



Hawkesbury City Council

attachment 1  
to  
item 163

General Purpose Financial  
Statements and Special Purpose  
Financial Statements for the year  
ended 30 June 2015

date of meeting: 29 September 2015  
location: council chambers  
time: 6:30 p.m.



HAWKESBURY CITY COUNCIL

# FINANCIAL STATEMENTS

for the year ended 30 June 2015

**General Purpose**

**Special Purpose**

**Special Schedules**



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### **Hawkesbury City Council**

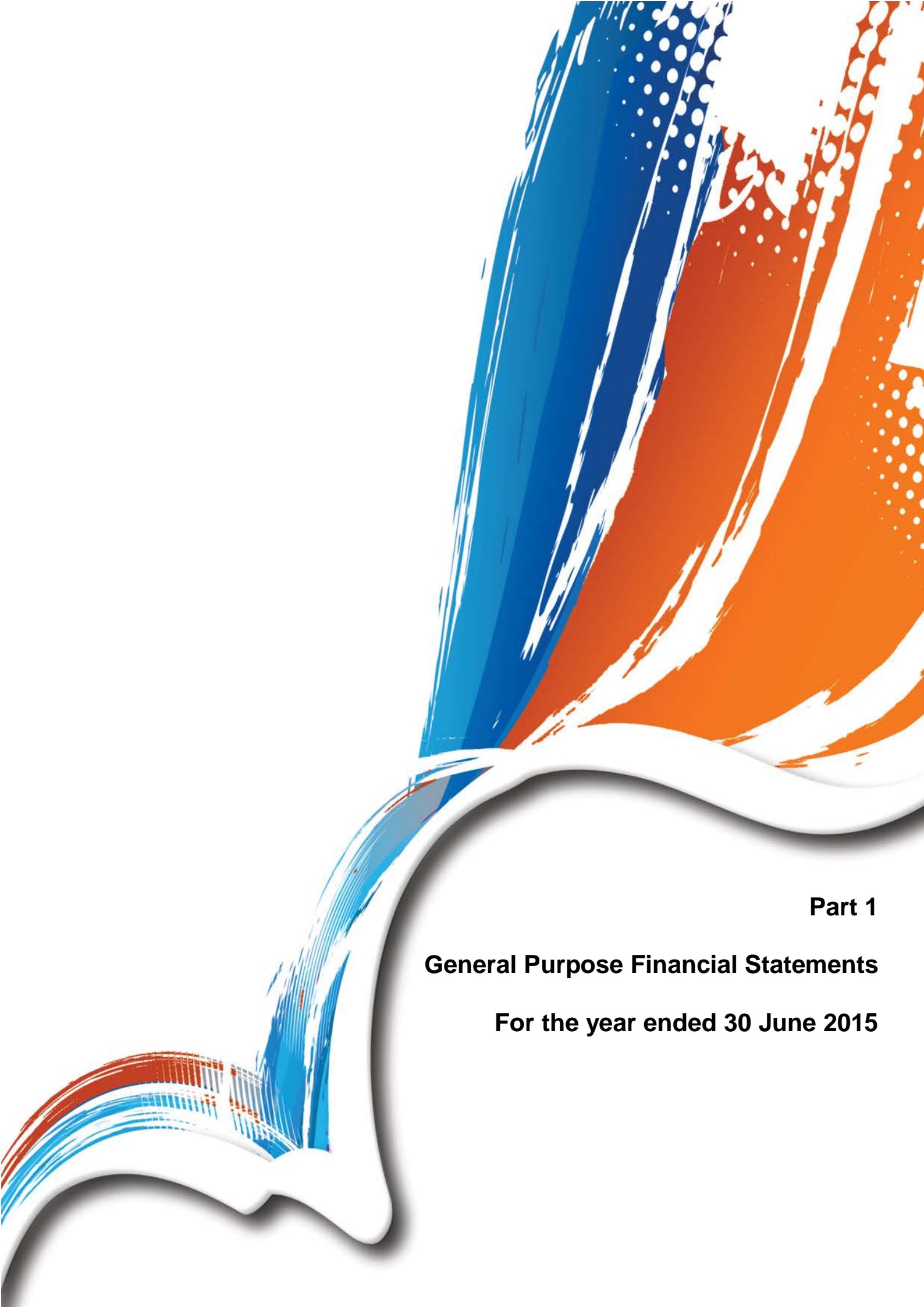
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**Part 1**

**General Purpose Financial Statements**

**For the year ended 30 June 2015**

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### Overview

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

Council's Statutory Charter is detailed in Paragraph 8 of the LGA and includes giving Council:

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

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

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 6 October 2015. Council has the power to amend and reissue these financial statements.



# Understanding Council's Financial Statements

## Introduction

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

## What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2015.

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

## About the Councillor/Management Statement

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

## About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements.

### 1. The Income Statement

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

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

### 2. The Statement of Comprehensive Income

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

### 3. The Statement of Financial Position

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

### 4. The Statement of Changes in Equity

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

### 5. The Statement of Cash Flows

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

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

## About the Notes to the Financial Statements

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

## About the Auditor's Reports

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

In NSW, the Auditor provides two audit reports:

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

## Who uses the Financial Statements?

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

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

Council is required to forward an audited set of financial statements to the OLG.



## Statement by Councillors and Management

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

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

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

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

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

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

**Signed in accordance with a resolution of Council made on 29 September 2015.**

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Councillor Kim Ford  
**MAYOR**

---

Councillor Warwick Mackay  
**DEPUTY MAYOR**

---

Mr Peter Jackson  
**GENERAL MANAGER**

---

Ms Emma Galea  
**RESPONSIBLE ACCOUNTING OFFICER**

## Income Statement

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
<b>Income from Continuing Operations</b>				
<b>Revenue:</b>				
45,132	Rates & Annual Charges	3a	44,901	43,097
4,869	User Charges & Fees	3b	6,171	5,736
1,266	Interest & Investment Revenue	3c	1,871	2,012
3,717	Other Revenues	3d	16,256	7,364
6,988	Grants & Contributions provided for Operating Purposes	3e,f	7,282	6,252 <sup>2</sup>
375	Grants & Contributions provided for Capital Purposes	3e,f	30,159	18,354
<b>Other Income:</b>				
-	Net gains from the disposal of assets	5	-	9
-	Net Share of interests in Joint Ventures & Associated			
-	Entities using the equity method	19	343	170
<b>62,347</b>	<b>Total Income from Continuing Operations</b>		<b>106,983</b>	<b>82,994</b>
<b>Expenses from Continuing Operations</b>				
24,332	Employee Benefits & On-Costs	4a	25,247	24,054
570	Borrowing Costs	4b	439	574
18,073	Materials & Contracts	4c	18,241	18,714
14,516	Depreciation & Amortisation	4d	14,651	14,428
-	Impairment	4d	-	-
11,231	Other Expenses	4e	10,240	10,582
-	Net losses from the disposal of assets	5	9	-
<b>68,723</b>	<b>Total Expenses from Continuing Operations</b>		<b>68,828</b>	<b>68,352</b>
<b>(6,376)</b>	<b>Operating Result from Continuing Operations</b>		<b>38,156</b>	<b>14,642</b>
<b>(6,376)</b>	<b>Net Operating Result for the Year</b>		<b>38,156</b>	<b>14,642</b>
(6,376)	Net Operating Result attributable to Council		38,156	14,642
-	Net Operating Result attributable to Non-controlling Interests		-	-
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>				
<b>(6,751)</b>			<b>7,997</b>	<b>(3,712)</b>

<sup>1</sup> Original Budget as approved by Council - refer Note 16

<sup>2</sup> Financial Assistance Grants for 13/14 were lower reflecting a one off timing difference due to a change in how the grant was paid in prior years - refer Note 3 (e)

This statement should be read in conjunction with the accompanying Notes

## Statement of Comprehensive Income

for the financial year ended 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
<b>Net Operating Result for the year</b> (as per Income statement)		<b>38,156</b>	<b>14,642</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	148,196	8,242
Adjustment to correct prior period errors		(7,362)	(1,576)
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>140,834</b>	<b>6,666</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Other Movements in reserves (various reserves - see note for details)	20b (ii)	-	-
<b>Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met</b>		<b>140,834</b>	<b>6,666</b>
<b>Total Other Comprehensive Income for the year</b>		<b>140,834</b>	<b>6,666</b>
<b>Total Comprehensive Income for the Year</b>		<b>178,990</b>	<b>21,308</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>178,990</b>	<b>21,308</b>
<b>Total Comprehensive Income attributable to Non-controlling Interests</b>		<b>-</b>	<b>-</b>

This statement should be read in conjunction with the accompanying Notes

## Statement of Financial Position

as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	7,002	6,221
Investments	6b	38,800	37,000
Receivables	7	4,517	5,351
Inventories	8	338	309
Other	8	738	703
<b>Total Current Assets</b>		<b>51,395</b>	<b>49,584</b>
<b>Non-Current Assets</b>			
Receivables	7	925	1,107
Infrastructure, Property, Plant & Equipment	9	959,490	794,230
Investments accounted for using the equity method	19	2,362	2,349
Investment Property	14	47,100	34,946
Intangible Assets	25	621	-
<b>Total Non-Current Assets</b>		<b>1,010,498</b>	<b>832,632</b>
<b>TOTAL ASSETS</b>		<b>1,061,893</b>	<b>882,216</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	8,916	6,798
Borrowings	10	825	800
Provisions	10	8,514	7,711
<b>Total Current Liabilities</b>		<b>18,255</b>	<b>15,309</b>
<b>Non-Current Liabilities</b>			
Borrowings	10	5,272	5,996
Provisions	10	3,740	5,275
<b>Total Non-Current Liabilities</b>		<b>9,012</b>	<b>11,271</b>
<b>TOTAL LIABILITIES</b>		<b>27,267</b>	<b>26,580</b>
<b>Net Assets</b>		<b>1,034,626</b>	<b>855,636</b>
<b>EQUITY</b>			
Retained Earnings	20	362,842	332,048
Revaluation Reserves	20	671,784	523,588
<b>Council Equity Interest</b>		<b>1,034,626</b>	<b>855,636</b>
<b>Non-controlling Interests</b>		<b>-</b>	<b>-</b>
<b>Total Equity</b>		<b>1,034,626</b>	<b>855,636</b>

This statement should be read in conjunction with the accompanying Notes

## Statement of Changes in Equity

for the financial year ended 30 June 2015

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2015</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		332,048	523,588	<b>855,636</b>	-	<b>855,636</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/14)		<b>332,048</b>	<b>523,588</b>	<b>855,636</b>	-	<b>855,636</b>
<b>c. Net Operating Result for the Year</b>		<b>38,156</b>		<b>38,156</b>	-	<b>38,156</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	148,196	<b>148,196</b>	-	<b>148,196</b>
- Correction of Prior Period Errors (retained earnings)	20b (ii)	(7,362)	-	<b>(7,362)</b>	-	<b>(7,362)</b>
<b>Other Comprehensive Income</b>		<b>(7,362)</b>	<b>148,196</b>	<b>140,834</b>	-	<b>140,834</b>
<b>Total Comprehensive Income</b> (c&d)		<b>30,794</b>	<b>148,196</b>	<b>178,990</b>	-	<b>178,990</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>362,842</b>	<b>671,784</b>	<b>1,034,626</b>	-	<b>1,034,626</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2014</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		318,982	515,346	<b>834,328</b>	-	<b>834,328</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/13)		<b>318,982</b>	<b>515,346</b>	<b>834,328</b>	-	<b>834,328</b>
<b>c. Net Operating Result for the Year</b>		<b>14,642</b>		<b>14,642</b>	-	<b>14,642</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	8,242	<b>8,242</b>	-	<b>8,242</b>
- Correction of Prior Period Errors (retained earnings)	20a	(1,576)	-	<b>(1,576)</b>	-	<b>(1,576)</b>
<b>Other Comprehensive Income</b>		<b>(1,576)</b>	<b>8,242</b>	<b>6,666</b>	-	<b>6,666</b>
<b>Total Comprehensive Income</b> (c&d)		<b>13,066</b>	<b>8,242</b>	<b>21,308</b>	-	<b>21,308</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>332,048</b>	<b>523,588</b>	<b>855,636</b>	-	<b>855,636</b>

This statement should be read in conjunction with the accompanying Notes

## Statement of Cash Flows

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
45,132	Rates & Annual Charges		44,958	43,190
4,869	User Charges & Fees		5,823	6,948
1,266	Investment & Interest Revenue Received		1,937	2,014
7,367	Grants & Contributions		13,914	9,456
-	Bonds, Deposits & Retention amounts received		1,173	589
3,717	Other		8,000	8,252
<b>Payments:</b>				
(24,332)	Employee Benefits & On-Costs		(24,352)	(23,441)
(18,073)	Materials & Contracts		(17,308)	(18,845)
(276)	Borrowing Costs		(276)	(194)
(11,231)	Other		(15,246)	(14,202)
<b>8,439</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>18,623</b>	<b>13,767</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
	Sale of Investment Securities		65,500	48,770
1,004	Sale of Infrastructure, Property, Plant & Equipment		1,193	1,058
<b>Payments:</b>				
	Purchase of Investment Securities		(67,300)	(48,760)
	Purchase of Investment Property		(63)	(144)
(14,926)	Purchase of Infrastructure, Property, Plant & Equipment		(16,347)	(15,167)
	Purchase of Real Estate Assets		-	-
<b>(13,922)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(17,017)</b>	<b>(14,244)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
-	Proceeds from Borrowings & Advances		-	-
<b>Payments:</b>				
(825)	Repayment of Borrowings & Advances		(825)	(800)
<b>(825)</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>(825)</b>	<b>(800)</b>
<b>(6,308)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>781</b>	<b>(1,277)</b>
12,202	plus: Cash & Cash Equivalents - beginning of year	11a	6,221	7,498
<b>5,894</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>7,002</b>	<b>6,221</b>
Additional Information:				
	plus: Investments on hand - end of year	6b	38,800	37,000
	<b>Total Cash, Cash Equivalents &amp; Investments</b>		<b>45,802</b>	<b>43,221</b>

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

This statement should be read in conjunction with the accompanying Notes



## Notes to the Financial Statements

For the year ended 30 June 2015

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## Notes to the Financial Statements

For the financial year ended 30 June 2015

### Note 1. Summary of Significant Accounting Policies

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

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

#### **A. Basis of preparation**

##### **(i) Background**

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

##### **(iii) New and amended standards adopted by Council**

During the current year, the following relevant accounting standards became mandatory and have been adopted by Council:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosures of Interests in Other Entities.

AASB 10 introduced a new definition of control based on the substance of the relationship and required Councils to consider their involvement with other entities regardless of whether there was a financial interest.

AASB 11 classified joint arrangements into either joint ventures (equity accounting) or joint operations (accounting for share of assets and liabilities).

AASB 12 has increased the level of disclosures required where Council has any interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

Council provides financial support and participates in the operation of other entities. Note 19, Interest in Other Entities provides both financial information and additional disclosures regarding Council's level of involvement in other entities.

#### **(iv) Early adoption of Accounting Standards**

The AASB has permitted Not-For-Profit Public Sector Entities to reduce AASB 13 Fair Value disclosure requirements. Council has elected to adopt this amendment, applicable to Local Government bodies as per OLG circular 15-30.

The adoption of this amendment removes the mandatory requirement of Council to provide Note 27(4) (c) "Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

#### **(v) Basis of Accounting**

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

- a) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value
- b) the write down of any Asset on the basis of Impairment (if warranted)
- c) certain classes of non-current assets (e.g. Infrastructure, Property, Plant and Equipment and Investment Property) that are accounted for at fair valuation.

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

#### **(vi) Changes in Accounting Policies**

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

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

#### **(vii) Critical Accounting Estimates**

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

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

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

#### ***Critical accounting estimates and assumptions***

Council makes estimates and assumptions concerning the future.

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

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

- a) estimated fair values of investment properties
- b) estimated fair values of infrastructure, property, plant and equipment
- c) estimated remediation provisions.

#### ***Critical judgements in applying Council's accounting policies***

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

### **B. Revenue recognition**

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

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

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

Revenue is measured on major income categories as follows:

### ***Rates, Annual Charges, Grants and Contributions***

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

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

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

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

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

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

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

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

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

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

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

### ***User Charges, Fees and Other Income***

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

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

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

### ***Sale of Infrastructure, Property, Plant and Equipment***

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

### ***Interest and Rents***

Rental income is accounted for on a straight-line basis over the lease term.

Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

### ***Dividend Income***

Revenue is recognised when the Council's right to receive the payment is established, which is generally when shareholders approve the dividend.

## **Other Income**

Other income is recorded when the payment is due, the value of the payment is notified or the payment is received, whichever occurs first.

## **C. Principles of Consolidation**

These financial statements incorporate:

- a) the assets and liabilities of Council and any entities (or operations) that it controls (as at 30 June 2015)
- b) all the related operating results (for the financial year ended the 30 June 2015)
- c) detailed information relating to the entities that Council Controls can be found at Note 19 (a).

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

### **(i) The Consolidated Fund**

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

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

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

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

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

- McMahon's Park Management Committee
- Sister City Association
- Western Sydney Regional Organisation of Councils
- Peppercorn Services Incorporated.

### **(ii) The Trust Fund**

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust.

These funds must be applied only for the purposes of or in accordance with the trusts relating to those monies.

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

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

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

### **(iii) Joint Arrangements**

#### **Joint Ventures**

Joint Ventures represent operational arrangements where the parties have rights to the net assets of the arrangement.

Any interests in Joint Ventures are accounted for using the equity method and are carried at cost.

Under the equity method, Council's share of the operation's profits/(losses) are recognised in the income statement, and its share of movements in retained earnings and reserves are recognised in the balance sheet.

Detailed information relating to Council's Joint Ventures can be found at Note 19 (b).

### **(iv) Associates**

Council has no interest in any Associates.

