



# Hunter's Hill Council

*A sense of history, A sense of community, A place to belong, A sustainable future*

## FINANCIAL STATEMENTS

for the year ended 30 June 2008



# Hunter's Hill Council

GENERAL PURPOSE FINANCIAL REPORT  
for the year ended 30 June 2008

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***“A sense of history, A sense of community,  
A place to belong, A sustainable future”***



# Hunter's Hill Council

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

<b>Contents</b>	<b>Page</b>
<b>1. Statement by Councillors &amp; Management</b>	2
<b>2. Primary Financial Statements:</b>	
- Income Statement	3
- Balance Sheet	4
- Statement of Changes in Equity	5
- Cash Flow Statement	6
<b>3. Notes to the Financial Statements</b>	7 - 60
<b>4. Independent Auditor's Reports:</b>	
- On the Financial Report (Sect 417 [2])	
- On the Conduct of the Audit (Sect 417 [3])	

# Hunter's Hill Council

## General Purpose Financial Report

for the financial year ended 30 June 2008

### Statement by Councillors and Management

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

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

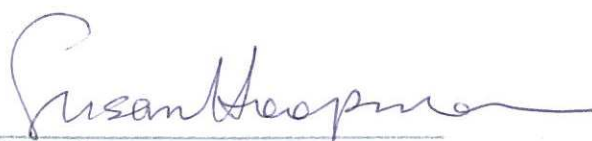
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

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

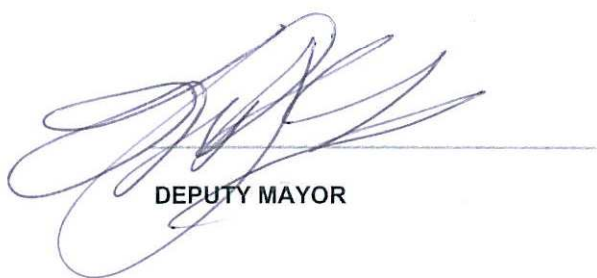
- presents fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

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

**Signed in accordance with a resolution of Council made on 29 September 2008.**



Susan Hoopman  
MAYOR



DEPUTY MAYOR



Barry Smith  
GENERAL MANAGER



Debra Mc Fadyen  
RESPONSIBLE ACCOUNTING OFFICER

## Hunter's Hill Council

## Income Statement

for the financial year ended 30 June 2008

Budget <sup>(1)</sup> 2008	\$ '000	Notes	Actual 2008	Actual 2007
<b>Income from Continuing Operations</b>				
<i>Revenue:</i>				
7,586	Rates & Annual Charges	3a	7,671	7,181
993	User Charges & Fees	3b	833	811
474	Interest & Investment Revenue	3c	695	541
334	Other Revenues	3d	680	332
963	Grants & Contributions provided for Operating Purposes	3e,f	618	745
349	Grants & Contributions provided for Capital Purposes	3e,f	874	218
<i>Other Income:</i>				
	Net gains from the disposal of assets	5	92	27
<b>10,699</b>	<b>Total Income from Continuing Operations</b>		<b>11,463</b>	<b>9,855</b>
<b>Expenses from Continuing Operations</b>				
4,192	Employee Benefits & On-Costs	4a	3,626	3,673
124	Borrowing Costs	4b	121	108
3,093	Materials & Contracts	4c	3,315	2,608
1,040	Depreciation & Amortisation	4d	1,065	992
	Impairment	4d	-	-
1,754	Other Expenses	4e	1,744	1,689
	Interest & Investment Losses	3c	-	-
13	Net Losses from the Disposal of Assets	5	-	-
<b>10,216</b>	<b>Total Expenses from Continuing Operations</b>		<b>9,871</b>	<b>9,070</b>
<b>483</b>	<b>Operating Result from Continuing Operations</b>		<b>1,592</b>	<b>785</b>
<b>483</b>	<b>Net Operating Result for the Year</b>		<b>1,592</b>	<b>785</b>
483	Net Operating Result attributable to Council		1,592	785
	Net Operating Result attributable to Minority Interests		-	
<b>134</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>718</b>	<b>567</b>

