Notes 2 and Note 3 are shown in whole dollars.

Hawkesbury City Council

Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2008

Note 1. Significant Accounting Policies (continued)

(i) Taxation Equivalent Charges

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

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

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

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – 1.6% + \$100 on combined land values above \$359,000

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

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

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

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

Income Tax

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

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

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

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

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

Local Government Rates & Charges

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

Loan & Debt Guarantee Fees

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

Hawkesbury City Council

Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2008

Note 1. Significant Accounting Policies (continued)

(ii) Subsidies

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

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

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

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

(iii) Return on Investments (Rate of Return)

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

Such funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Councils business activities on the Income Statement.

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 6.25% at 30/6/08.

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 Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed 50% of this surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2008 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Hawkesbury City Council

Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2008

Note 2. Sewerage Business

Best Practice Management disclosure requirements

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

2008

1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	24,000
(ii)	No of assessments multiplied by \$3/assessment	22,989
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	22,989
(iv)	Amounts actually paid for Tax Equivalents	23,509

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)	206,901
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2008, less the cumulative dividends paid for the 2 years to 30 June 2007	412,700

2008 Surplus	-	2007 Surplus	-	2006 Surplus	412,700
		2007 Dividend	-	2006 Dividend	-

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

3. Required outcomes for 5 Criteria

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

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

Hawkesbury City Council

Notes to the Special Purpose Financial Reports
for the financial year ended 30 June 2008Note 2. Sewerage Business
Best Practice Management disclosure requirements (continued)

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

2008

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)	\$'000	4,015
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	61,558
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	3,109
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	319
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)]	%	-1.65%
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	4,019
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	0.85%
NWI F13	Operating Cost (OMA) (Water & Sewerage) Operating Cost (Water & Sewerage) (NWI F11 + NWI F12)	\$'000	3,109
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	319
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)]	%	-1.65%
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)	\$'000	-

Hawkesbury City Council

Notes to the Special Purpose Financial Reports
for the financial year ended 30 June 2008

Note 2. Sewerage Business

Best Practice Management disclosure requirements (continued)

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

2008

National Water Initiative (NWI) Financial Performance Indicators

Water & Sewer (combined)

NWI F22	Net Debt to Equity (Water & Sewerage)	%	-3.54%
	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):		- 1,041
	Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10)		
	- Gain/Loss on disposal of assets (w14 + s15)		
	Net Interest:		- 56
	Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		
NWI F24	Net Profit After Tax (Water & Sewerage)	\$'000	(1,005)
	Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))		
NWI F25	Community Service Obligations (Water & Sewerage)	\$'000	34
	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 Reporting.

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

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

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Scope

We have audited the special purpose financial reports of **Hawkesbury City Council** for the year ended 30 June 2008, comprising the Statement by Council, Income Statements of Business Activities, Balance Sheets of Business Activities, and accompanying Notes to the Accounts. The financial statements include the accounts of the business activities of the Council and the entities it controlled at the year's end or from time to time during the year. The Council is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Council.

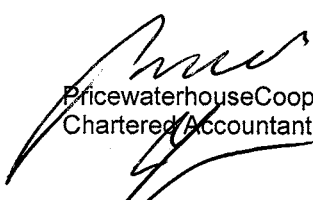
The special purpose financial reports have been prepared for distribution to the Council and the Department of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the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

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

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

Audit opinion

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


PricewaterhouseCoopers
Chartered Accountants

John Gordon
Sydney

8 October, 2008

Hawkesbury City Council

SPECIAL SCHEDULES

for the year ended 30 June 2008

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



Hawkesbury City Council

Special Schedules

for the financial year ended 30 June 2008

Contents

Page

Special Schedules¹

- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	5
- Special Schedule No. 5	Sewerage Service - Income Statement	6
- Special Schedule No. 6	Sewerage Service - Balance Sheet	10
- Notes to Special Schedules No. 3 & 5		11
- Special Schedule No. 7	Condition of Public Works	12
- Special Schedule No. 8	Financial Projections	15

¹ Special Purpose Schedules are not audited.