### **(v) County Councils**

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

- Hawkesbury River County Council.

### ***Control of noxious weeds, incorporating four member councils***

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

Council is of the opinion that it neither controls nor significantly influences the above County Council. Accordingly, this entity has not been consolidated or otherwise included within these financial statements.

#### **(vi) Unconsolidated Structured Entities**

Council has no interest in any Unconsolidated Structured Entities.

### **D. Leases**

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

#### ***Finance Leases***

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

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

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

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

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

Property, plant and equipment acquired under finance leases 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**

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, cash and cash equivalents includes;

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

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

### **F. Investments and Other Financial Assets**

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

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

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

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



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

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

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

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

## **(ii) Loans and receivables**

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

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

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

## **(iii) Held-to-maturity investments**

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

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

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

## **(iv) Available-for-sale financial assets**

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

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

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

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

## ***Financial Assets – Reclassification***

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

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

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

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

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

## **General Accounting and Measurement of Financial Instruments:**

### **a) 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.

### **b) 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.

### **c) Impairment**

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

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

### **d) Types of Investments**

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

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

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

## **G. Fair value estimation**

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

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

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

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

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

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

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

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

## **H. Receivables**

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

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

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

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

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

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

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

## **I. Inventories**

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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.

## **J. Infrastructure, Property, Plant and Equipment (I,PP&E)**

### ***Acquisition of assets***

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

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

- **Plant and Equipment** (as approximated by depreciated historical cost)
- **Operational Land** (external valuation)
- **Community Land** (external valuation)
- **Land Improvements** (as approximated by depreciated historical cost)
- **Buildings – Specialised/Non Specialised** (external valuation)
- **Other Structures** (as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges and footpaths** (internal valuation)
- **Bulk Earthworks** (internal valuation)
- **Stormwater Drainage** (internal valuation)
- **Water and Sewerage Networks** (external valuation)



- **Swimming Pools** (as approximated by depreciated historical cost)
- **Other Open Space/Recreational Assets** (external valuation)
- **Other Infrastructure** (as approximated by depreciated historical cost)
- **Other Assets** (as approximated by depreciated historical cost)
- **Investment Properties** – refer Note 1(p).

### ***Initial Recognition***

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

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

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

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

### ***Subsequent costs***

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

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

### ***Asset Revaluations (including Indexation)***

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

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

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

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

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

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

### 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  
(purchases after 30/06/08)

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#### Plant & Equipment

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

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#### Buildings & Land Improvements

- Park Furniture and Equipment > \$1,000
- Building
  - construction/extensions > \$1,000
  - renovations > \$1,000
- Other Structures > \$1,000

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#### Sewer Assets

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

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#### Stormwater Assets

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

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#### Transport Assets

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

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#### Other Infrastructure Assets

- Swimming Pools > \$1,000
- Other Open Space/Recreational Assets > \$1,000

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- Other Infrastructure > \$1,000

### Depreciation

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

Land is not depreciated.

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

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#### 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 equipment 5 to 8 years
- Other plant and equipment 5 to 15 years

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#### Buildings

- Buildings 50 to 100 years

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#### Stormwater Drainage

- Culverts, Pipes, Headworks, Pits 100 years
- Gross Pollutant Traps 90 years

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#### Transportation Assets

- Sealed Roads: Surface 60 to 100 years
- Sealed Roads: Structure 100 years
- Bridge: Concrete/Steel 100 years
- Bridge: Timber 80 years
- Road Pavements 100 years
- Kerb, Gutter and Paths 40 to 100 years

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#### Sewer Assets

- Reticulation pipes: PVC 70 years
- Pumps 25 years
- Manholes 70 years
- Mains 40 to 70 years

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#### Other Infrastructure Assets

- Bulk earthworks Infinite
- Swimming Pools 50 to 60 years
- Park Assets 1 to 252 years

All asset residual values and useful lives are reviewed and adjusted (if appropriate), at each reporting date.

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

### ***Disposal and De-recognition***

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

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

## **K. Land**

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

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

## **L. Land under roads**

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

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

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

## **M. Intangible Assets**

### **IT Development and Software**

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

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

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

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

## **N. Crown Reserves**

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

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

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

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

## **O. Rural Fire Service assets**

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

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

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

## **P. Investment property**

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

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

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

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

The last full revaluation for Council's Investment Properties was dated 30 June 2013.

## **Q. Provisions for close down, restoration and for environmental clean up costs – including Tips and Quarries**

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

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

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

Costs are estimated on the basis of a closure plan.

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

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

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

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

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

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

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

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

These costs are charged to the income statement.

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

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

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

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

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

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

#### **R. Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations**

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

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

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

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

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

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

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

#### **S. Impairment of assets**

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

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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



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

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

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

## **T. Payables**

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

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

## **U. Borrowings**

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

Borrowings are subsequently measured at amortised cost.

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

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

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

## **V. Borrowing costs**

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

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

## **W. Provisions**

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

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

Provisions are not recognised for future operating losses.

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

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

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

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

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

## **X. Employee benefits**

### **(i) Short Term Obligations**

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

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

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

All other short-term employee benefit obligations are presented as payables.

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

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

### **(ii) Other Long Term Obligations**

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

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

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

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

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

### **(iii) Retirement benefit obligations**

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

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

#### ***Defined Benefit Plans***

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

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

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

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

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

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

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

However the position is monitored annually and the Actuary has estimated that as at 30 June 2015 the prior period deficit still exists.

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2015 was \$780,152.

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

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$703,807 as at 30 June 2015.

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

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

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

### **Defined Contribution Plans**

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

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

### **(iv) Employee Benefit On-Costs**

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30 June 2015.

### **Y. Self insurance**

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

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

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

### **Z. Allocation between current and non-current assets and liabilities**

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

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

### **Exceptions**

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

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



## **AA. Taxes**

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

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

### **Goods & Services Tax (GST)**

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

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

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

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

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

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

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

## **BB. New accounting standards and interpretations**

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2015.

Council has not adopted any of these standards early.

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

Apart from the AASB disclosures below, there are no other standards that are "not yet effective" which are expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

### ***Applicable to Local Government***

#### ***AASB 9 - Financial Instruments (and associated amending standards)***

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The overriding impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories:

- fair value
- amortised cost (where financial assets will only be able to be measured at amortised cost where very specific conditions are met).

#### ***AASB 15 - Revenue from contracts with customers and associated amending standards***

AASB 15 will introduce a five step process for revenue recognition with the core principle of the new Standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

The full impact of AASB 15 has not yet been ascertained or quantified.

AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2017.

#### *AASB 124 - Related Party Disclosures*

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties (and fall under the related party reporting requirements).

#### *AASB 2014 - 10 Sale or contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address an acknowledged inconsistency between the requirements in AASB 10 and those in AASB 128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not).

A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2016.

This standard will only impact Council where there has been a sale or contribution of assets between the entity and the associate/joint venture.

#### ***Not applicable to Local Government per se:***

None

#### **CC. Rounding of amounts**

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

#### **DD. Comparative Figures**

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

#### **EE. Disclaimer**

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

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Governance	47	42	45	738	765	911	(691)	(723)	(866)	339	200	136	86
Looking After People and Place	4,471	8,747	8,688	24,903	26,174	25,620	(20,432)	(17,427)	(16,932)	973	878	68,203	68,985
Caring for Our Environment	19,472	19,901	17,577	20,067	19,385	18,440	(595)	516	(863)	247	100	190,334	190,186
Linking the Hawkesbury	1,480	28,230	18,051	16,034	15,975	17,260	(14,554)	12,255	791	1,957	1,028	595,504	417,720
Supporting Business and Local Jobs	16	18	41	646	578	582	(630)	(560)	(541)	-	34	64,562	64,503
Sharing Our Future Together	2,913	15,540	7,372	6,335	5,950	5,540	(3,422)	9,590	1,832	27	253	140,792	138,387
<b>Total Functions &amp; Activities</b>	<b>28,399</b>	<b>72,478</b>	<b>51,774</b>	<b>68,723</b>	<b>68,828</b>	<b>68,353</b>	<b>(40,324)</b>	<b>3,651</b>	<b>(16,578)</b>	<b>3,543</b>	<b>2,491</b>	<b>1,059,531</b>	<b>879,867</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	343	170	-	-	-	-	343	170	-	-	2,362	2,349
General Purpose Income <sup>1</sup>	33,948	34,163	31,050	-	-	-	33,948	34,163	31,050	4,690	2,520	-	-
<b>Operating Result from Continuing Operations</b>	<b>62,347</b>	<b>106,983</b>	<b>82,994</b>	<b>68,723</b>	<b>68,828</b>	<b>68,353</b>	<b>(6,376)</b>	<b>38,156</b>	<b>14,642</b>	<b>8,233</b>	<b>5,011</b>	<b>1,061,893</b>	<b>882,216</b>

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



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

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

### ***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.

### ***Looking After People And Place***

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

### ***Caring For Our Environment***

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

### ***Linking The Hawkesbury***

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

### ***Supporting Business And Local Jobs***

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

### ***Shaping Our Future Together***

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

### Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		23,968	23,299
Farmland		1,304	1,375
Business		2,822	2,721
<b>Total Ordinary Rates</b>		<b>28,094</b>	<b>27,395</b>
<b>Special Rates</b>			
Nil		-	-
<b>Total Special Rates</b>		<b>-</b>	<b>-</b>
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		9,697	8,845
Sewerage Services		4,855	4,716
Waste Management Services (non-domestic)		1,060	1,013
Section 611 Charges		16	18
Sullage		1,179	1,110
<b>Total Annual Charges</b>		<b>16,807</b>	<b>15,702</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>44,901</b>	<b>43,097</b>

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

### Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Sewerage Services		733	526
Waste Management Services (non-domestic)		14	12
Sullage		208	166
<b>Total User Charges</b>		<b>955</b>	<b>704</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Planning & Building Regulation		1,343	1,270
Regulatory/ Statutory Fees		518	479
Registration Fees		3	2
Section 149 Certificates (EPA Act)		252	223
Section 603 Certificates		126	118
SMF Inspection Fees		214	208
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>2,456</b>	<b>2,300</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Caravan Park		3	6
Cemeteries		268	177
Pound Income		762	681
Leaseback Fees - Council Vehicles		283	247
Library, Museum and Gallery Income		52	51
Park Rents		142	164
Restoration Charges		343	565
Swimming Centre		186	196
Vehicle Inspection Fees		21	16
Waste Management Facility		669	604
Other		31	25
<b>Total Fees &amp; Charges - Other</b>		<b>2,760</b>	<b>2,732</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>6,171</b>	<b>5,736</b>



### Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		223	208
- Interest earned on Investments (interest & coupon payment income)		1,648	1,804
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>1,871</u></b>	<b><u>2,012</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		204	208
General Council Cash & Investments		1,175	926
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		280	310
- Section 64		3	173
Sewerage Fund Operations		48	140
Domestic Waste Management operations		9	8
Stormwater Management		44	56
Other Externally Restricted Assets		125	191
<b>Restricted Investments/Funds - Internal:</b>			
Internally Restricted Assets		(17)	-
<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>		<b><u>1,871</u></b>	<b><u>2,012</u></b>
<b>(d) Other Revenues</b>			
Fair Value Adjustments - Investment Properties	14	12,091	3,175
Rental Income - Investment Properties	14	1,777	1,438
Rental Income - Other Council Properties		298	383
Fines - Parking		636	625
Fines - Other		153	91
Legal Fees Recovery - Rates & Charges (Extra Charges)		259	284
Legal Fees Recovery - Other		14	-
Insurance Claim Recoveries		-	10
Recycling Income (non domestic)		85	105
Sales - General		4	3
GST Fuel Rebates		114	214
NSW Rural Fire Reimbursement		149	182
NSW Rural Fire Section 44 Reimbursement		-	261
NSW SES Reimbursement		8	25
Agricultural Income		9	19
Nursery Income		39	27
Private Works Printing Income		19	24
External Income		81	71
Other		520	427
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>16,256</u></b>	<b><u>7,364</u></b>

### Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	1 2,720	1,386	-	-
Financial Assistance - Local Roads Component	1 1,647	818	-	-
Pensioners' Rates Subsidies - General Component	323	316	-	-
<b>Total General Purpose</b>	<b>4,690</b>	<b>2,520</b>	<b>-</b>	<b>-</b>
<sup>1</sup> The Financial Assistance Grant for the comparative 13/14 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in the 13/14 year by up to 50% as had occurred in previous years.				
<b>Specific Purpose</b>				
<b>Pensioners' Rates Subsidies:</b>				
- Sewerage	40	40	-	-
- Domestic Waste Management	122	124	-	-
Aged Care	54	53	-	-
Clean Energy Future	-	-	-	29
Community Care	63	46	40	-
Environmental Protection	87	140	-	11
Flood Restoration	11	11	30	20
Heritage & Cultural	125	112	-	-
Housing Community	-	-	221	-
Library	-	5	-	-
Library - per capita	157	156	-	-
Library - special projects	16	16	-	-
LIRS Subsidy	177	203	-	-
Noxious Weeds	250	151	-	-
NSW Rural Fire Services	-	-	83	-
Public Order & Safety	69	70	40	-
Recreation & Culture	11	18	31	134
Street Lighting	155	93	-	-
Traffic Route Subsidy	11	10	-	-
Transport (Roads to Recovery)	-	-	777	118
Transport (Other Roads & Bridges Funding)	687	702	286	200
Economic Affairs	-	34	-	-
<b>Total Specific Purpose</b>	<b>2,035</b>	<b>1,984</b>	<b>1,508</b>	<b>512</b>
<b>Total Grants</b>	<b>6,725</b>	<b>4,504</b>	<b>1,508</b>	<b>512</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	4,462	2,844	817	263
- State Funding	2,227	1,455	691	249
- Other Funding	36	205	-	-
	<b>6,725</b>	<b>4,504</b>	<b>1,508</b>	<b>512</b>

### Note 3. Income from Continuing Operations (continued)

\$ '000		2015 Operating	2014 Operating	2015 Capital	2014 Capital
(f) Contributions					
<b>Developer Contributions:</b>					
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>					
S 94 - Contributions towards amenities/services		-	-	1,965	2,328
S 94A - Fixed Development Consent Levies		-	-	814	582
S 64 - Sewerage Service Contributions		-	-	326	50
<b>Total Developer Contributions</b>	17	<b>-</b>	<b>-</b>	<b>3,105</b>	<b>2,960</b>
<b>Other Contributions:</b>					
Bushfire Prevention		234	229	-	-
Dedications (S94)		-	-	25,040	12,995
Dedications (other than by S94)		-	-	30	550
Other Councils - Joint Works/Services		297	568	-	-
Parks Contributions		12	-	-	-
Roads & Bridges		-	877	321	1,232
Other		14	79	155	105
<b>Total Other Contributions</b>		<b>557</b>	<b>1,753</b>	<b>25,546</b>	<b>14,882</b>
<b>Total Contributions</b>		<b>557</b>	<b>1,753</b>	<b>28,651</b>	<b>17,842</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>		<b>7,282</b>	<b>6,257</b>	<b>30,159</b>	<b>18,354</b>

### Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2015	Actual 2014
(g) Restrictions relating to Grants and Contributions		
<b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
Unexpended at the Close of the Previous Reporting Period	10,899	8,454
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:	4,085	3,956
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:	(7,539)	(1,511)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>(3,454)</b>	<b>2,445</b>
<b>Unexpended and held as Restricted Assets</b>	<b>7,445</b>	<b>10,899</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	698	514
- Developer Contributions	6,747	10,385
	<b>7,445</b>	<b>10,899</b>

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		18,797	18,355
Travelling		13	12
Employee Leave Entitlements (ELE)		3,987	3,278
Superannuation		2,440	2,320
Workers' Compensation Insurance		96	121
Fringe Benefit Tax (FBT)		125	124
Payroll Tax		32	31
Training Costs (other than Salaries & Wages)		237	225
Other		82	64
<b>Total Employee Costs</b>		<b>25,809</b>	<b>24,530</b>
less: Capitalised Costs		(562)	(476)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>25,247</b>	<b>24,054</b>
Number of "Equivalent Full Time" Employees at year end		277	274
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		288	284
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		270	295
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>270</b>	<b>295</b>
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE)		-	-
- Remediation Liabilities	26	43	137
Interest applicable on Interest Free (& favourable) Loans to Council			
- * Unwinding of interest free loan from State Government		126	142
<b>Total Other Borrowing Costs</b>		<b>169</b>	<b>279</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>439</b>	<b>574</b>

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

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		4,888	7,290
Contractor & Consultancy Costs		12,118	10,185
Auditors Remuneration <sup>(1)</sup>		64	60
Legal Expenses:			
- Legal Expenses: Planning & Development		197	239
- Legal Expenses: Debt Recovery		197	184
- Legal Expenses: Other		72	83
Operating Leases:			
- Operating Lease Rentals: Contingent Rentals <sup>(2)</sup>		428	501
Other		277	172
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>18,241</b>	<b>18,714</b>
<b>1. Auditor Remuneration</b>			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
<b>(i) Audit and Other Assurance Services</b>			
- Audit & review of financial statements: Council's Auditor		56	52
- Audit & review of financial statements: Other Consolidated Entity Auditors		8	8
<b>Remuneration for audit and other assurance services</b>		<b>64</b>	<b>60</b>
<b>(ii) Taxation Services</b>			
- Tax compliance services		-	-
- GST Advice		-	-
<b>Remuneration for taxation services</b>		<b>-</b>	<b>-</b>
<b>(iii) Other Services</b>			
- Remuneration advice		-	-
- Benchmarking advice		-	-
<b>Remuneration for other services</b>		<b>-</b>	<b>-</b>
<b>Total Auditor Remuneration</b>		<b>64</b>	<b>60</b>
<b>2. Operating Lease Payments are attributable to:</b>			
Computers		442	374
Motor Vehicles		-	-
Other		(14)	127
		<b>428</b>	<b>501</b>



## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	1,343	1,432
Office Equipment		-	-	102	275
Furniture & Fittings		-	-	39	39
Land Improvements (depreciable)		-	-	110	130
Buildings - Non Specialised		-	-	761	751
Buildings - Specialised		-	-	3,466	3,420
Other Structures		-	-	593	670
Infrastructure:					
- Roads		-	-	3,085	3,113
- Bridges		-	-	327	315
- Footpaths		-	-	184	182
- Stormwater Drainage		-	-	1,199	1,187
- Sewerage Network		-	-	1,617	1,475
- Swimming Pools		-	-	59	-
Other Assets					
- Library Books		-	-	129	134
- Park Assets		-	-	1,225	1,176
Asset Reinstatement Costs	9 & 26	-	-	172	129
Intangible Assets	25	-	-	240	-
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>-</b>	<b>-</b>	<b>14,651</b>	<b>14,428</b>

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		113	112
Bad & Doubtful Debts		3	5
Bank Charges		191	184
Computer Software Charges		637	729
- Bushfire Fighting Fund		621	525
- Emergency Services Levy		93	88
- NSW Fire Brigade Levy		139	139
- Waste S88 EPA Contribution		2,821	2,618
- Other Contributions/Levies		572	634
Councillor Expenses - Mayoral Fee		39	38
Councillor Expenses - Councillors' Fees		215	210
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		62	62
Donations, Contributions & Assistance to other organisations (Section 356)		112	86
- Donations, Contributions & Assistance		-	5
Electricity & Heating		886	939
Fire Control Expenses		170	345
Gas		48	47
Insurance		973	948
Licences & Subscriptions		186	178
Office Expenses (including computer expenses)		47	59
Postage		152	144
Printing & Stationery		70	68
Recycling Program		116	-
Sewerage Treatment Works Operations		610	1,021
Stormwater - Environmental		45	41
Street Lighting		691	733
Telephone & Communications		170	205
Valuation Fees (Rates)		148	142
Water		178	172
Other		131	105
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>10,240</u></b>	<b><u>10,582</u></b>

## Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2015	Actual 2014
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal - Property		-	19
less: Carrying Amount of Property Assets Sold / Written Off		-	(43)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>(24)</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		1,105	790
less: Carrying Amount of P&E Assets Sold / Written Off		(999)	(791)
<b>Net Gain/(Loss) on Disposal</b>		<b>106</b>	<b>(1)</b>
<b>Infrastructure</b>			
Proceeds from Disposal - Infrastructure		88	249
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(203)	(215)
<b>Net Gain/(Loss) on Disposal</b>		<b>(115)</b>	<b>34</b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		65,500	48,760
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(65,500)	(48,760)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>-</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(9)</b>	<b>9</b>

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

\$ '000	Notes	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		702	-	321	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		6,300	-	5,900	-
- Short Term Deposits			-	-	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>7,002</b>	<b>-</b>	<b>6,221</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Long Term Deposits		38,800	-	37,000	-
<b>Total Investments</b>		<b>38,800</b>	<b>-</b>	<b>37,000</b>	<b>-</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>45,802</b>	<b>-</b>	<b>43,221</b>	<b>-</b>

<sup>1</sup> 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

Nil

a. "At Fair Value through the Profit & Loss"		<b>7,002</b>	<b>-</b>	<b>6,221</b>	<b>-</b>
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### Investments

a. "At Fair Value through the Profit & Loss"		-	-	-	-
b. "Held to Maturity"	6(b-ii)	38,800	-	37,000	-
c. "Loans & Receivables"	6(b-iii)	-	-	-	-
d. "Available for Sale"	6(b-iv)	-	-	-	-
<b>Investments</b>		<b>38,800</b>	<b>-</b>	<b>37,000</b>	<b>-</b>

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of investments held.

## Note 6b. Investments (continued)

	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
<b>\$ '000</b>				
<b>Note 6(b-i)</b>				
<b>Reconciliation of Investments classified as</b>				
<b>"At Fair Value through the Profit &amp; Loss"</b>				
Nil				
<b>Note 6(b-ii)</b>				
<b>Reconciliation of Investments</b>				
<b>classified as "Held to Maturity"</b>				
Balance at the Beginning of the Year	37,000	-	37,010	-
Additions	67,300	-	48,760	-
Disposals (sales & redemptions)	(65,500)	-	(48,770)	-
<b>Balance at End of Year</b>	<b>38,800</b>	<b>-</b>	<b>37,000</b>	<b>-</b>
<b>Comprising:</b>				
- Long Term Deposits	38,800	-	37,000	-
<b>Total</b>	<b>38,800</b>	<b>-</b>	<b>37,000</b>	<b>-</b>
<b>Note 6(b-iii)</b>				
<b>Reconciliation of Investments</b>				
<b>classified as "Loans &amp; Receivables"</b>				
Nil				
<b>Note 6(b-iv)</b>				
<b>Reconciliation of Investments</b>				
<b>classified as "Available for Sale"</b>				
Nil				

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

\$ '000	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
<b>Total Cash, Cash Equivalents and Investments</b>	<b>45,802</b>	<b>-</b>	<b>43,221</b>	<b>-</b>
<b>attributable to:</b>				
External Restrictions (refer below)	13,830	-	18,350	-
Internal Restrictions (refer below)	24,362	-	21,023	-
Unrestricted	7,610	-	3,848	-
	<b>45,802</b>	<b>-</b>	<b>43,221</b>	<b>-</b>

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
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### Details of Restrictions

#### External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans- LIRS	4,173	-	(1,083)	3,090
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<b>External Restrictions - Included in Liabilities</b>	<b>4,173</b>	<b>-</b>	<b>(1,083)</b>	<b>3,090</b>
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#### External Restrictions - Other

Nil				
Developer Contributions - General (D)	10,385	3,388	(6,210)	7,563
Developer Contributions - Sewer Fund (D)	-	-	(816)	(816)
Specific Purpose Unexpended Grants (F)	514	698	(514)	698
Specific Purpose Unexpended Contributions (F)	646	616	(1,508)	(246)
Sewerage Services (G)	441	7,890	(6,965)	1,366
Domestic Waste Management (G)	283	10,768	(10,685)	366
Stormwater Management (G)	1,908	44	(143)	1,809
<b>External Restrictions - Other</b>	<b>14,177</b>	<b>23,404</b>	<b>(26,841)</b>	<b>10,740</b>
<b>Total External Restrictions</b>	<b>18,350</b>	<b>23,404</b>	<b>(27,924)</b>	<b>13,830</b>



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

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Nil				
Plant & Vehicle Replacement	94	-	(94)	-
Employees Leave Entitlement	1,565	-	(60)	1,505
Election	249	51	-	300
Heritage	178	-	(6)	172
Information Technology	654	138	(86)	706
Risk Management	390	-	(159)	231
Tip Remediation and Sullage	8,705	9,130	(7,385)	10,450
Unexpended Contributions	350	-	(39)	312
Unspent Work Reserve/Property	6,570	4,915	(3,385)	8,100
Workers Compensation	1,064	-	-	1,064
Other - Contingency	346	468	(18)	796
Other - Legal	238	50	(38)	249
Other - Infrastructure Projects	420	100	(112)	408
Energy Efficiency	200	-	(133)	67
<b>Total Internal Restrictions</b>	<b>21,023</b>	<b>14,853</b>	<b>(11,515)</b>	<b>24,360</b>
<b>TOTAL RESTRICTIONS</b>	<b>39,373</b>	<b>38,257</b>	<b>(39,439)</b>	<b>38,190</b>

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

## Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		1,652	791	1,526	974
Interest & Extra Charges		116	94	103	95
User Charges & Fees		1,683	40	1,336	38
Private Works		-	-	1	-
Accrued Revenues					
- Interest on Investments		587	-	665	-
Government Grants & Subsidies		206	-	1,749	-
Net GST Receivable		367	-	65	-
<b>Total</b>		<b>4,611</b>	<b>925</b>	<b>5,445</b>	<b>1,107</b>
<b>less: Provision for Impairment</b>					
User Charges & Fees		(94)	-	(94)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(94)</b>	<b>-</b>	<b>(94)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b>4,517</b>	<b>925</b>	<b>5,351</b>	<b>1,107</b>
<b>Externally Restricted Receivables</b>					
<b>Sewerage Services</b>					
- Rates & Availability Charges		259	-	252	-
<b>Domestic Waste Management</b>		540		479	
<b>Total External Restrictions</b>		<b>799</b>	<b>-</b>	<b>731</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Internally Restricted Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unrestricted Receivables</b>		<b>3,718</b>	<b>925</b>	<b>4,620</b>	<b>1,107</b>
<b>TOTAL NET RECEIVABLES</b>		<b>4,517</b>	<b>925</b>	<b>5,351</b>	<b>1,107</b>

### Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 8.50% (2014 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.

## Note 8. Inventories & Other Assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Stores & Materials		275	-	250	-
Trading Stock		63	-	59	-
<b>Total Inventories</b>		<b>338</b>	<b>-</b>	<b>309</b>	<b>-</b>
<b>Other Assets</b>					
Nil					
Prepayments		738	-	703	-
Other		-	-	-	-
<b>Total Other Assets</b>		<b>738</b>	<b>-</b>	<b>703</b>	<b>-</b>
<b><u>TOTAL INVENTORIES / OTHER ASSETS</u></b>		<b><u>1,076</u></b>	<b><u>-</u></b>	<b><u>1,012</u></b>	<b><u>-</u></b>
<b>Externally Restricted Assets</b>					
There are no restrictions applicable to the above assets.					
<b>Total Unrestricted Assets</b>		<b>1,076</b>	<b>-</b>	<b>1,012</b>	<b>-</b>
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>		<b>1,076</b>	<b>-</b>	<b>1,012</b>	<b>-</b>

## Note 9a. Infrastructure, Property, Plant & Equipment

	as at 30/6/2014					Asset Movements during the Reporting Period								as at 30/6/2015				
	At Cost	At Fair Value	Accumulated Dep'n	Impairment	Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Adjustments & Transfers	Move to Intangible Asset	Previous year Capitalisation Movements	Adjustments to PY Period Movements	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated Dep'n	Impairment	Carrying Value
<b>\$ '000</b>																		
Capital Work in Progress	4,590	-	-	-	4,590	20,358	-	-	-	-	(4,812)	-	-	20,136	-	-	-	20,136
Plant & Equipment	-	13,386	5,869	-	7,517	2,451	(999)	(1,343)	217	-	111	-	-	-	14,293	6,339	-	7,954
Office Equipment	-	4,994	4,520	-	474	135	(1)	(102)	157	(260)	80	-	-	-	2,467	1,984	-	483
Furniture & Fittings	-	1,758	1,501	-	257	18	-	(39)	-	-	15	-	-	-	1,791	1,540	-	251
<b>Land:</b>																		
- Operational Land	-	92,201	-	-	92,201	65	-	-	-	-	-	-	-	-	92,266	-	-	92,266
- Community Land	-	76,959	-	-	76,959	-	-	-	-	-	-	(6,505)	-	-	70,454	-	-	70,454
- Land under Roads (post 30/6/08)	-	47,396	-	-	47,396	12,893	-	-	-	-	-	-	-	-	60,289	-	-	60,289
Land Improvements - non depreciable	-	711	-	-	711	20	-	-	-	-	192	-	-	-	923	-	-	923
Land Improvements - depreciable	-	5,389	4,641	-	748	8	-	(110)	71	-	25	-	-	-	5,635	4,893	-	742
Buildings - Non Specialised	-	36,384	14,716	-	21,668	116	-	(761)	5,277	-	234	-	-	-	47,092	20,558	-	26,534
Buildings - Specialised	-	74,303	31,912	-	42,391	226	(73)	(3,466)	11,976	-	453	-	-	-	91,413	39,906	-	51,507
Other Structures	-	26,779	16,292	-	10,487	136	(50)	(593)	620	-	698	(1,013)	-	-	25,527	15,242	-	10,285
<b>Infrastructure:</b>																		
- Roads	-	476,225	240,606	-	235,619	3,119	-	(3,085)	-	-	286	-	107,849	-	509,929	166,141	-	343,788
- Bridges	-	35,827	14,823	-	21,004	560	-	(327)	-	-	995	-	7,641	-	44,894	15,021	-	29,873
- Footpaths	-	15,859	8,725	-	7,134	374	-	(184)	-	-	-	-	2,696	-	19,448	9,428	-	10,020
- Stormwater Drainage	-	174,156	79,982	-	94,174	195	-	(1,199)	-	-	-	-	31,596	-	184,688	59,922	-	124,766
- Sewerage Network	-	161,772	77,949	-	83,823	197	(3)	(1,617)	(158)	-	206	-	(1,586)	-	164,987	84,125	-	80,862
- Swimming Pools	-	3,313	2,091	-	1,222	-	-	(59)	-	-	-	-	-	-	3,313	2,150	-	1,163
- Other Open Space/Recreational Assets	-	32,825	12,914	-	19,911	-	-	-	(19,911)	-	-	-	-	-	-	-	-	-
<b>Other Assets:</b>																		
- Heritage Collections	-	944	-	-	944	-	-	-	-	-	-	-	-	-	944	-	-	944
- Library Books	-	3,903	3,443	-	460	294	(19)	(129)	-	-	-	-	-	-	3,636	3,030	-	606
- Park Asset	-	51,886	28,132	-	23,754	553	(57)	(1,225)	1,751	-	256	(2)	-	-	56,829	31,799	-	25,030
<b>Reinstatement, Rehabilitation &amp; Restoration Assets</b> (refer Note 26):																		
- Tip Assets	-	1,699	913	-	786	-	-	(172)	-	-	-	-	-	-	1,698	1,084	-	614
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>4,590</b>	<b>1,338,669</b>	<b>549,029</b>	<b>-</b>	<b>794,230</b>	<b>41,718</b>	<b>(1,202)</b>	<b>(14,411)</b>	<b>-</b>	<b>(260)</b>	<b>(1,261)</b>	<b>(7,520)</b>	<b>148,196</b>	<b>20,136</b>	<b>1,402,516</b>	<b>463,162</b>	<b>-</b>	<b>959,490</b>

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$5,755) and New Assets (\$13,774). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other Infrastructure, Property, Plant & Equipment.

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

\$ '000 Class of Asset	Actual 2015				Actual 2014			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Sewerage Services</b>								
WIP		141	-	141	265	-	-	265
Plant & Equipment	-	754	187	567	-	908	285	623
Office Equipment	-	239	85	154				
Land				-				-
- Operational Land	-	2,225	-	2,225	-	2,225	-	2,225
- Community Land	-	7	-	7	-	7	-	7
Buildings	-	919	569	350	-	905	542	363
Other Structures	-	334	135	199	-	331	123	208
Infrastructure	-	164,987	84,125	80,862	-	161,844	77,978	83,866
<b>Total Sewerage Services</b>	-	169,606	85,101	84,505	265	166,220	78,928	87,557
<b>Domestic Waste Management</b>								
Plant & Equipment	-	1,872	1,084	788	-	1,856	917	939
Other Assets	-	578	520	58	-	577	356	221
<b>Total DWM</b>	-	2,450	1,604	846	-	2,433	1,273	1,160
<b>TOTAL RESTRICTED I,PP&amp;E</b>	-	172,056	86,705	85,351	265	168,653	80,201	88,717



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

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.



## Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		5,036	-	4,200	-
Accrued Expenses:					
Security Bonds, Deposits & Retentions		3,043	-	1,870	-
Other		837	-	728	-
<b>Total Payables</b>		<b>8,916</b>	<b>-</b>	<b>6,798</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		400	1,262	400	1,536
Other Loan		425	4,010	400	4,460
<b>Total Borrowings</b>		<b>825</b>	<b>5,272</b>	<b>800</b>	<b>5,996</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		2,179	-	1,971	-
Sick Leave		655	-	671	-
Long Service Leave		5,353	758	4,882	579
Leave in Lieu		252	-	199	-
<b>Sub Total - Aggregate Employee Benefits</b>		<b>8,439</b>	<b>758</b>	<b>7,723</b>	<b>579</b>
Self Insurance - Workers Compensation		75	265	75	325
Asset Remediation/Restoration (Future Works)	26	-	2,717	(87)	4,371
<b>Total Provisions</b>		<b>8,514</b>	<b>3,740</b>	<b>7,711</b>	<b>5,275</b>
<b>Total Payables, Borrowings &amp; Provisions</b>					
		<b>18,255</b>	<b>9,012</b>	<b>15,309</b>	<b>11,271</b>

### (i) Liabilities relating to Restricted Assets

	2015		2014	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>				
Sewer	283	1,770	590	1,662
Domestic Waste Management	258	86	256	81
Loan - LIRS	425	4,010	400	4,460
<b>Liabilities relating to externally restricted assets</b>	<b>966</b>	<b>5,866</b>	<b>1,246</b>	<b>6,203</b>
<b>Internally Restricted Assets</b>				
Nil				
<b>Total Liabilities relating to restricted assets</b>	<b>966</b>	<b>5,866</b>	<b>1,246</b>	<b>6,203</b>
<b>Total Liabilities relating to Unrestricted Assets</b>	<b>17,289</b>	<b>3,146</b>	<b>14,063</b>	<b>5,068</b>
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>	<b>18,255</b>	<b>9,012</b>	<b>15,309</b>	<b>11,271</b>

### (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.

	Actual 2015	Actual 2014
Provisions - Employees Benefits	5,897	5,295
Payables - Security Bonds, Deposits & Retentions	1,054	916
	<b>6,951</b>	<b>6,211</b>

<sup>1</sup>. Loans are secured over the General Rating Income of Council

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

## Note 10b. Description of and movements in Provisions

Class of Provision	Opening Balance as at 1/7/14	Net Additional Provisions	Closing Balance as at 30/6/15
Annual Leave	1,971	208	2,179
Sick Leave	671	(16)	655
Long Service Leave	5,461	650	6,111
Other Leave	199	53	252
Self Insurance	400	(60)	340
Asset Remediation	4,284	(1,567)	2,717
<b>TOTAL</b>	<b>12,986</b>	<b>(732)</b>	<b>12,254</b>

- 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.

## Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	7,002	6,221
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>7,002</b>	<b>6,221</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>38,156</b>	<b>14,642</b>
Adjust for non cash items:			
Depreciation & Amortisation		14,651	14,428
Net Losses/(Gains) on Disposal of Assets		9	(9)
Non Cash Capital Grants and Contributions		(25,070)	(13,545)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investment Properties		(12,091)	(3,175)
- Unwinding of Interest Free Loan		126	143
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
Unwinding of Discount Rates on Reinstatement Provisions		43	137
Unwinding of Discount Rate in PV calculation - Adjustment to TIP			100
Share of Net (Profits) or Losses of Associates/Joint Ventures		(343)	(170)
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		1,016	(183)
Decrease/(Increase) in Inventories		(29)	(12)
Decrease/(Increase) in Other Assets		(35)	(110)
Increase/(Decrease) in Payables		2,118	(119)
Increase/(Decrease) in Other Liabilities		907	979
Increase/(Decrease) in Employee Leave Entitlements		732	613
Increase/(Decrease) in Other Provisions		(1,567)	48
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>18,623</b>	<b>13,767</b>

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Dedicated Contributions		25,040	12,995
Other Non Cash Items		30	550
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>25,070</b>	<b>13,545</b>
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdraft Facilities <sup>(1)</sup>		800	800
Credit Cards / Purchase Cards		308	308
<b>Total Financing Arrangements</b>		<b>1,108</b>	<b>1,108</b>

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) Bank Guarantees**

Council holds a number of Bank Guarantees relating to outstanding works and services.

### **(f) Net Cash Flows Attributable to Discontinued Operations**

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

## Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Buildings		56	170
Property, Plant & Equipment		2,450	2,174
<b>Total Commitments</b>		<b>2,506</b>	<b>2,344</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		2,506	2,344
<b>Total Payable</b>		<b>2,506</b>	<b>2,344</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		708	1,595
Unexpended Grants		297	105
Externally Restricted Reserves		1,116	389
Internally Restricted Reserves		385	255
<b>Total Sources of Funding</b>		<b>2,506</b>	<b>2,344</b>

### (b) Finance Lease Commitments

Nil

### (c) Operating Lease Commitments (Non Cancellable)

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

Within the next year	505	475
Later than one year and not later than 5 years	726	711
Later than 5 years	14	-
<b>Total Non Cancellable Operating Lease Commitments</b>	<b>1,245</b>	<b>1,186</b>

#### 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 Operating Leases:

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

### (d) Investment Property Commitments

Nil

### (e) Investment in Associates / Joint Ventures - Commitments

For Capital Commitments and Other Commitments relating to investmetns in Joint Operations, refer to Note 19 (c )

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 20142013	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue <sup>(1)</sup> (excl. Capital Grants & Contributions) - Operating Expenses	(4,428)	-6.88%	-11.53%	-8.64%
Total continuing operating revenue <sup>(1)</sup> (excl. Capital Grants & Contributions)	64,390			
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue <sup>(1)</sup> (less ALL Grants & Contributions)	57,108	60.40%	69.10%	69.08%
Total continuing operating revenue <sup>(1)</sup>	94,549			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions <sup>(2)</sup>	36,767	3.56	3.95	4.59
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>	10,338			
4. Debt Service Cover Ratio				
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	10,662	8.44	5.78	21.25
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)	1,264			
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	2,653	5.52%	5.82%	6.40%
Rates, Annual and Extra Charges Collectible	48,081			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents including All Term Deposits	45,802	9.48	9.02	9.70
Payments from cash flow of operating and financing activities	4,834			

### Notes

<sup>(1)</sup> Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and net share of interests in joint ventures.

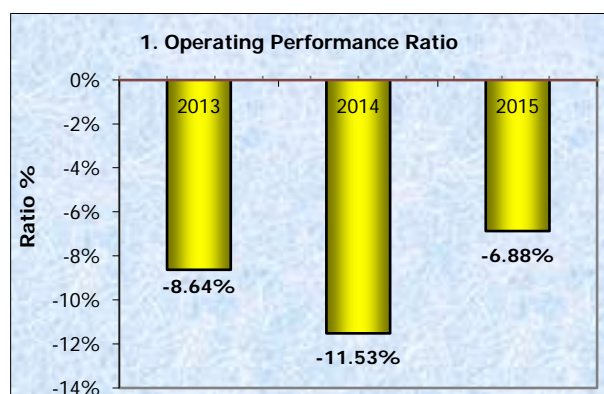
<sup>(2)</sup> Refer Notes 6-8 inclusive.  
Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

<sup>(3)</sup> Refer to Note 10(a).

<sup>(4)</sup> Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).



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



### Purpose of Operating Performance Ratio

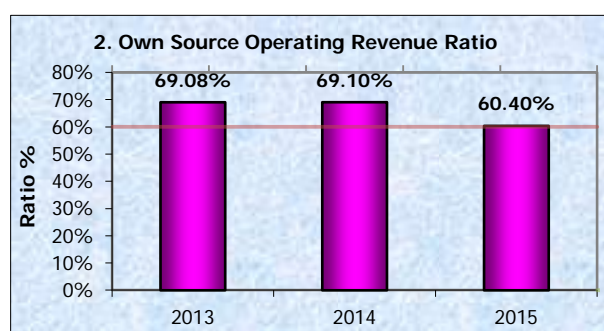
This ratio measures Council's achievement of containing operating expenditure within operating revenue.

### Commentary on 2014/15 Result

**2014/15 Ratio -6.88%**

Ratio improved as a result of increases in user fees and rental income. Due to the cessation of Financial Assistance Grant prepayments, grants income also appears to have increased.  
Ratio needs improvement.

Source for Benchmark: Code of Accounting Practice and Financial Reporting



### Purpose of Own Source Operating Revenue Ratio

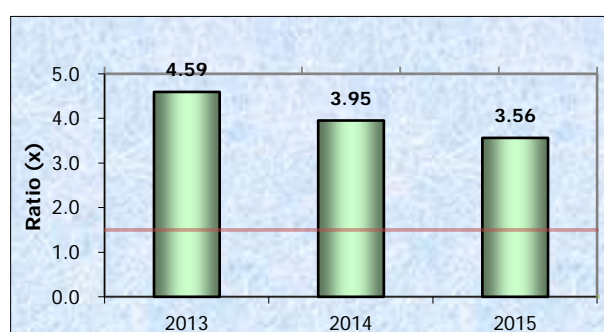
This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions.

### Commentary on 2014/15 Result

**2014/15 Ratio 60.40%**

Ratio decreased due to a 93% increase in dedication of assets from developer contributions, as a result of the Pitt Town development.  
Ratio is better than benchmark.

Source for Benchmark: Code of Accounting Practice and Financial Reporting



### Purpose of Unrestricted Current Ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

### Commentary on 2014/15 Result

**2014/15 Ratio 3.56x**

Ratio decreased as the current liabilities increased by more than the increase in current assets.  
Ratio is better than benchmark.

Source for Benchmark: Code of Accounting Practice and Financial Reporting

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



Source for Benchmark: NSW Treasury Corporation

### Purpose of Debt Service Cover Ratio

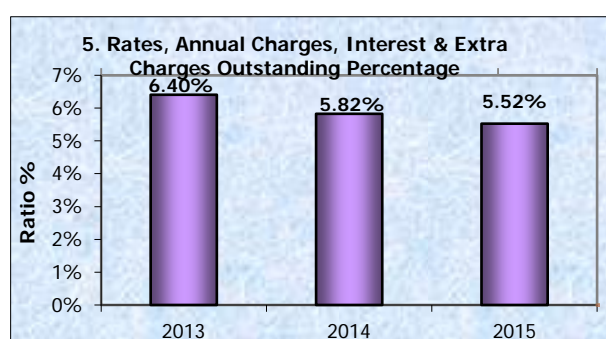
This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

### Commentary on 2014/15 Result

**2014/15 Ratio 8.44x**

Ratio increased due to interest and principal repayments associated with a loan for timber bridge replacements, of which the interest is partly subsidised under the Local Infrastructure Renewal Scheme.

Ratio is better than benchmark.



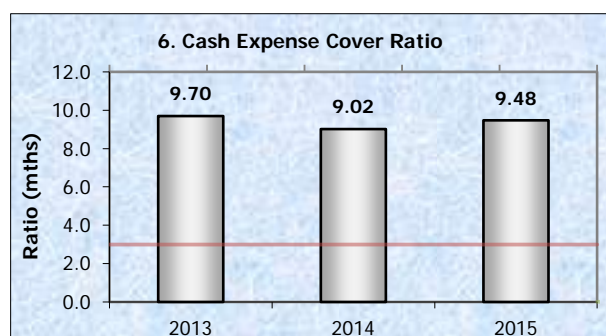
### Purpose of Rates & Annual Charges Outstanding Ratio

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

### Commentary on 2014/15 Result

**2014/15 Ratio 5.52%**

Ratio decreased as a result of issuing additional reminder notices prior to the year end, resulting in more payments being received prior to 30 June.



Source for Benchmark: Code of Accounting Practice and Financial Reporting

### Purpose of Cash Expense Cover Ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

### Commentary on 2014/15 Result

**2014/15 Ratio 9.48 months**

Ratio increased as a result of increased cash and cash equivalents.

Ratio is better than benchmark.

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

\$ '000	Sewer 2015	General <sup>5</sup> 2015
<b>Local Government Industry Indicators - by Fund</b>		
<b>1. Operating Performance Ratio</b>		
Total continuing operating revenue <sup>(1)</sup> (excl. Capital Grants & Contributions) - Operating Expenses	<b>-7.77%</b>	<b>-6.79%</b>
Total continuing operating revenue <sup>(1)</sup> (excl. Capital Grants & Contributions)	prior period: -1.87%	prior period: -12.54%
<b>2. Own Source Operating Revenue Ratio</b>		
Total continuing operating revenue <sup>(1)</sup> (less ALL Grants & Contributions)	<b>96.06%</b>	<b>58.01%</b>
Total continuing operating revenue <sup>(1)</sup>	prior period: 98.44%	prior period: 66.79%
<b>3. Unrestricted Current Ratio</b>		
Current Assets less all External Restrictions <sup>(2)</sup> Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>	<b>8.19x</b>	<b>3.56x</b>
	prior period: 5.06x	prior period: 3.95x
<b>4. Debt Service Cover Ratio</b>		
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation (EBITDA) Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)	<b>2.66x</b>	<b>12.55x</b>
	prior period: 2.84x	prior period: 7.77x
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>		
Rates, Annual and Extra Charges Outstanding Rates, Annual and Extra Charges Collectible	<b>5.31%</b>	<b>5.54%</b>
	prior period: 5.32%	prior period: 5.88%
<b>6. Cash Expense Cover Ratio</b>		
Current Year's Cash and Cash Equivalents including All Term Deposits	<b>18.53mths</b>	<b>7.82 mths</b>
Payments from cash flow of operating and financing activities	prior period: 20.64mths	prior period: 7.65 mths

### Notes

(1) - (4) Refer to Notes at Note 13a(i) above.

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

## Note 14. Investment Properties

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Investment Properties at Fair value</b>			
<b>Investment Properties on Hand</b>		<b>47,100</b>	<b>34,946</b>
<b>Reconciliation of Annual Movement:</b>			
Opening Balance		34,946	31,690
- Acquisitions		63	144
- Capitalised Expenditure - this year		-	-
- Disposals during Year		-	-
- Net Gain/(Loss) from Fair Value Adjustments		12,091	3,175
- Transfers from/(to) Owner Occupied (Note 9)		-	(63)
- Other Movements		-	-
<b>CLOSING BALANCE - INVESTMENT PROPERTIES</b>		<b>47,100</b>	<b>34,946</b>
<b>(b) Valuation Basis</b>			
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 2015 revaluations were based on Independent Assessments made by: K.D.Wood Valuations (Aust) Pty LTD Registered value No's. VAL11 & VAL6289			
<b>(c) Contractual Obligations at Reporting Date</b>			
Refer to Note 12 for disclosures relating to any Capital and Service obligations that have been contracted.			
<b>(d) Leasing Arrangements</b>			
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 receivable as follows:			
Within 1 year		376	212
Later than 1 year but less than 5 years		619	1,066
Later than 5 years		134	-
<b>Total Minimum Lease Payments Receivable</b>		<b>1,129</b>	<b>1,278</b>
<b>(e) Investment Property Income &amp; Expenditure - summary</b>			
<b>Rental Income from Investment Properties:</b>			
- Minimum Lease Payments		1,479	1,055
- Other Income		298	383
<b>Direct Operating Expenses on Investment Properties:</b>			
- that generated rental income		(248)	(256)
- that did not generate rental income		(255)	(205)
<b>Net Revenue Contribution from Investment Properties</b>		<b>1,274</b>	<b>977</b>
plus:			
<b>Fair Value Movement for year</b>		<b>12,091</b>	<b>3,175</b>
<b>Total Income attributable to Investment Properties</b>		<b>13,365</b>	<b>4,152</b>

Refer to Note 27- Fair Value Measurement for information regarding the fair value of investment properties held.

## Note 15. Financial Risk Management

\$ '000

### Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2015	2014	2015	2014
<b>Financial Assets</b>				
Cash and Cash Equivalents	7,002	6,221	7,002	6,221
Investments				
- "Held to Maturity"	38,800	37,000	38,800	37,000
Receivables	5,442	6,458	5,442	6,458
<b>Total Financial Assets</b>	<b>51,244</b>	<b>49,679</b>	<b>51,244</b>	<b>49,679</b>
<b>Financial Liabilities</b>				
Payables	8,916	6,798	8,916	6,798
Loans / Advances	6,097	6,796	6,097	6,797
<b>Total Financial Liabilities</b>	<b>15,013</b>	<b>13,594</b>	<b>15,013</b>	<b>13,595</b>

Fair Value is determined as follows:

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



## Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

The risks associated with the investments held are:

- **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.
- **Interest Rate Risk** - the risk that movements in interest rates could affect returns and income.
- **Credit Risk** - the risk that the investment counterparty) will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

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

The following represents a summary of the sensitivity of Council's Income Statement and Accumulated Surplus (for the reporting period) due to a change in 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
<b>2015</b>				
Possible impact of a 1% movement in Interest Rates	458	458	(458)	(458)
<b>2014</b>				
Possible impact of a 1% movement in Interest Rates	432	432	(432)	(432)

## 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.

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

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

Council makes suitable provision for doubtful receivables as required.

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:

	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
<b>(i) Ageing of Receivables - %</b>				
Current (not yet overdue)	0%	95%	0%	96%
Overdue	100%	5%	100%	4%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>(ii) Ageing of Receivables - value</b>				
Current (not yet overdue)	-	2,739	-	3,919
Overdue	2,653	144	2,500	133
	<b>2,653</b>	<b>2,883</b>	<b>2,500</b>	<b>4,052</b>
<b>(iii) Movement in Provision for Impairment of Receivables</b>			2015	2014
Balance at the beginning of the year			94	94
+ new provisions recognised during the year			-	-
- amounts already provided for & written off this year			-	-
<b>Balance at the end of the year</b>			<b>94</b>	<b>94</b>



## 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.

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

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the maturity 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		
2015									
Trade/Other Payables	3,043	5,873	-	-	-	-	-	8,916	8,916
Loans & Advances	-	850	876	904	939	964	2,305	6,838	6,097
Total Financial Liabilities	3,043	6,723	876	904	939	964	2,305	15,754	15,013
2014									
Trade/Other Payables	1,870	4,928	-	-	-	-	-	6,798	6,798
Loans & Advances	-	826	850	876	904	939	2,467	6,862	6,796
Total Financial Liabilities	1,870	5,754	850	876	904	939	2,467	13,660	13,594

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:

	2015		2014	
	Carrying Value	Applicable Interest Rate	Carrying Value	Applicable Interest Rate
Trade/Other Payables	8,916	0.00%	6,798	0.00%
Loans & Advances - Fixed Interest Rate (subsidised)	4,435	5.82%	4,860	5.82%
Loans & Advances - Interest Free	1,662	0.00%	1,936	0.00%
	<b>15,013</b>		<b>13,594</b>	

## Note 16. Material Budget Variations

Council's Original Financial Budget for 14/15 was adopted by the Council on 17 June 2014.

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

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

**Note that for Variations\* of Budget to Actual :**

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

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

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----	
<b>REVENUES</b>				
<b>Rates &amp; Annual Charges</b>	<b>45,132</b>	<b>44,901</b>	<b>(231)</b>	(1%) <b>U</b>
<b>User Charges &amp; Fees</b>	<b>4,869</b>	<b>6,171</b>	<b>1,302</b>	27% <b>F</b>
Income from the Hawkesbury Sport Council (HSC) was not included in the Original Budget. Road reinstatement fees, animal impounding fees, development income and public cemeteries income were over budget.				
<b>Interest &amp; Investment Revenue</b>	<b>1,266</b>	<b>1,871</b>	<b>605</b>	48% <b>F</b>
Investment revenue is more than the Original Budget due to higher level of funds invested than budgeted.				
<b>Other Revenues</b>	<b>3,717</b>	<b>16,256</b>	<b>12,539</b>	337% <b>F</b>
The revaluation of investment properties as at 30 June 2015 resulted in a favourable variance, the result of which was unknown at time of formulating the Original Budget. Also unbudgeted was the sale of an easement. A greater number of planning proposals were submitted than forecasted.				
<b>Operating Grants &amp; Contributions</b>	<b>6,988</b>	<b>7,282</b>	<b>294</b>	4% <b>F</b>
<b>Capital Grants &amp; Contributions</b>	<b>375</b>	<b>30,159</b>	<b>29,784</b>	7942% <b>F</b>
Only known grants are budgeted for in the Original Budget. Non cash asset dedications are also not included in the Original Budget.				
<b>Share of Net Profits - Joint Ventures &amp; Associates</b>	<b>-</b>	<b>343</b>	<b>343</b>	n/a <b>F</b>
Share of profits from joint ventures and associates unknown at time of formulating the Original Budget.				

## Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----	
<b>EXPENSES</b>				
<b>Employee Benefits &amp; On-Costs</b>	<b>24,332</b>	<b>25,247</b>	<b>(915)</b>	<b>(4%) U</b>
<b>Borrowing Costs</b>	<b>570</b>	<b>439</b>	<b>131</b>	<b>23% F</b>
Movements in the Tip remediation provision and unwinding of the fair value adjustment on the Sewer Loan were less than budgeted.				
<b>Materials &amp; Contracts</b>	<b>18,073</b>	<b>18,241</b>	<b>(168)</b>	<b>(1%) U</b>
<b>Depreciation &amp; Amortisation</b>	<b>14,516</b>	<b>14,651</b>	<b>(135)</b>	<b>(1%) U</b>
<b>Other Expenses</b>	<b>11,231</b>	<b>10,240</b>	<b>991</b>	<b>9% F</b>
<b>Net Losses from Disposal of Assets</b>	<b>-</b>	<b>9</b>	<b>(9)</b>	<b>n/a U</b>
Net Losses from Disposal of Assets are not included in the Original Budget.				
<b>Budget Variations relating to Council's Cash Flow Statement include:</b>				
<b>Cash Flows from Operating Activities</b>	<b>8,439</b>	<b>18,623</b>	<b>10,184</b>	<b>121% F</b>
Grants and contributions received during the year not included in the Original Budget. Investment income greater than budgeted due to a higher level of funds invested.				
<b>Cash Flows from Investing Activities</b>	<b>(13,922)</b>	<b>(17,017)</b>	<b>(3,095)</b>	<b>22% U</b>
The Original Budget does not include the net change in the overall value of the investment portfolio through the placement and redemption of term deposits. Purchase of Infrastructure, Plant and Equipment higher than Original Budget due to emergency reactive capital works and unbudgeted capital grant and contributions funded expenditure. Remaining variances related to changes in project timings due to reprioritisation of works.				
<b>Cash Flows from Financing Activities</b>	<b>(825)</b>	<b>(825)</b>	<b>-</b>	<b>0% F</b>

## Note 17. Statement of Developer Contributions

\$ '000

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

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

### SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	465	-	8,518	1	(426)	-	39	-	(39)	-	-
Roads	2,195	948	3,638	64	(2,265)	1,684	2,625	800	(3,425)	-	(1,684)
Parking	726	-	-	18	(156)	156	744	280	(1,024)	-	(156)
Open Space	1,404	288	12,884	36	(843)	593	1,478	290	(1,768)	-	(593)
Community Facilities	2,316	304	-	66	(144)	144	2,685	120	(2,805)	-	(144)
Recreational Facilities	1,399	125	-	34	(151)	-	1,407	-	(1,407)	-	-
Bushfire	38	-	-	1	(1)	-	38	55	(93)	-	-
Extractive Industries	354	57	-	2	(335)	-	78	230	(308)	-	-
Land Acquisition	301	241	-	14	(314)	(3,746)	(3,504)	3	(245)	(3,746)	3,746
Plan Administration Reserve	39	3	-	1	(13)	-	29	-	(29)	-	-
<b>S94 Contributions - under a Plan</b>	<b>9,237</b>	<b>1,966</b>	<b>25,040</b>	<b>236</b>	<b>(4,648)</b>	<b>(1,170)</b>	<b>5,620</b>	<b>1,778</b>	<b>(11,143)</b>	<b>(3,746)</b>	<b>1,170</b>
<b>S94A Levies - under a Plan</b>	<b>2,169</b>	<b>814</b>	<b>-</b>	<b>44</b>	<b>(2,378)</b>	<b>1,170</b>	<b>1,819</b>				<b>(1,170)</b>
<b>Total S94 Revenue Under Plans</b>	<b>11,406</b>	<b>2,780</b>	<b>25,040</b>	<b>280</b>	<b>(7,026)</b>	<b>-</b>	<b>7,439</b>				<b>-</b>
S64 Contributions	(1,021)	328	-	-	-	-	(692)				-
<b>Total Contributions</b>	<b>10,385</b>	<b>3,108</b>	<b>25,040</b>	<b>280</b>	<b>(7,026)</b>	<b>-</b>	<b>6,747</b>	<b>1,778</b>	<b>(11,143)</b>	<b>(3,746)</b>	<b>-</b>

## Note 17. Statement of Developer Contributions (continued)

\$ '000

### S94 CONTRIBUTIONS - UNDER A PLAN

#### CONTRIBUTION PLAN - HAWKESBURY CITY

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	465	-	9,390	1	(426)	-	39	-	(39)	-	-
Roads	2,195	948	15,650	64	(2,265)	1,684	2,625	800	(3,425)	-	(1,684)
Parking	726	-	-	18	(156)	156	744	280	(1,024)	-	(156)
Open Space	1,404	288	-	36	(843)	593	1,478	290	(1,768)	-	(593)
Community Facilities	2,316	304	-	66	(144)	144	2,685	120	(2,805)	-	(144)
Recreational Facilities	1,399	125	-	34	(151)	-	1,407	-	(1,407)	-	-
Bushfire	38	-	-	1	(1)	-	38	55	(93)	-	-
Extractive Industries	354	57	-	2	(335)	-	78	230	(308)	-	-
Land Acquisition	301	241	-	14	(314)	(3,746)	(3,504)	3	(245)	(3,746)	3,746
Plan Administration Reserve	39	3	-	1	(13)	-	29	-	(29)	-	-
<b>Total</b>	<b>9,237</b>	<b>1,966</b>	<b>25,040</b>	<b>236</b>	<b>(4,648)</b>	<b>(1,170)</b>	<b>5,620</b>	<b>1,778</b>	<b>(11,143)</b>	<b>(3,746)</b>	<b>1,170</b>

### S94A LEVIES - UNDER A PLAN

#### CONTRIBUTION PLAN - HAWKESBURY CITY

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other	2,169	814	-	44	(2,378)	1,170	1,819	-	(1,819)	-	(1,170)
<b>Total</b>	<b>2,169</b>	<b>814</b>	<b>-</b>	<b>44</b>	<b>(2,378)</b>	<b>1,170</b>	<b>1,819</b>				<b>-</b>

## Note 18. Contingencies and Other Assets/Liabilities Not Recognised

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

### LIABILITIES NOT RECOGNISED:

#### 1. Guarantees

##### (i) Westpool

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

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

Council's contribution represented 7% of the total amounts paid in by member Councils.

The pool ended with a surplus of \$29.943M of which Council's proportional share is \$1.972M.

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

##### (ii) Workers Compensation Claims

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

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

##### (iii) Other Guarantees

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

#### 2. Superannuation Schemes

##### (i) Defined Benefit Superannuation Contribution Plans

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

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

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category and that member Councils will need to make significantly higher contributions from 2009/2010 and beyond.

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

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

#### 3. Other Liabilities

##### (i) Third Party Claims


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

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

##### (ii) S94 Plans

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





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

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

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

**(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 (and subsequent land asset) from such potential acquisitions has not been possible.

**ASSETS NOT RECOGNISED:**

**(i) Land Under Roads**

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to and including 30 June 2008.

**(ii) Infringement Notices/Fines**

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

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

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

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



## Note 19. Interests in Other Entities

\$ '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;

### Controlled Entities (Subsidiaries)

*Note 19(a)*

Operational Arrangements where Councils control (but not necessarily interest) exceeds 50%

### Joint Ventures & Associates

*Note 19(b)*

Joint Ventures are operational arrangements where the parties that have joint control have rights to the net assets of the arrangement.

Associates are separate entities where Council has significant influence over the operations (but neither controls nor jointly controls them).

### Joint Venture Operations

*Note 19(c)*

Operational arrangements where the parties that have joint control have rights to specific assets and obligations for specific liabilities relating to the arrangement rather than a right to the net assets of the arrangement.

### Unconsolidated Structured Entities

*Note 19(d)*

Unconsolidated Structured Entities represent "special vehicles" that Council has an interest in but which are not controlled by Council and therefore not consolidated as a Subsidiary, Joint Arrangement or Associate. Attributes of Structured Entities include restricted activities, a narrow and well-defined objective and insufficient equity to finance its activities without financial support.

### Subsidiaries, Joint Arrangements and Associates not recognised

*Note 19(e)*

### Accounting Recognition:

(i) Subsidiaries disclosed under Note 19(a), and Joint Operations disclosed at Note 19(c), are accounted for on a "line by line consolidation basis within the Income Statement and Statement of Financial Position.

(ii) Joint Ventures and Associates as per Notes 19(b) are accounted for using the Equity Accounting Method and are disclosed as a 1 line entry in both the Income Statement and Statement of Financial Position.

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Joint Ventures	343	170	2,362	2,349
<b>Total</b>	<b>343</b>	<b>170</b>	<b>2,362</b>	<b>2,349</b>

## Note 19. Interests in Other Entities (continued)

\$ '000

### (a) Controlled Entities (Subsidiaries) - being entities & operations controlled by Council

Council's consolidated financial statements incorporate the assets, liabilities & results of the following subsidiaries in accordance with AASB 10 and the accounting policy described in Note 1(c).

Name of Operation/Entity	Principal Activity	Ownership		Voting Rights	
<b>1. Hawkesbury Sports Council</b>	Sports & Sporting Recreation 135 Windsor Street, RICHMOND NSW 2753				
<b>Interests in Subsidiary</b>		2015	2014	2015	2014
Council's Interest in Subsidiary		100%	100%	10%	0%
Non-Controlling Interest in Subsidiary		0%	0%	90%	100%

#### The nature and extent of significant restrictions relating to the Subsidiary

As HSC is a subsidiary of Council, there are no significant restrictions relating to Cash & Investments or Other Assets.

#### The nature of risks associated with Council's interests in the Subsidiary

Council has delegated the responsibility of the management of sporting facilities and associated auspiced Council funded services to the Hawkesbury Sports Council (HSC). The HSC is an incorporated association that operates autonomously via the entity's constitution. Council contributions both financial and in-kind support in the form of land and facilities to ensure adequate provision of sports services and facilities to the community.

As the function of HSC is to perform the functions and services delegated by Council, any financial loss incurred by HSC is borne by Council and recognised in the consolidated Financial Statements. As a mechanism to reduce the risk of financial losses and to ensure that decisions made by HSC align with Council's operational and strategic objectives, Council representatives, being the Manager of Parks & Recreation and a nominated Councillor, are invited to attend each meeting. As assets used by HSC are owned by Council, adequate insurance cover is included in Council's insurance policy portfolio to mitigate risks associated with loss or damage.

During 2014/2015, Council contributed \$726K for the operation of HSC and \$274K for capital improvements of facilities. Council currently intends to continue providing operational and capital financial contributions to HSC.

#### Other disclosures

Although Council has limited voting powers on the HSC executive, the existence of this entity is contingent on Council continuing to provide facilities, financial contributions and delegation for the management of its sporting facilities.

### Summarised Financial Information for the Subsidiary

<b>Summarised Statement of Comprehensive Income</b>	<b>2015</b>	<b>2014</b>
Revenue	840	917
Expenses	(819)	(885)
<b>Profit for the Period</b>	<b>21</b>	<b>32</b>
<b>Other Comprehensive Income:</b>		
Fair Value Adjustment - IPP&E	-	-
<b>Total Comprehensive income <sup>(1)</sup></b>	<b>21</b>	<b>32</b>
<sup>(1)</sup> Non-controlling Interest Share	-	-
Dividends paid to Non-controlling Interests	-	-
<b>Summarised Statement of Financial Position</b>	<b>2015</b>	<b>2014</b>
Current Assets	620	578
Non Current Assets	104	-
<b>Total Assets</b>	<b>724</b>	<b>578</b>

## Note 19. Interests in Other Entities (continued)

\$ '000

### (a) Controlled Entities (Subsidiaries) - being entities & operations controlled by Council (continued)

Summarised Statement of Financial Position (continued)	2015	2014
Current Liabilities	58	54
Non Current Liabilities	-	-
<b>Total Liabilities</b>	<b>58</b>	<b>54</b>
<b>Net Assets</b> <sup>(2)</sup>	<b>666</b>	<b>524</b>
<sup>(2)</sup> Non-controlling Interest Share	-	-

### (b) Joint Ventures and Associates

Council has incorporated the following Joint Ventures and Associates into it's consolidated Financial Statements.

#### (a) Net Carrying Amounts - Council's Share

Name of Entity	Nature of Relationship	Measurement Method	2015	2014
Westpool	Joint Venture	Equity Method	1,972	1,992
United Independent Pools	Joint Venture	Equity Method	390	357
<b>Total Carrying Amounts - Material Joint Ventures and Associates</b>			<b>2,362</b>	<b>2,349</b>

#### (b) Details

Name of Entity	Principal Activity	Place of Business
Westpool	Self insurance provider for public liability and indemnity	Penrith
United Independent Pools	Review Industrial Special risk and Motor risk	Penrith

#### (c) Relevant Interests & Fair Values

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2015	2014	2015	2014	2015	2014
Westpool	7%	3%	7%	7%	10%	11%
United Independent Pools	6%	10%	5%	5%	5%	6%

## Note 19. Interests in Other Entities (continued)

\$ '000

### (b) Joint Ventures and Associates (continued)

#### (d) Summarised Financial Information for Joint Ventures & Associates

	<b>Westpool</b>		<b>United Independent Pools</b>	
	2015	2014	2015	2014
<b>Statement of Financial Position</b>				
<b>Current Assets</b>				
Current Assets	8,684	29,101	6,027	8,097
<b>Total Current Assets</b>	<b>8,684</b>	<b>29,101</b>	<b>6,027</b>	<b>8,097</b>
<b>Non-Current Assets</b>	<b>48,488</b>	<b>22,701</b>	<b>5,761</b>	<b>2,000</b>
<b>Current Liabilities</b>				
Current Liabilities	4,742	4,087	1,808	1,156
<b>Total Current Liabilities</b>	<b>4,742</b>	<b>4,087</b>	<b>1,808</b>	<b>1,156</b>
<b>Non-Current Liabilities</b>	<b>22,486</b>	<b>19,703</b>	<b>2,462</b>	<b>2,035</b>
<b>Net Assets</b>	<b>29,943</b>	<b>28,012</b>	<b>7,517</b>	<b>6,906</b>
<b>Reconciliation of the Carrying Amount</b>				
<b>Opening Net Assets (1 July)</b>	28,012	23,591	6,906	6,406
Profit/(Loss) for the period	4,333	4,421	611	500
Dividends Paid	(2,402)	-	-	-
<b>Closing Net Assets</b>	<b>29,943</b>	<b>28,012</b>	<b>7,517</b>	<b>6,906</b>
<b>Council's share of Net Assets (%)</b>	<b>6.6%</b>	<b>7.1%</b>	<b>5.2%</b>	<b>5.2%</b>
<b>Council's share of Net Assets (\$)</b>	<b>1,972</b>	<b>1,992</b>	<b>389</b>	<b>357</b>
	<b>Westpool</b>		<b>United Independent Pools</b>	
	2015	2014	2015	2014
<b>Statement of Comprehensive Income</b>				
Income	11,370	9,728	10,284	9,053
Expenses	(7,036)	(5,307)	(9,673)	(8,553)
<b>Profit/(Loss) from Continuing Operations</b>	<b>4,334</b>	<b>4,421</b>	<b>611</b>	<b>500</b>
Profit/(Loss) from Discontinued Operations	-	-	-	-
<b>Profit/(Loss) for Period</b>	<b>4,334</b>	<b>4,421</b>	<b>611</b>	<b>500</b>
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>4,334</b>	<b>4,421</b>	<b>611</b>	<b>500</b>
<b>Council's share of Income (%)</b>	<b>7.2%</b>	<b>3.0%</b>	<b>5.5%</b>	<b>10.4%</b>
<b>Council's share of Profit/(Loss) (\$)</b>	<b>310</b>	<b>131</b>	<b>33</b>	<b>52</b>
<b>Council's share of Comprehensive Income (\$)</b>	<b>310</b>	<b>131</b>	<b>33</b>	<b>52</b>
<b>Dividends received by Council</b>	<b>330</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Note 19. Interests in Other Entities (continued)

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\$ '000

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### (b) Joint Ventures and Associates (continued)

#### **(e) The nature and extent of significant restrictions relating to Joint Ventures & Associates**

There are restrictions on Westpool and UIP members to access equity to pay Council's liabilities, including:

- a. members must provide 12 months notice prior to leaving the pool; and
- b. equity is only returned to members after the capital adequacy thresholds have been met within the pool.

### (c) Joint Operations

Council has no interest in any Joint Operations.

### (d) Unconsolidated Structured Entities

Council has no Unconsolidated Structured Entities

### (e) Subsidiaries, Joint Arrangements & Associates not recognised

All entities that Council has a material interest in have been disclosed.

## Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		332,048	318,982
a. Correction of Prior Period Errors	20 (c)	(7,362)	(1,576)
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		38,156	14,642
e. Distributions to/(Contributions from) Non-controlling Interests		-	-
f. Transfers between Equity		-	-
<b>Balance at End of the Reporting Period</b>		<b>362,842</b>	<b>332,048</b>

## (b) Reserves

### (i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	671,784	523,588
<b>Total</b>	<b>671,784</b>	<b>523,588</b>

### (ii) Reconciliation of movements in Reserves:

#### Infrastructure, Property, Plant & Equipment Revaluation Reserve

- Opening Balance	523,588	515,346
- Revaluations for the year	148,196	8,242
<b>- Balance at End of Year</b>	<b>671,784</b>	<b>523,588</b>

#### TOTAL VALUE OF RESERVES

<b>671,784</b>	<b>523,588</b>
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### (iii) Nature & Purpose of Reserves

#### Infrastructure, Property, Plant & Equipment Revaluation Reserve

- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

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

\$ '000	Notes	Actual 2015	Actual 2014
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### (c) Correction of Error/s relating to a Previous Reporting Period

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

##### Council has made the following asset adjustments to retained earnings

- Park Asset Disposals - duplication of assets	(2)
- Other Structure Disposal - not owner of asset	(1,027)
- Bus shelters previously not recorded in asset register	14
- Land transfer of operational to community land	(6,506)
- Adjustment to previous year expenses	11
- Hawkesbury Sport Council	122
- Plant Suspense Account	26
	<u>(7,362)</u>

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

##### Council has made the following asset adjustments to retained earnings:

- Asset disposals - not a owner of asset and duplication of assets	(2,752)
- Community Land previously not recorded in asset register	125
- Swimming pool previously not recorded in asset register	770
- Adjustment to the previous year reserves	(77)
- Adjustment to the Tip Remediation	270
- Hawkesbury Sport Council	88
<b>Total Prior Period Adjustments - Prior Period Errors</b>	<u>(1,576)</u>

### (d) Voluntary Changes in Accounting Policies

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



## Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2015	Actual 2015
<b>Continuing Operations</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>		
Rates & Annual Charges	4,855	40,046
User Charges & Fees	741	5,430
Interest & Investment Revenue	51	1,820
Other Revenues	47	16,209
Grants & Contributions provided for Operating Purposes	40	7,242
Grants & Contributions provided for Capital Purposes	194	29,965
<b>Other Income</b>		
Net Gains from Disposal of Assets	8	(8)
Share of interests in Joint Ventures & Associates using the Equity Method	-	343
<b>Total Income from Continuing Operations</b>	<b>5,936</b>	<b>101,047</b>
<b>Expenses from Continuing Operations</b>		
Employee Benefits & on-costs	1,575	23,672
Borrowing Costs	-	313
Materials & Contracts	1,685	16,556
Depreciation & Amortisation	1,721	12,930
Unwinding of interest free loan	126	-
Other Expenses	1,081	9,159
Net Losses from the Disposal of Assets	-	9
Share of interests in Joint Ventures & Associates using the Equity Method	-	-
<b>Total Expenses from Continuing Operations</b>	<b>6,188</b>	<b>62,639</b>
<b>Operating Result from Continuing Operations</b>	<b>(252)</b>	<b>38,408</b>
<b>Discontinued Operations</b>		
Net Profit/(Loss) from Discontinued Operations	-	-
<b>Net Operating Result for the Year</b>	<b>(252)</b>	<b>38,408</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>(252)</b>	<b>38,408</b>
<b>Net Operating Result attributable to Non-controlling Interests</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>(446)</b>	<b>8,443</b>

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

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

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

Statement of Financial Position by Fund \$ '000	Actual 2015	Actual 2015
<b>ASSETS</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>		
Cash & Cash Equivalents	7,514	(512)
Investments	-	38,800
Receivables	259	4,258
Inventories	-	338
Other	-	738
<b>Total Current Assets</b>	<b>7,773</b>	<b>43,622</b>
<b>Non-Current Assets</b>		
Receivables	-	925
Infrastructure, Property, Plant & Equipment	84,506	874,984
Investments Accounted for using the equity method	-	2,362
Investment Property	75	47,025
Intangible Assets	-	621
<b>Total Non-Current Assets</b>	<b>84,581</b>	<b>925,917</b>
<b>TOTAL ASSETS</b>	<b>92,354</b>	<b>969,539</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	-	8,916
Borrowings	126	699
Provisions	283	8,231
<b>Total Current Liabilities</b>	<b>409</b>	<b>17,846</b>
<b>Non-Current Liabilities</b>		
Borrowings	1,536	3,736
Provisions	108	3,632
<b>Total Non-Current Liabilities</b>	<b>1,644</b>	<b>7,368</b>
<b>TOTAL LIABILITIES</b>	<b>2,053</b>	<b>25,214</b>
<b>Net Assets</b>	<b>90,301</b>	<b>944,325</b>
<b>EQUITY</b>		
Retained Earnings	43,502	319,340
Revaluation Reserves	46,799	624,985
<b>Council Equity Interest</b>	<b>90,301</b>	<b>944,325</b>
<b>Non-controlling Interests</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>90,301</b>	<b>944,325</b>

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

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



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

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

## Note 23. Events occurring after the Reporting Date

Events that occur between the end of the reporting period (ending 30 June 2015) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 23 October 2015.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2015.

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

These financial statements (and figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2015 and which are only indicative of conditions that arose after 30 June 2015.

## Note 24. Discontinued Operations

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

## Note 25. Intangible Assets

\$ '000	Actual 2015	Actual 2014
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Intangible Assets represent identifiable non-monetary asset without physical substance.

Intangible Assets are as follows;

### Opening Values:

Gross Book Value (1/7)	2,437	-
Accumulated Amortisation (1/7)	(1,836)	-
Accumulated Impairment (1/7)	-	-
<b>Net Book Value - Opening Balance</b>	<b>601</b>	<b>-</b>

### Movements for the year

- Transfer from Office Equipment	260	-
- Amortisation charges	(240)	-

### Closing Values:

Gross Book Value (30/6)	2,697	-
Accumulated Amortisation (30/6)	(2,076)	-

### TOTAL INTANGIBLE ASSETS - NET BOOK VALUE <sup>1</sup>

<b>621</b>	<b>-</b>
------------	----------

### <sup>1</sup>. The Net Book Value of Intangible Assets represent:

- Software	621	-
	<b>621</b>	<b>-</b>

## Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2015	2014
South Windsor Waste Depot	2017	1,484	1,441
East Kurrajong Waste Depot	2014	1,233	2,843
<b>Balance at End of the Reporting Period</b>		<b>2,717</b>	<b>4,284</b>

10(a)

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

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

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

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

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

### Reconciliation of movement in Provision for year:

Balance at beginning of year	4,284	4,260
Amounts capitalised to new or existing assets	(883)	294
Effect of a change in discount rates used in PV calculations	-	(161)
Effect of a change in other calculation estimates used	-	(246)
Amortisation of discount (expensed to borrowing costs)	43	137
Expenditure incurred attributable to provisions	(727)	-
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>2,717</b>	<b>4,284</b>

### Amount of Expected Reimbursements

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

## Note 27. Fair Value Measurement

\$ '000

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, Property, Plant and Equipment
- Investment Property
- Financial Assets & Liabilities

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**(1) The following table presents all assets and liabilities that have been measured & recognised at fair values:**

Fair Value Measurements		Fair Value Measurement Hierarchy			Total
		Level 1	Level 2	Level 3	
2015	Date of latest Valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
<b>Recurring Fair Value Measurements</b>					
<b>Investment Properties</b>					
Investment Properties	30/06/2015	-	-	47,100	47,100
<b>Total Investment Properties</b>		<b>-</b>	<b>-</b>	<b>47,100</b>	<b>47,100</b>
<b>Infrastructure, Property, Plant &amp; Equipment</b>					
Plant & Equipment	30/06/2011	-	-	7,954	7,954
Office Equipment	30/06/2011	-	-	483	483
Furniture and Fittings	30/06/2011	-	-	251	251
Operational Land	30/06/2013	-	-	92,266	92,266
Community Land	30/06/2011	-	-	70,454	70,454
Land under road	30/06/2014	-	-	60,289	60,289
Land Improvements - non depreciable	30/06/2011	-	-	923	923
Land Improvements - depreciable	30/06/2011	-	-	742	742
Buildings - Non Specialised	30/06/2013	-	-	26,534	26,534
Buildings - Specialised	30/06/2013	-	-	51,507	51,507
Other Structures	30/06/2011	-	-	10,285	10,285
Road, Bridges, Footpaths	30/06/2015	-	-	383,681	383,681
Stormwater Drainage	30/06/2015	-	-	124,766	124,766
Swimming Pools and Other Open Space	30/06/2011	-	-	1,163	1,163
Heritage, Sewer, Books, Park Assets & Tip	30/06/2015	-	-	128,192	128,192
<b>Total Infrastructure, Property, Plant &amp; Equipm't</b>		<b>-</b>	<b>-</b>	<b>959,490</b>	<b>959,490</b>

## Note 27. Fair Value Measurement (continued)

\$ '000

2014	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements					
Investment Properties					
Investment Properties	30/06/2014	-	-	34,946	34,946
Total Investment Properties		-	-	34,946	34,946
Infrastructure, Property, Plant & Equipment					
Plant & Equipment	30/06/2011	-	-	7,517	7,628
Office Equipment	30/06/2011	-	-	474	1,106
Furniture and Fittings	30/06/2011	-	-	257	272
Operational Land	30/06/2013	-	-	92,201	92,201
Community Land	30/06/2011	-	-	76,959	76,974
Land under road	30/06/2014	-	-	47,396	47,402
Land Improvements - non depreciable	30/06/2011	-	-	711	745
Land Improvements - depreciable	30/06/2011	-	-	748	748
Buildings - Non Specialised	30/06/2013	-	-	21,668	21,668
Buildings - Specialised	30/06/2013	-	-	42,391	43,130
Other Structures	30/06/2011	-	-	10,487	11,231
Road, Bridges, Footpaths	30/06/2010	-	-	263,757	265,040
Stormwater Drainage	30/06/2010	-	-	94,174	94,174
Swimming Pools and Other Open Space	30/06/2010	-	-	21,133	85,045
Heritage, Sewer, Books, Park Assets & Tip	30/06/2011	-	-	114,357	46,866
Total Infrastructure, Property, Plant & Equipm't		-	-	794,230	794,230

### (2) Transfers between Level 1 & Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

### (3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (ie. Level 1 inputs) Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

#### Financial Assets

The Council's financial assets relate to investments in term deposits. The information included under note 6(b) is considered sufficient to meet the Fair Value disclosures requirements hence additional information is not included under this note

#### Financial Liabilities

The Council does not have any liabilities which are fair valued.



## Note 27. Fair Value Measurement (continued)

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### Investment Properties

Council conducts indexation each year and a full revaluation is conducted every five years, and is classified as a Level 3 Fair Value. The full revaluation and indexation is done by independent and qualified valuers to determine the fair value of its investment properties. Indexation was used to determine the fair value for the investment properties as at 30 June 2015.

The indexation was conducted by K.D. Wood Valuations. The Valuer recommended to increase the value of Council's investment portfolio by 25%. The value of investment property was determined through either capitalisation of rental income or with reference to value of similar properties within the area. The key unobservable input to this valuation is rent, interest rate property value or rental price.

Council revalues buildings every five years. The next revaluation is due during the 2017/2018 financial year.

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### Infrastructure, Property, Plant & Equipment

#### Buildings

Council engages external, independent and qualified valuers to determine the fair value of Council's buildings. Buildings were last revalued as at the 30 June 2013 by Scott Fullarton Valuations Pty Ltd.

The valuer obtained the gross value of each building by applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost, which is the lowest cost of replacing the economic benefits of the existing asset using modern technology. The key unobservable input was the square metre rate, which was benchmarked to construction costs of similar properties across the industry.

Council revalues buildings every 5 years. The next revaluation is due during the 2017/2018 financial year.

#### Operational Land

Council engages external, independent and qualified valuer to determine the fair value of the council's operational land. Operational land was revalued on 30 June 2013 and fair values were determined by Scott Fullarton Valuation Pty Ltd.

Operational land has been valued at market value, having regard to the "highest and best use", after identifying all elements that would be taken into account by buyers and sellers in setting the price, including but not limited to the description and dimensions of the land, Planning and other constraints on development and the potential for alternative use. In this regard, the valuer analysed sale of land throughout the subject and surrounding council area and adopted a rate per square metre, after taking into consideration zoning, location, area and configuration.

Council revalues operational land every five years. The next revaluation is due during the 2017/2018 financial year.

#### Land Under Road

Council conducted the revaluation for the land under road on 30 June 2014. Council used the Valuer General's value to determine the fair value of the land under road assets.

Land under road has been determined using a unit rate per square metre, derived from the Unimproved Land Value as determined by the Valuer General, performed for rating purposes, and is applied to the total square area.

Council revalues the land under roads every five years. The next revaluation is due during the 2018/2019 financial year.

#### Community Land

Council conducted the revaluation for the community land on 30 June 2011. Council used the valuer general's value to determine the fair value of the community land.

Community land has been determined using a unit rate per square metre, derived from the Unimproved Land Value as determined by the Valuer General for rating purposes.

Council revalues the community land every 5 years, the next revaluation is due on 2015/2016 financial year.

## Note 27. Fair Value Measurement (continued)

\$ '000

### Sewerage Network

Council conducts indexation on asset values under this class every year and conducts a full revaluation every five years. Council engages an external, independent and qualified valuer to conduct full revaluations.

The Sewerage network was last revalued in the 2014/2015 financial year by Andrew Nock. The fair value was determined based on asset replacement cost and condition of the assets. In between full revaluations, Council applies the construction cost index rate, which is issued by the NSW Office of Water.

The next full revaluation is due during the 2019/2020 financial year.

### Road, Bridges, Footpaths and Drainage

Council conducts a full revaluation of the above assets every 5 years. The last revaluation was conducted during the 2014/2015 financial year, which was performed by Council's internal professional staff, consisting of qualified engineers.

The fair value of road assets was determined based on the replacement cost per square metre rate and condition of the asset. The fair value of footpaths and drainage assets were determined based on the replacement cost per square meter and the condition of the asset. Replacement costs was used to determine the fair value of bridges.

The next full revaluation is due during the 2019/2020 financial year.

#### (4). Fair value measurements using significant unobservable inputs (Level 3)

##### a. The following tables present the changes in Level 3 Fair Value Asset Classes.

	Investment Properties	Plant and Equipment	Office Equipment	Furniture and Fittings	Total
<b>Opening Balance - 1/7/13</b>	-	-	-	-	-
Adoption of AASB 13	34,946	7,517	474	257	43,194
<b>Closing Balance - 30/6/14</b>	<b>34,946</b>	<b>7,517</b>	<b>474</b>	<b>257</b>	<b>43,194</b>
Transfers from/(to) another asset class	-	217	157	-	374
Purchases (GBV)	63	2,451	135	18	2,667
Disposals (WDV)	-	(999)	(1)	-	(1,000)
Depreciation & Impairment	-	(1,343)	(102)	(39)	(1,484)
FV Gains - Other Comprehensive Income	12,091	-	-	-	12,091
PY Capitalisation	-	111	80	15	206
Move to intangible asset	-	-	(260)	-	(260)
<b>Closing Balance - 30/6/15</b>	<b>47,100</b>	<b>7,954</b>	<b>483</b>	<b>251</b>	<b>55,788</b>
	Operational Land	Community Land	Land Under Roads	Land Imp: Non Depn	Total
Adoption of AASB 13	92,201	76,959	47,396	711	217,267
<b>Closing Balance - 30/6/14</b>	<b>92,201</b>	<b>76,959</b>	<b>47,396</b>	<b>711</b>	<b>217,267</b>
Purchases (GBV)	65	-	8	20	93
PY Capitalisation	-	-	-	192	192
Adjustments to PY movements	-	(6,505)	-	-	(6,505)
Non Cash Dedications	-	-	12,884	-	12,884
<b>Closing Balance - 30/6/15</b>	<b>92,266</b>	<b>70,454</b>	<b>60,288</b>	<b>923</b>	<b>223,931</b>

\$ '000

**(4). Fair value measurements using significant unobservable inputs (Level 3)** (continued)

	Land Imp: Depreciable	Buildings: Non Spec.	Buildings: Specialised	Other Structures	Total
<b>Opening Balance - 1/7/13</b>	-	-	-	-	-
Adoption of AASB 13	748	21,668	42,391	10,487	75,294
<b>Closing Balance - 30/6/14</b>	<b>748</b>	<b>21,668</b>	<b>42,391</b>	<b>10,487</b>	<b>75,294</b>
Transfers from/(to) another asset class	71	5,277	11,976	620	17,944
Purchases (GBV)	8	116	226	136	486
Disposals (WDV)	-	-	(73)	(50)	(123)
Depreciation & Impairment	(110)	(761)	(3,466)	(593)	(4,930)
PY Capitalisation	25	234	453	698	1,410
Adjustments to PY movements	-	-	-	(1,013)	(1,013)
<b>Closing Balance - 30/6/15</b>	<b>742</b>	<b>26,534</b>	<b>51,507</b>	<b>10,285</b>	<b>89,068</b>

	Footpaths	Drainage	Pools & O/S	Assets	Total
<b>Opening Balance - 1/7/13</b>	-	-	-	-	-
Adoption of AASB 13	263,757	94,174	21,133	114,357	493,421
<b>Closing Balance - 30/6/14</b>	<b>263,757</b>	<b>94,174</b>	<b>21,133</b>	<b>114,357</b>	<b>493,421</b>
Transfers from/(to) another asset class	-	-	(19,911)	-	(19,911)
Purchases (GBV)	1,287	195	-	7,170	8,652
Disposals (WDV)	-	-	-	(79)	(79)
Depreciation & Impairment	(3,596)	(1,199)	(59)	(3,143)	(7,997)
PY Capitalisation	1,281	-	-	467	1,748
Adjustments to PY movements	-	-	-	-	-
Non Cash Dedications	2,766	-	-	9,420	12,186
Revaluation Increments	118,186	31,596	-	-	149,782
<b>Closing Balance - 30/6/15</b>	<b>383,681</b>	<b>124,766</b>	<b>1,163</b>	<b>128,192</b>	<b>637,802</b>