Background

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

Hawkesbury City Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2008

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
Governance	645	645	-	-	-	(645)	(645)
Administration							
Corporate Support	(174)		107	-		281	
Engineering and Works	(1)		-	-		1	
Other Support Services	2,322	2,147	632	-	739	(1,690)	(1,408)
Public Order and Safety							
Fire Protection – Other	1,496		297	5		(1,194)	
Animal Control	714		490	-		(224)	
Enforcement of Local Govt Regs	473		372	-		(101)	
Emergency Services	130		-	40		(90)	
		2,813			1,204		(1,609)
Health							
Administration and Inspection	618		183	-		(435)	
		618			183		(435)
Community Services and Education							
Administration	560		138	-		(422)	
Family Day Care	539		451	-		(88)	
Child Care	73		59	-		(14)	
Youth Services	35		-	-		(35)	
Other Families and Children	828		-	-		(828)	
		2,035			648		(1,387)
Housing and Community Amenities							
Town Planning	1,708		787	365		(556)	
Domestic Waste Management	3,103		5,558	-		2,455	
Other Waste Management	6,422		4,519	-		(1,903)	
Street Cleaning	45		-	-		(45)	
Drainage	837		11	90		(736)	
Stormwater Management	267		2	-		(265)	
Environmental Protection	146		-	-		(146)	
Public Cemeteries	101		148	-		47	
		12,629			11,480		(1,149)
Sewerage Services	4,894	4,894	3,928	149	4,077	(817)	(817)

Hawkesbury City Council

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

for the financial year ended 30 June 2008

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
Recreation and Culture							
Public Libraries	2,253		168	45		(2,040)	
Museums	170		42	-		(128)	
Art Galleries	578		170	-		(408)	
Community Centres	2,379		-	126		(2,253)	
Other Cultural Services	111		-	-		(111)	
Swimming Pools	2,354		2,237	-		(117)	
Sporting Grounds	964		161	-		(803)	
Parks and Gardens (Lakes)	4,097		344	222		(3,531)	
Other Sport and Recreation	793	13,699	1	77	3,593	(715)	(10,106)
Fuel and Energy							
Electricity Supplies	352	352	81	-	81	(271)	(271)
Mining, Manufacturing and Construction							
Building Control	894		531			(363)	
		894			531		(363)
Transport and Communication							
Urban Roads (UR) - Local	8,184		3,354	2,671		(2,159)	
Sealed Rural Roads (SRR) - Local	1,522		-	-		(1,522)	
Unsealed Rural Roads (URR) - Local	827		-	-		(827)	
Bridges on UR - Local	125		-	-		(125)	
Footpaths	2		-	-		(2)	
Parking Areas	216		-	-		(216)	
Bus Shelters and Services	2		-	-		(2)	
Water Transport	690		266	-		(424)	
Street Lighting	528		-	-		(528)	
Other	1,318	13,414	-	-	6,291	(1,318)	(7,123)
Economic Affairs							
Tourism and Area Promotion	42		3	-		(39)	
Real Estate Development	796		1,947	-		1,151	
Other Business Undertakings	449	1,287	8	-	1,958	(441)	671
Totals – Functions		55,427	26,995	3,790	30,785		(24,642)
General Purpose Revenues⁽¹⁾			27,423		27,423	27,423	27,423
Share of interests - joint ventures & associates using the equity method	-	-	341		341	341	341
NET OPERATING RESULT FOR YEAR	55,427		54,759	3,790	58,549	3,122	3,122

Notes:

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

Hawkesbury City Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)
for the financial year ended 30 June 2008

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-							-	-
Treasury Corporation	-	-	-							-	-
Other State Government	-	-	-							-	-
Public Subscription	-	-	-							-	-
Financial Institutions	6	56	62		6			2	6	50	56
Other	-	-	-							-	-
Total Loans	6	56	62	-	6	-	-	2	6	50	56
Other Long Term Debt											
Ratepayers Advances	-	-	-							-	-
Government Advances	-	-	-							-	-
Finance Leases	-	-	-							-	-
Deferred Payments	-	-	-							-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	6	56	62	-	6	-	-	2	6	50	56

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

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

Hawkesbury City Council

Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993]
for the financial year ended 30 June 2008

\$'000

Summary of Internal Loans

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

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

Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
Totals							-	-	-

Hawkesbury City Council

Special Schedule No. 5 - Sewerage Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2008

\$'000		Actuals 2008	Actuals 2007
A	Expenses and Income		
	Expenses		
1.	Management expenses		
	a. Administration	700	930
	b. Engineering and Supervision	472	465
2.	Operation and Maintenance		
	- Mains		
	a. Operation expenses	98	89
	b. Maintenance expenses	192	174
	- Pumping Stations		
	c. Operation expenses (excluding energy costs)	-	-
	d. Energy costs	206	187
	e. Maintenance expenses	358	325
	- Treatment		
	f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	-	-
	g. Chemical costs	-	-
	h. Energy costs	-	-
	i. Effluent Management	98	88
	j. Biosolids Management	-	-
	k. Maintenance expenses	910	825
	- Other		
	l. Operation expenses	75	69
	m. Maintenance expenses	-	-
3.	Depreciation		
	a. System assets	1,903	758
	b. Plant and equipment	20	29
4.	Miscellaneous expenses		
	a. Interest expenses	2	3
	b. Revaluation Decrements	-	-
	c. Other expenses		25
	d. Tax Equivalents Dividends (actually paid)	24	16
5.	Total expenses	5,058	3,983

Hawkesbury City Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2008

\$'000	Actuals 2008	Actuals 2007
Income		
6. Residential charges (including rates)	2,642	2,535
7. Non-residential charges		
a. Access (including rates)	18	15
b. User charges	665	611
8. Trade Waste Charges		
a. Annual Fees	264	232
b. User charges	-	-
c. Excess mass charges & re-inspection fees	-	-
9. Extra charges	15	11
10. Interest income	58	101
11. Other income	218	228
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	34	35
c. Other grants	-	-
13. Contributions		
a. Developer charges	149	122
b. Developer provided assets	-	-
c. Other contributions	10	2
14. Total income	4,073	3,892
15. Gain or loss on disposal of assets	4	-
16. Operating Result	(981)	(91)
16a. Operating Result (less grants for acquisition of assets)	(981)	(91)

Hawkesbury City Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2008

\$'000	Actuals 2008	Actuals 2007
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. Subsidised scheme	-	-
b. Other new system assets	-	-
c. Renewals	319	302
d. Plant and equipment	-	-
18. Repayment of debt		
a. Loans	6	6
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	325	308
Non-operating funds employed		
21. Proceeds from disposal of assets	31	-
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	31	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	6,688	6,367
b. Residential (unoccupied)	70	89
c. Non-residential (occupied)	849	767
d. Non-residential (unoccupied)	56	56
26. Number of ETs for which developer charges were received	40 ET	36 ET
27. Total amount (actual dollars) of pensioner rebates	\$ 111,757	\$ 108,000

Hawkesbury City Council

Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2008

\$'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" value="No"/>	
If Yes, go to 29a. If No, please report if council has removed land value from access charges (ie rates)?			
	<input type="checkbox" value="Yes"/>	☐	
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, Department of Water and Energy, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			-
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			-
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	☐	<input type="checkbox" value="No"/>	
b. Total cross-subsidy in sewerage developer charges for 2007/08 (page 47 of Guidelines)			-
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, Department of Water & Energy , Dec 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			-

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

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

Hawkesbury City Council

Special Schedule No. 6 - Sewerage Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2008

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	271		271
b. Special purpose grants			-
c. Accrued leave			-
d. Unexpended loans			-
e. Sinking fund			-
f. Other	2,038		2,038
32. Receivables			
a. Specific purpose grants			-
b. Rates and charges	156	34	190
c. Other	258		258
33. Inventories			-
34. Property, plant and equipment			
a. System assets		61,558	61,558
b. Plant and equipment		122	122
35. Other assets			-
36. Total Assets	2,723	61,714	64,437
LIABILITIES			
37. Bank overdraft			-
38. Creditors	107		107
39. Borrowings			
a. Loans	3	36	39
b. Advances			-
c. Finance leases			-
40. Provisions			
a. Tax equivalents			-
b. Dividend			-
c. Other	136	29	165
41. Total Liabilities	246	65	311
42. NET ASSETS COMMITTED	2,477	61,649	64,126
EQUITY			
42. Accumulated surplus			32,702
44. Asset revaluation reserve			31,424
45. TOTAL EQUITY			64,126
Note to system assets:			
46. Current replacement cost of system assets			111,125
47. Accumulated current cost depreciation of system assets			(49,567)
48. Written down current cost of system assets			61,558