## Note 28. Council Information and Contact Details

### Principal Place of Business

366 George Street  
WINDSOR NSW 2756

### Opening Hours

8:30am to 5pm  
Monday to Friday

### Contact Details

#### *Mailing Address:*

PO Box 146  
WINDSOR NSW 2756

**Telephone:** (02) 4560 4444

**Facsimile:** (02) 4587 7740

### Officers

#### *GENERAL MANAGER*

Mr Peter Jackson

#### *RESPONSIBLE ACCOUNTING OFFICER*

Ms Emma Galea

#### *PUBLIC OFFICER*

Mr Laurie Mifsud

#### *AUDITORS*

Pricewaterhouse Coopers  
Darling Park Tower 2  
201 Sussex Street  
SYDNEY NSW 2000

Internet: [www.hawkesbury.nsw.gov.au](http://www.hawkesbury.nsw.gov.au)

Email: [council@hawkesbury.nsw.gov.au](mailto:council@hawkesbury.nsw.gov.au)

### Elected Members

#### *MAYOR*

Councillor Kim Ford

#### *COUNCILLORS*

Councillor Bob Porter

Councillor Barry Calvert

Councillor Patrick Conolly

Councillor Mike Reed

Councillor Mary Lyons-Buckett

Councillor Warwick Mackay

Councillor Christine Paine

Councillor Paul Rasmussen

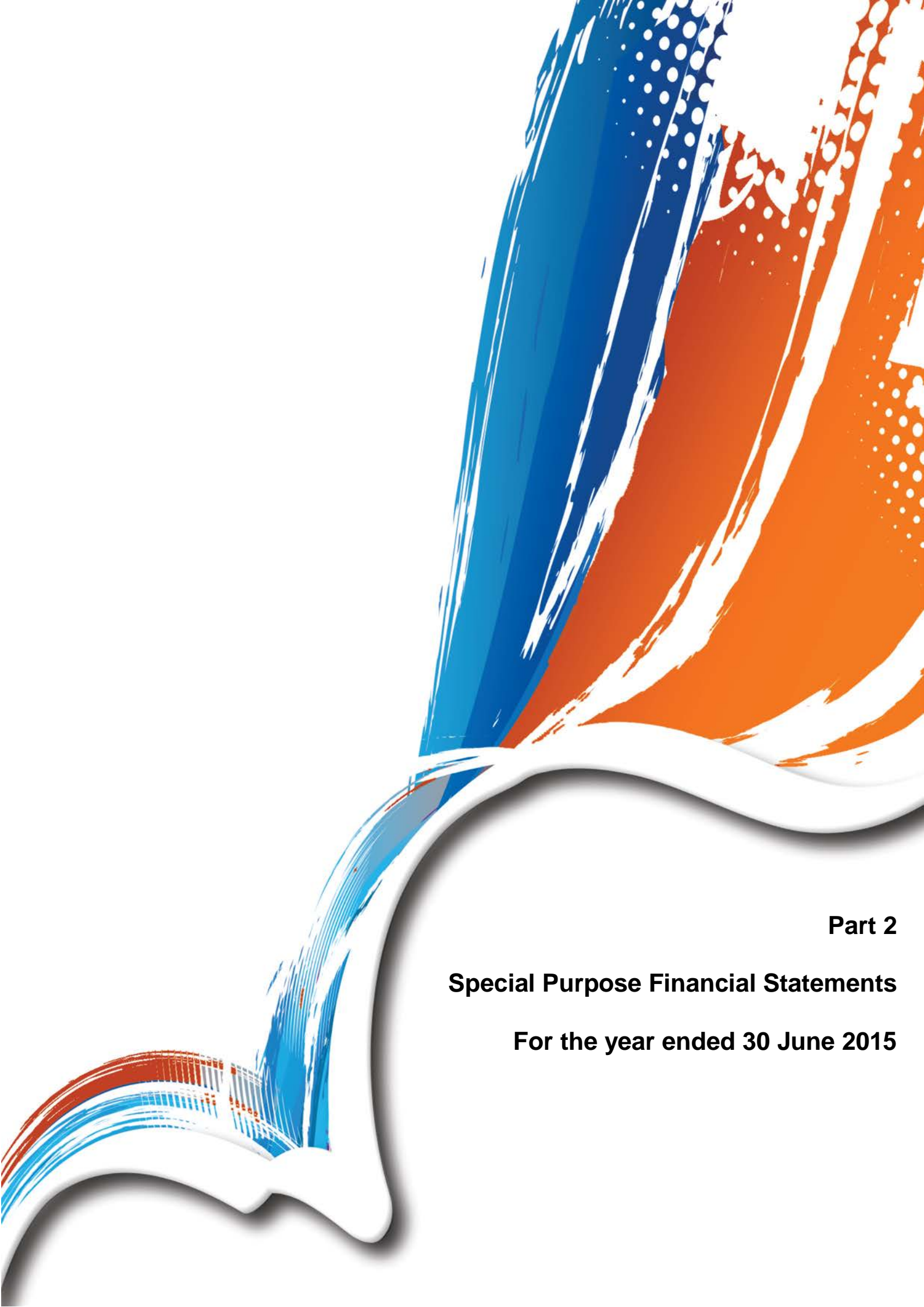
Councillor Jill Reardon

Councillor Tiffany Tree

Councillor Leigh Williams

### Other Information

ABN: 54 659 038 834



**Part 2**

**Special Purpose Financial Statements**

**For the year ended 30 June 2015**



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### Background

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

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

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

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

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





## Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

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

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

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

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

**Signed in accordance with a resolution of Council made on 29 September 2015.**

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Councillor Kim Ford  
**MAYOR**

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Councillor Warwick Mackay  
**DEPUTY MAYOR**

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Mr Peter Jackson  
**GENERAL MANAGER**

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Ms Emma Galea  
**RESPONSIBLE ACCOUNTING OFFICER**

## Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
<b>Income from continuing operations</b>		
Access charges	4,855	4,717
User charges	741	686
Interest	51	206
Grants and contributions provided for non capital purposes	40	40
Profit from the sale of assets	8	63
Other income	47	57
<b>Total income from continuing operations</b>	<b>5,742</b>	<b>5,769</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,575	1,457
Materials and contracts	1,685	1,273
Depreciation and impairment	1,721	1,558
Unwinding of interest free loan	126	143
Other expenses	1,081	1,497
<b>Total expenses from continuing operations</b>	<b>6,188</b>	<b>5,928</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(446)</b>	<b>(159)</b>
Grants and contributions provided for capital purposes	194	50
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>194</b>	<b>50</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(252)</b>	<b>(109)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(252)</b>	<b>(109)</b>
plus Opening Retained Profits	43,736	43,515
plus/less: Prior Period Adjustments	18	330
<b>Closing Retained Profits</b>	<b>43,502</b>	<b>43,736</b>
Return on Capital %	-0.4%	-0.2%
Subsidy from Council	2,874	3,273
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(252)	(109)
less: Capital grants and contributions (excluding developer contributions)	-	-
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>

## Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2015

\$ '000	Actual 2015	Actual 2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	7,514	6,564
Receivables	259	252
<b>Total Current Assets</b>	<b>7,773</b>	<b>6,816</b>
<b>Non-Current Assets</b>		
Infrastructure, property, plant and equipment	84,506	87,481
Investment property	75	75
<b>Total non-Current Assets</b>	<b>84,581</b>	<b>87,556</b>
<b>TOTAL ASSETS</b>	<b>92,354</b>	<b>94,372</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Interest bearing liabilities	126	143
Provisions	283	263
<b>Total Current Liabilities</b>	<b>409</b>	<b>406</b>
<b>Non-Current Liabilities</b>		
Interest bearing liabilities	1,536	1,793
Provisions	108	53
<b>Total Non-Current Liabilities</b>	<b>1,644</b>	<b>1,846</b>
<b>TOTAL LIABILITIES</b>	<b>2,053</b>	<b>2,252</b>
<b>NET ASSETS</b>	<b>90,301</b>	<b>92,120</b>
<b>EQUITY</b>		
Retained earnings	43,502	43,736
Revaluation reserves	46,799	48,384
Council equity interest	90,301	92,120
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>90,301</b>	<b>92,120</b>



## Notes accompanying the Financial Statements

### Contents

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## Note 1. Significant Accounting Policies

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

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

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

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

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

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

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

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

### National Competition Policy

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

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

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

#### Category 2

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

Nil

### Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

## (i) Taxation Equivalent Charges

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

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

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

### Notional Rate Applied %

*Corporate Income Tax Rate – 30%*

*Land Tax* – The first \$432,000 of combined land values attracts 0%. From \$432,001 to \$2,641,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$2,641,000, a premium marginal rate of 2.0% applies.

*Payroll Tax* – 5.45% on the value of taxable salaries and wages in excess of \$750,000.

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 each reported Business Activity.

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

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

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

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

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

## Local Government Rates and Charges

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

## Loan and Debt Guarantee Fees

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

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

## **(ii) Subsidies**

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

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

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

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

## **(iii) Return on Investments (Rate of Return)**

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

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

The Rate of Return on Capital is calculated as follows:

**Operating Result before Capital Income +  
Interest Expense**

---

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.02% at 30 June 2015.

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

## **(iv) Dividends**

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

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

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either:

- a) 50% of this surplus in any one year
- b) the number of water supply or sewerage assessments at 30 June 2015 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



## Note 3. Sewerage Business

### Best Practice Management disclosure requirements

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

2015

#### 1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	23,520
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	-

#### 2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	235,200
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	(1,239,000)

2015 Surplus	(446,000)	2014 Surplus	(159,000)	2013 Surplus	(634,000)
		2013 Dividend	-	2012 Dividend	-

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

#### 3. Required outcomes for 4 Criteria

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

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

### Note 3. Sewerage Business

#### Best Practice Management disclosure requirements (continued)

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

2015

#### National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F2</b>	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	5,772
<b>NWI F10</b>	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	83,785
<b>NWI F12</b>	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	4,310
<b>NWI F15</b>	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	348
<b>NWI F18</b>	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	-0.31%
<b>NWI F27</b>	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

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

<b>NWI F3</b>	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	5,780
<b>NWI F8</b>	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	0.69%
<b>NWI F13</b>	Operating Cost (OMA) (Water & Sewerage) Operating Cost (Water & Sewerage) (NWI F11 + NWI F12)	\$'000	4,310
<b>NWI F16</b>	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	348
<b>NWI F19</b>	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	-0.31%
<b>NWI F20</b>	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
<b>NWI F21</b>	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

### Note 3. Sewerage Business

#### Best Practice Management disclosure requirements (continued)

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

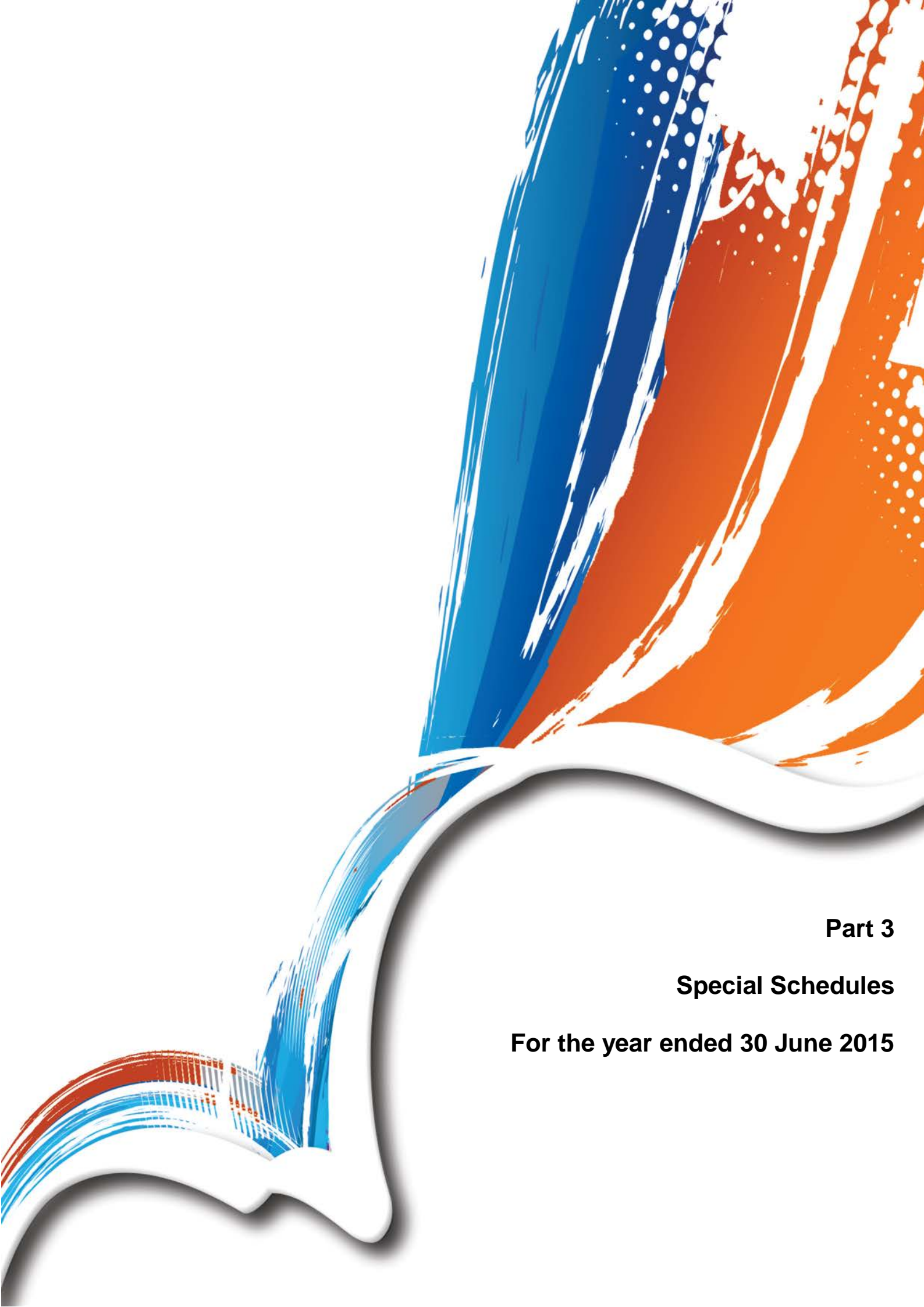
2015

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

<b>NWI F22</b>	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	1.35%
<b>NWI F23</b>	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest  Earnings before Interest & Tax (EBIT): Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c)  Net Interest: Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		-
<b>NWI F24</b>	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	(252)
<b>NWI F25</b>	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	40

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





**Part 3**

**Special Schedules**

**For the year ended 30 June 2015**



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<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 9).

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## Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as:
- the NSW Grants Commission
  - the Australian Bureau of Statistics (ABS)
  - the NSW Office of Water (NOW)
  - the Office of Local Government (OLG).
- (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
  - the monitoring of the financial activities of specific services.



## Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	<b>765</b>	<b>43</b>	<b>-</b>	<b>(722)</b>
<b>Administration</b>	<b>7,787</b>	<b>2,886</b>	<b>58</b>	<b>(4,843)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	2,142	350	171	(1,621)
Enforcement of Local Govt. Regulations	546	186	-	(360)
Animal Control	999	590	-	(409)
Other	609	533	-	(76)
<b>Total Public Order &amp; Safety</b>	<b>4,295</b>	<b>1,659</b>	<b>171</b>	<b>(2,465)</b>
<b>Health</b>	<b>827</b>	<b>357</b>	<b>-</b>	<b>(470)</b>
<b>Community Services and Education</b>				
Administration & Education	1,864	44	40	(1,780)
<b>Total Community Services &amp; Education</b>	<b>1,864</b>	<b>44</b>	<b>40</b>	<b>(1,780)</b>
<b>Housing and Community Amenities</b>				
Town Planning	2,515	1,309	-	(1,206)
Other Community Amenities	12,706	11,780	12,468	11,542
<b>Total Housing and Community Amenities</b>	<b>15,221</b>	<b>13,089</b>	<b>12,468</b>	<b>10,336</b>
<b>Sewerage Services</b>	<b>7,508</b>	<b>6,679</b>	<b>194</b>	<b>(635)</b>
<b>Recreation and Culture</b>				
Public Libraries	2,723	(6)	-	(2,729)
Museums	1,056	74	-	(982)
Sporting Grounds and Venues	163	113	-	(50)
Parks & Gardens (Lakes)	7,767	557	106	(7,104)
Other Sport and Recreation	1,661	20	-	(1,641)
<b>Total Recreation and Culture</b>	<b>13,370</b>	<b>758</b>	<b>106</b>	<b>(12,506)</b>
<b>Fuel &amp; Energy</b>	<b>241</b>	<b>159</b>	<b>-</b>	<b>(82)</b>

Special Schedule No. 1 - Net Cost of Services (continued)  
for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Mining, Manufacturing and Construction</b>	<b>1,015</b>	<b>382</b>	<b>-</b>	<b>(633)</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	10,331	2,302	17,120	<b>9,091</b>
Parking Areas	198	(4)	-	<b>(202)</b>
Other Transport & Communication	3,924	718	-	<b>(3,206)</b>
<b>Total Transport and Communication</b>	<b>14,453</b>	<b>3,016</b>	<b>17,120</b>	<b>5,683</b>
<b>Economic Affairs</b>	<b>1,481</b>	<b>13,246</b>	<b>-</b>	<b>11,765</b>
<b>Totals – Functions</b>	<b>68,827</b>	<b>42,318</b>	<b>30,157</b>	<b>3,648</b>
<b>General Purpose Revenues</b> <sup>(2)</sup>		<b>34,165</b>		<b>34,165</b>
Share of interests - joint ventures & associates using the equity method	-	<b>343</b>		<b>343</b>
<b>NET OPERATING RESULT</b> <sup>(1)</sup>	<b>68,827</b>	<b>76,826</b>	<b>30,157</b>	<b>38,156</b>

(1) As reported in the Income Statement

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

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)  
for the financial year ended 30 June 2015

\$'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
<b>Loans (by Source)</b>											
Other State Government	400	1,393	<b>1,793</b>	-	400	-	-	-	400	993	<b>1,393</b>
Financial Institutions	400	4,460	<b>4,860</b>	-	425	-	-	270	456	3,979	<b>4,435</b>
<b>Total Loans</b>	<b>800</b>	<b>5,853</b>	<b>6,653</b>	-	<b>825</b>	-	-	<b>270</b>	<b>856</b>	<b>4,972</b>	<b>5,828</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>800</b>	<b>5,853</b>	<b>6,653</b>	<b>-</b>	<b>825</b>	<b>-</b>	<b>-</b>	<b>270</b>	<b>856</b>	<b>4,972</b>	<b>5,828</b>

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

This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

## Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2015

\$'000	Actuals 20145	Actuals 2014
<b>A Expenses and Income Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	542	524
b. Engineering and Supervision	1,528	1,418
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	1,098	714
b. Maintenance expenses	-	-
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	-	-
d. Energy costs	-	-
e. Maintenance expenses	185	179
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	609	1,021
g. Chemical costs	-	-
h. Energy costs	-	-
i. Effluent Management	309	336
j. Biosolids Management	-	-
k. Maintenance expenses	12	-
<b>- Other</b>		
l. Operation expenses	27	6
m. Maintenance expenses	-	-
<b>3. Depreciation expenses</b>		
a. System assets	1,663	1,509
b. Plant and equipment	58	50
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	30	30
<b>5. Total expenses</b>	<b>6,061</b>	<b>5,787</b>

## 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 2015

\$'000	Actuals 2015	Actuals 2014
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	3,901	3,787
<b>7. Non-residential charges</b>		
a. Access (including rates)	23	22
b. Usage charges	931	907
<b>8. Trade Waste Charges</b>		
a. Annual Fees	715	509
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	21	20
<b>10. Interest income</b>	29	186
<b>11. Other income</b>	(53)	93
<b>11a. Aboriginal Communities Water &amp; Sewerage Program</b>	-	-
<b>12. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	40	41
c. Other grants	-	-
<b>13. Contributions</b>		
a. Developer charges	194	50
b. Developer provided assets	-	-
c. Other contributions	-	-
<b>14. Total income</b>	<b>5,801</b>	<b>5,615</b>
<b>15. Gain (or loss) on disposal of assets</b>	8	63
<b>16. Operating Result</b>	<b>(252)</b>	<b>(109)</b>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	(252)	(109)

## 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 2015

\$'000	Actuals 2015	Actuals 2014
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	377
b. New Assets for Growth	-	154
c. Renewals	296	410
d. Plant and equipment	56	500
<b>18. Repayment of debt</b>		
a. Loans	400	400
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>		-
<b>20. Totals</b>	<b>752</b>	<b>1,841</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	61	106
<b>22. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<b>61</b>	<b>106</b>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	6,870	6,867
b. Residential (unoccupied, ie. vacant lot)	44	44
c. Non-residential (occupied)	871	870
d. Non-residential (unoccupied, ie. vacant lot)	55	57
<b>26. Number of ETs for which developer charges were received</b>	23 ET	6 ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 209,429	\$ 200,729

## Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2015

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

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

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



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

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2015

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	(816)	-	(816)
b. Special purpose grants	-	322	322
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	(4,972)	5,905	933
<b>32. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	259	-	259
c. User Charges	7,074	-	7,074
d. Other	-	-	-
<b>33. Inventories</b>	-	-	-
<b>34. Property, plant and equipment</b>			
a. System assets	-	83,785	83,785
b. Plant and equipment	-	797	797
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<b>1,545</b>	<b>90,809</b>	<b>92,354</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	-	-	-
<b>39. Borrowings</b>			
a. Loans	126	1,536	1,662
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	283	108	391
<b>41. Total Liabilities</b>	<b>409</b>	<b>1,644</b>	<b>2,053</b>
<b>42. NET ASSETS COMMITTED</b>	<b>1,136</b>	<b>89,165</b>	<b>90,301</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			43,502
<b>44. Asset revaluation reserve</b>			46,799
<b>45. TOTAL EQUITY</b>			<b>90,301</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			168,612
<b>47. Accumulated current cost</b> depreciation of system assets			(84,827)
<b>48. Written down current cost</b> of system assets			83,785

## Notes to Special Schedule No.'s 3 and 5

### Administration <sup>(1)</sup>

(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 <sup>(1)</sup>

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

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

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

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

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

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

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

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

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

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

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

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

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

### Notes:

- (1) Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (i.e. in item 16 for water supply and item 17 for sewerage, and not in items 1a and 1b).
- (2) To enable accurate reporting of residential revenue from usage charges, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

Special Schedule No. 7 - Report on Infrastructure Assets  
as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard <sup>(1)</sup>	Required <sup>(2)</sup> Annual Maintenance	Actual <sup>(3)</sup> Maintenance 2013/14	Written Down Value (WDV) <sup>(4)</sup>	Assets in Condition as a % of WDV <sup>(4), (5)</sup>				
						1	2	3	4	5
Buildings	Council Offices / Administration Centres	1,302	190	756	7,711	0%	0%	100%	0%	0%
	Council Works Depot	184	396	186	2,219	6%	10%	50%	33%	1%
	Council Public Halls	516	200	251	15,047	0%	30%	50%	20%	0%
	Libraries	531	157	147	8,531	0%	100%	50%	0%	0%
	Cultural Facilities	249	75	70	3,930	9%	16%	10%	10%	15%
	Other Buildings	509	107	64	6,053	20%	23%	0%	10%	37%
	Council Houses	1,146	329	190	893	0%	0%	40%	46%	14%
	Child Care Centres	547	142	126	6,935	0%	0%	33%	40%	27%
	Amenities/Toilets	201	225	214	10,249	34%	10%	16%	34%	6%
	Leisure Facilities	1,157	328	113	16,473	5%	30%	46%	10%	6%
	<b>sub total</b>	<b>6,342</b>	<b>2,149</b>	<b>2,117</b>	<b>78,041</b>	<b>7.7%</b>	<b>27.2%</b>	<b>39.5%</b>	<b>16.7%</b>	<b>8.9%</b>
Other Structures	Other Structures	-	71	61	10,285	5%	1%	1%	9%	84%
	<b>sub total</b>	<b>-</b>	<b>71</b>	<b>61</b>	<b>10,285</b>	<b>0.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>9.0%</b>	<b>84.0%</b>
Roads	Sealed Roads Surface	3,161	2,780	1,491	47,246	5%	9%	28%	14%	44%
	Sealed Roads Structure	2,421	2,240	2,421	246,854	17%	33%	33%	10%	7%
	Unsealed Roads	-	3,276	1,983	9,503	5%	9%	28%	14%	44%
	Bridges	5,700	157	80	29,874	17%	17%	33%	33%	0%
	Footpaths	-	100	43	6,078	17%	0%	17%	50%	17%
	Cycle ways	-	40	-	3,942	50%	40%	10%	0%	0%
	Kerb and Gutter	-	250	8	28,221	4%	26%	28%	22%	20%
	Other Road Assets	-	400	443	5,270	0%	14%	14%	30%	42%
	Car Park	-	-	53	6,693	1%	1%	20%	37%	41%
	<b>sub total</b>	<b>11,282</b>	<b>9,243</b>	<b>6,522</b>	<b>383,681</b>	<b>14.1%</b>	<b>26.4%</b>	<b>30.9%</b>	<b>14.5%</b>	<b>14.0%</b>

Special Schedule No. 7 - Condition of Public Works (continued)  
as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard <sup>(1)</sup>	Required <sup>(2)</sup> Annual Maintenance	Actual <sup>(3)</sup> Maintenance 2013/14	Written Down Value (WDV) <sup>(4)</sup>	Assets in Condition as a % of WDV <sup>(4), (5)</sup>				
						1	2	3	4	5
Sewerage Network	Mains	-	36	62	10,486	0%	17%	33%	33%	17%
	Pumping Station/s	-	228	477	10,171	2%	2%	9%	19%	68%
	Treatment	-	1,145	1,408	26,867	50%	50%	0%	0%	0%
	Reticulation	-	120	72	26,202	14%	29%	29%	14%	14%
	Manholes	-	45	44	7,136	7%	20%	20%	17%	36%
	<b>sub total</b>	<b>-</b>	<b>1,574</b>	<b>2,063</b>	<b>80,862</b>	<b>22.0%</b>	<b>30.2%</b>	<b>16.6%</b>	<b>12.7%</b>	<b>18.5%</b>
Stormwater Drainage	Retarding Basins	-	40	1	9,680	100%	0%	0%	0%	0%
	Stormwater Conduits	-	102	62	102,675	16%	33%	50%	0%	1%
	Inlet and Junction Pits	6	6	4	8,595	0%	70%	30%	0%	0%
	Head Walls	-	18	3	1,854	16%	33%	50%	0%	1%
	Flood Mitigation	-	45	-	-	0%	0%	0%	0%	0%
	Gross Pollutant Traps	-	45	52	1,962	1%	50%	40%	0%	9%
	<b>sub total</b>	<b>6</b>	<b>256</b>	<b>122</b>	<b>124,766</b>	<b>21.2%</b>	<b>33.3%</b>	<b>44.6%</b>	<b>0.0%</b>	<b>1.0%</b>
Open Space/ Recreational	Swimming Pools	-	170	157	1,163	0%	100%	0%	0%	0%
	Park Assets	-	-	-	-	0%	0%	0%	0%	0%
	<b>sub total</b>	<b>-</b>	<b>170</b>	<b>157</b>	<b>1,163</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
	<b>TOTAL - ALL ASSETS</b>	<b>17,630</b>	<b>13,463</b>	<b>11,042</b>	<b>678,798</b>	<b>15.4%</b>	<b>28.0%</b>	<b>32.2%</b>	<b>11.8%</b>	<b>12.6%</b>

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

as at 30 June 2015

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### Notes:

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".  
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.  
This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).
- (2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard.
- (3). Actual Maintenance is what has been spent in the current year to maintain the assets.  
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements

(5). **Infrastructure Asset Condition Assessment "Key"**

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

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2015

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 20142013	
Infrastructure Asset Performance Indicators Consolidated				
1. Building and Infrastructure Renewals Ratio				
Asset Renewals (Building and Infrastructure) <sup>(1)</sup>	5,755	50.97%	74.10%	85.32%
Depreciation, Amortisation & Impairment	11,291			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	17,630	0.03	0.15	0.14
Total value <sup>(2)</sup> of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	679,540			
3. Asset Maintenance Ratio				
Actual Asset Maintenance	11,042	0.82	0.66	0.69
Required Asset Maintenance	13,463			
4. Capital Expenditure Ratio				
Annual Capital Expenditure	40,516	2.77	1.92	1.72
Annual Depreciation	14,651			

Notes

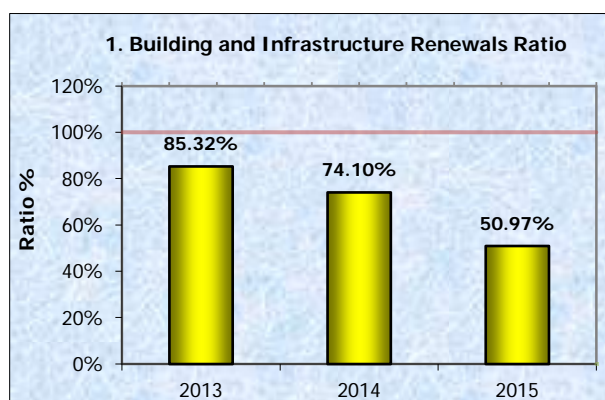
<sup>(1)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

<sup>(2)</sup> Written down value



## Special Schedule No. 7 - Report on Infrastructure Assets (continued)

for the financial year ended 30 June 2015



Minimum 100.00%

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

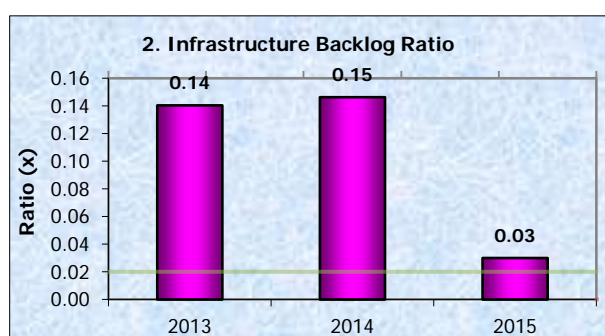
### Purpose of Asset Renewals Ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

### Commentary on 2014/15 Result

2014/15 Ratio 50.97%

This ratio has reduced as a result of increased focus on operational maintenance, thereby reducing capital renewal works in 2013/14. Ratio needs improvement.



Maximum .02

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

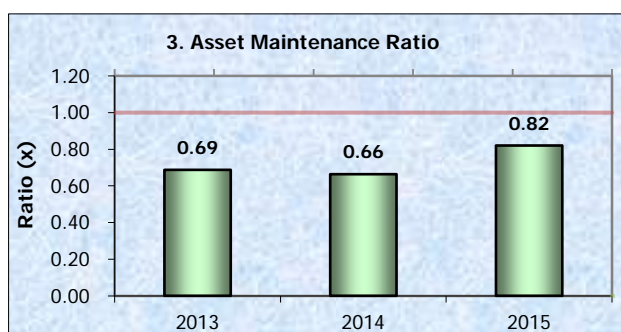
### Purpose of Infrastructure Backlog Ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

### Commentary on 2014/15 Result

2014/15 Ratio 0.03 x

The ratio indicates that Council is substantially over the maximum benchmark and requires additional funding to reduce the infrastructure backlog. Ratio needs improvement.



Minimum 1.00

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

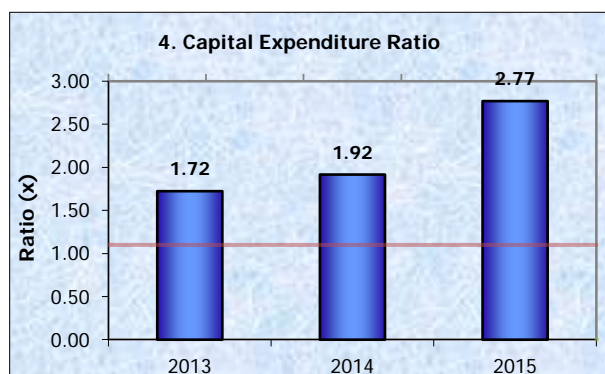
### Purpose of Asset Maintenance Ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.

### Commentary on 2014/15 Result

2014/15 Ratio 0.82 x

The ratio is under the minimum benchmark of 1.0, indicating that Council needs to invest more funds within the year to stop the infrastructure backlog from growing. Ratio needs improvement.



Minimum 1.10

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

### Purpose of Capital Expenditure Ratio

To assess the extent to which a Council is expanding its asset base through capital expenditure on both new assets and the replacement and renewal of existing assets.

### Commentary on 2014/15 Result

2014/15 Ratio 2.77 x

The ratio is greater than 1.0 indicating that Council has expanded its asset base with capital expenditure spent on both new asset and replacement of existing assets. Ratio better than benchmark.



## Special Schedule No. 7 - Report on Infrastructure Assets (continued)

for the financial year ended 30 June 2015

\$ '000	Sewer 2015	General <sup>(1)</sup> 2015
<b>Infrastructure Asset Performance Indicators By Fund</b>		
<b>1. Building and Infrastructure Renewals Ratio</b>		
Asset Renewals (Building and Infrastructure) <sup>(1)</sup>	<b>18.31%</b>	<b>56.43%</b>
Depreciation, Amortisation & Impairment		
prior period:	0.00%	92.90%
<b>2. Infrastructure Backlog Ratio</b>		
Estimated Cost to bring Assets to a Satisfactory Condition	<b>0.00</b>	<b>2.94</b>
Total value <sup>(3)</sup> of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets		
prior period:	0.06	0.16
<b>3. Asset Maintenance Ratio</b>		
Actual Asset Maintenance	<b>1.31</b>	<b>0.76</b>
Required Asset Maintenance		
prior period:	2.63	0.53
<b>4. Capital Expenditure Ratio</b>		
Annual Capital Expenditure	<b>0.20</b>	<b>3.11</b>
Annual Depreciation		
prior period:	0.92	2.04

### Notes

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

<sup>(2)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

<sup>(3)</sup> Written down value

## Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2015

\$'000		Calculation 2014/2015	Calculation 2015/2016
<b>Notional General Income Calculation <sup>(1)</sup></b>			
Last Year Notional General Income Yield	a	28,070	28,875
Plus or minus Adjustments <sup>(2)</sup>	b	109	202
<b>Notional General Income</b>	c	<b>28,179</b>	<b>29,077</b>
<b>Permissible Income Calculation</b>			
Special variation percentage <sup>(3)</sup>	d	0.00%	0.00%
or Rate peg percentage	e	2.30%	2.40%
or Crown land adjustment incl. rate peg percentage	f	0.00%	0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	h = c x d	-	-
or plus Rate peg amount	i = c x e	648	698
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
<b>sub-total</b>	k = (c+g+h+i+j)	<b>28,827</b>	<b>29,775</b>
plus (or minus) last year's Carry Forward Total	l	3	0
less Valuation Objections claimed in the previous year	m	-	(45)
<b>sub-total</b>	n = (l + m)	<b>3</b>	<b>(45)</b>
<b>Total Permissible income</b>	o = k + n	<b>28,830</b>	<b>29,730</b>
less Notional General Income Yield	p	28,875	29,729
<b>Catch-up or (excess) result</b>	q = o - p	<b>(45)</b>	<b>1</b>
plus Income lost due to valuation objections claimed <sup>(4)</sup>	r	45	-
less Unused catch-up <sup>(5)</sup>	s	-	-
<b>Carry forward to next year</b>	t = q + r - s	<b>0</b>	<b>1</b>

### Notes

- <sup>1</sup> The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- <sup>2</sup> Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- <sup>3</sup> The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- <sup>4</sup> Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- <sup>5</sup> Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.