Hawkesbury City Council

Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2008

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

Special Schedule No. 7 - Condition of Public Works
as at 30 June 2008

000, \$

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n. Expense (\$)	Cost	Valuation	Accumulated Depreciation & Impairment	Carrying Amount (WDV)	Asset Condition [#]	Estimated cost to bring up to a satisfactory condition standard ⁽¹⁾	Required ⁽²⁾ Annual M'tnce	Current ⁽³⁾ Annual M'tnce
		per Note 1	per Note 4	<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<							

Special Schedule No. 7 - Condition of Public Works (continued)
as at 30 June 2008

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n. Expense (\$)	Cost	Valuation	Accumulated Depreciation & Impairment	Carrying Amount (WDV)	Asset Condition [#]	Estimated cost to bring up to a satisfactory condition standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
		per Note 1	per Note 4	<<<<<<<<<<<< per Note 9 >>>>>>>>>>>>				<<<<<<<<<<<< per Section 428(2d) >>>>>>>>>>>>			
Sewerage	Pump Stations	1%	108		5,698	2,310	3,388	3 to 4	600	211	244
	Reticulation	2%	830		43,776	22,804	20,972	5	4,500	100	130
	Manholes	1%	291		15,361	8,029	7,332	5	2,000	30	30
	Mains	1 to 1.43%	137		7,197	2,525	4,672	3 to 4	100	5	5
	Treatment Works	1 to 1.43%	537		28,345	13,467	14,878	3 to 4	600	899	974
	Plant	20%	26		424	312	112	5	500	15	10
	Land	0%	-		9,782		9,782	3	-	-	-
	sub total		1,929	-	110,583	49,447	61,136		8,300	1,260	1,393

Special Schedule No. 7 - Condition of Public Works (continued)
as at 30 June 2008

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n. Expense (\$)	Cost	Valuation	Accumulated Depreciation & Impairment	Carrying Amount (WDV)	Asset Condition [#]	Estimated cost to bring up to a satisfactory condition standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
		per Note 1	per Note 4	<<<<<<<<<< per Note 9 >>>>>>>>>>							<<<<<<<<< per Section 428(2d) >>>>>>>>>>
Drainage Works	Retarding Basins						-	3 - 4	250	35	-
	Stormwater Conduits	1 to 1.67%	355	30,826		3,606	27,220	3 - 4	3,316	350	55
	Inlet and Junction Pits	1.67 to 3.33%	74	3,153		369	2,784	3 - 4	92	28	-
	Head Walls	1.67 to 3.33%	33	1,051		128	923	3 - 5	82	20	-
	Stormwater Converters						-	3 - 4	30	12	-
	Flood Mitigation						-	3 - 4	320	80	13
	sub total		462	35,030	-	4,103	30,927		4,090	525	68
	TOTAL - ALL ASSETS		5,427	171,715	222,704	103,616	290,803		112,164	16,212	5,497

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

1	Newly constructed
2	Maintained in "as new" condition
3	Good condition
4	Average condition

5	Deterioration Evident
6	Requires major reconstruction
7	Asset Unserviceable

Hawkesbury City Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2008

\$ million	Actual ⁽¹⁾ 07/08	Forecast 08/09	Forecast 09/10	Forecast ⁽³⁾ 10/11	Forecast ⁽³⁾ 11/12
(i) RECURRENT BUDGET					
Income from continuing operations	58.5	54.8	56.5	58.1	
Expenses from continuing operations	55.4	54.4	56.0	57.7	
Operating Result from Continuing Operations	3.1	0.4	0.5	0.4	-
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾	1.8	-	-	-	
Replacement/Refurbishment of Existing Assets	6.4	9.6	11.3	7.8	
Total Capital Budget	8.2	9.6	11.3	7.8	-
Funded by:					
- Loans	-	-	-	-	
- Asset sales	1.0	-	-	-	
- Reserves	-	-	-	-	
- Grants/Contributions	3.8	2.0	2.0	2.0	
- Recurrent revenue	3.4	7.6	9.3	5.8	
	8.2	9.6	11.3	7.8	-

Notes:

(1) From 07/08 Income Statement.

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

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