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

## Hunter's Hill Council

## Balance Sheet

as at 30 June 2008

\$ '000	Notes	Actual 2008	Actual 2007
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	9,735	8,629
Receivables	7	664	624
Inventories	8	53	51
Other	8	245	215
<b>Total Current Assets</b>		<b>10,697</b>	<b>9,519</b>
<b>Non-Current Assets</b>			
Receivables	7	114	113
Infrastructure, Property, Plant & Equipment	9	263,885	244,469
Other	8	189	149
<b>Total Non-Current Assets</b>		<b>264,188</b>	<b>244,731</b>
<b>TOTAL ASSETS</b>		<b>274,885</b>	<b>254,250</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	3,119	2,929
Borrowings	10	321	270
Provisions	10	952	1,022
<b>Total Current Liabilities</b>		<b>4,392</b>	<b>4,221</b>
<b>Non-Current Liabilities</b>			
Payables	10	-	-
Interest Bearing Liabilities	10	1,744	1,582
Provisions	10	28	18
<b>Total Non-Current Liabilities</b>		<b>1,772</b>	<b>1,600</b>
<b>TOTAL LIABILITIES</b>		<b>6,164</b>	<b>5,821</b>
<b>Net Assets</b>		<b>268,721</b>	<b>248,429</b>
<b>EQUITY</b>			
Retained Earnings	20	250,021	248,429
Revaluation Reserves	20	18,700	-
<b>Total Equity</b>		<b>268,721</b>	<b>248,429</b>

## Hunter's Hill Council

### Statement of changes in equity for the year ended 30 June 2008

	Notes ref.	Actual 2008 \$'000				Total equity
		Retained earnings	Reserves (Refer 20b)	Council equity interest	Minority interest	
<b>Balance at beginning of the reporting period</b>		<b>248,429</b>		<b>248,429</b>		<b>248,429</b>
Transfers to/(from) Asset revaluation reserve	20b (ii)		<b>17,632</b>	<b>17,632</b>		<b>17,632</b>
Transfers to/(from) Other reserves						
Income and expenses recognised directly in equity						
<i>Other adjustments</i>	20	<b>1,068</b>		<b>1,068</b>		<b>1,068</b>
Distributions to minority interests						
<b>Net movements recognised directly in equity</b>		<b>1,068</b>	<b>17,632</b>	<b>18,700</b>		<b>18,700</b>
<b>Net operating result for the year</b>		<b>1,592</b>		<b>1,592</b>		<b>1,592</b>
<b>Total recognised income and expense for the year</b>		<b>1,592</b>		<b>1,592</b>		<b>1,592</b>
<b>Balance at end of the reporting period</b>		<b>251,089</b>	<b>17,632</b>	<b>268,721</b>		<b>268,721</b>
Effect of correction of errors in previous years on retained earnings						
Effect of accounting policy changes on retained earnings						

Actual 2007 \$'000				
Retained earnings	Reserves (Refer 20b)	Council equity interest	Minority interest	Total equity
<b>247,644</b>		<b>247,644</b>		<b>247,644</b>
<b>785</b>		<b>785</b>		<b>785</b>
<b>785</b>		<b>785</b>		<b>785</b>
<b>248,429</b>		<b>248,429</b>		<b>248,429</b>

The above Statement of changes in equity should be read in conjunction with the accompanying notes.



## Hunter's Hill Council

## Cash Flow Statement

for the financial year ended 30 June 2008

Budget 2008	\$ '000	Notes	Actual 2008	Actual 2007
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
7,577	Rates & Annual Charges		7,649	7,187
993	User Charges & Fees		787	1,434
474	Interest & Investment Revenue Received		668	524
1,312	Grants & Contributions		1,558	1,051
334	Other		1,141	704
<b>Payments:</b>				
(4,162)	Employee Benefits & On-Costs		(3,692)	(3,610)
(2,814)	Materials & Contracts		(3,475)	(2,915)
(124)	Borrowing Costs		(113)	(110)
(2,033)	Other		(1,961)	(1,900)
<u>1,557</u>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<u>2,562</u>	<u>2,365</u>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
321	Sale of Infrastructure, Property, Plant & Equipment		242	178
<b>Payments:</b>				
(2,229)	Purchase of Infrastructure, Property, Plant & Equipment		(1,911)	(1,013)
<u>(1,908)</u>	<b>Net Cash provided (or used in) Investing Activities</b>		<u>(1,669)</u>	<u>(835)</u>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
500	Proceeds from Borrowings & Advances		500	
<b>Payments:</b>				
(306)	Repayment of Borrowings & Advances		(287)	(255)
<u>194</u>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<u>213</u>	<u>(255)</u>
<u>(157)</u>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<u>1,106</u>	<u>1,275</u>
8,562	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	8,629	7,354
<u><u>8,405</u></u>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<u><u>9,735</u></u>	<u><u>8,629</u></u>

Please refer to Note 11 for information on the following:

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



## Hunter's Hill Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

#### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	8 - 13
2(a)	Council Functions / Activities - Financial Information	14
2(b)	Council Functions / Activities - Component Descriptions	15
3	Income from Continuing Operations	16 - 21
4	Expenses from Continuing Operations	22 - 25
5	Gains or Losses from the Disposal of Assets	26
6(a)	Cash & Cash Equivalent Assets	27
6(c)	Restricted Cash, Cash Equivalents & Investments - details	28 - 29
7	Receivables	30
8	Inventories & Other Assets	31 - 32
9(a)	Infrastructure, Property, Plant & Equipment	33
9(b)	Restricted Infrastructure, Property, Plant & Equipment	34
10(a)	Payables, Borrowings & Provisions	35 - 36
11	Reconciliation of Cash Flow movements & additional information	37 - 38
12	Commitments for Expenditure	39 - 41
13	Statement of Performance Measures	42
14	Investment Properties	43
15	Financial Risk Management disclosures	44 - 47
16	Material Budget Variations	48 - 49
17	Statement of Developer Contributions	50 - 52
18	Contingencies and Other Liabilities/Assets not recognised	53
19	Investments in Subsidiaries, Associated Entities & Joint Ventures	54
20	Revaluation Reserves and Retained Earnings	55
21	Reinstatement, Rehabilitation & Restoration Liabilities	56
22	Non Current Assets and Disposal Groups classified as "Held for Sale"	57
23	Events occurring after Balance Sheet date	58
24	Discontinued Operations	59
25	Intangible Assets	60

**n/a** - not applicable

## Hunters Hill Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

## Note 1. Summary of Significant Accounting Policies

### Note 1

#### Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the Local Government Act (1993) and Regulations and the Local Government Code of Accounting Practice and Financial Reporting.

#### AAS27

Hunters Hill Council is required to comply with AAS 27 *Financial Reporting* by Local Government, and where AAS 27 conflicts with AIFRS, the requirements of AAS 27 have been applied. Where AAS 27 makes reference to another Australian accounting standard, the new Australian IFRS equivalent standards will apply. The specific 'not for profit' reporting requirements also apply.

#### Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

#### Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

#### (b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:

#### *Rates, annual charges, grants and contributions*

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

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

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

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

Income is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and 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). The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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

#### *User charges and fees*

User charges and fees are recognised as revenue when the service has been provided or the payment is received, whichever first occurs.

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

## Hunters Hill Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

#### Note 1. Summary of Significant Accounting Policies (continued)

*Sale of plant, property, infrastructure 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*

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

**(c) Principles of consolidation**

*(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

*(ii) The Trust Fund*

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

Trust monies and property held by Council but not subject to the control of Council, have been excluded from these reports. A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

*(iii) Joint venture entities*

The interest in a joint venture partnership is accounted for using the equity method and is carried at cost. Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in reserves is recognised in reserves

in the balance sheet. Details relating to the partnership are set out in Note 19.

**(d) 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) Acquisition of assets**

The purchase method of accounting is used to account for all acquisitions of assets. Cost is measured as the fair value of the assets given, plus costs directly attributable to the acquisition.

**(f) Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for 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 recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For non-cash generating assets of the Council such as roads, drains, public buildings and the like-value in use is represented by the deprival value of the asset approximated by its written down replacement cost.

**(g) Cash and cash equivalents**

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

## Hunters Hill Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (h) Receivables

Receivables other than rates are generally unsecured and do not bear interest. Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of receivables.

##### (i) Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

##### (j) Non-current assets held for sale

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The exception to this is plant and motor vehicles which are turned over on a regular basis – these are retained in property, plant and equipment.

##### (k) Infrastructure, property, plant and equipment (IPPE)

Council's assets are being progressively revalued at fair value in accordance with a staged implementation advised by the department of Local Government. At balance date the following classes of IPPE were stated at their fair value:

- Operational land (External Valuation).
- Buildings – Specialised/Non Specialised (External Valuation).
- Plant and equipment (as approximated by depreciated historical cost)

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

same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

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.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles	5 years
Earth Moving Equipment	6 years
Other Plant & Equipment	2 to 8 years
Buildings - masonry	50 to 100 years
Buildings - other	20 to 50 years
Playground Equipment	5 years
Benches, tables, seats etc	10 to 20 years
Drains	100 years
Sealed Roads Surface	100 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

##### (l) Payables

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

##### (m) Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows

## Hunters Hill Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

#### Note 1. Summary of Significant Accounting Policies (continued)

associated with serving the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

##### **(n) Borrowing Costs**

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

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

##### **(o) Employee benefits**

###### *(i) Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

###### *(ii) Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

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

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and

defined contribution plans on behalf of its employees.

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present 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 accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans (see below). The Local Government Superannuation Scheme has advised that it is unable to provide individual councils with an accurate split of their share of the Scheme's assets and liabilities and so no asset or liability is recognised.

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.

##### **(p) Rounding of amounts**

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

##### **(q) Land under roads**

Council has elected not to recognise land under roads in accordance with the deferral arrangements available under AASB 1045. These provisions allow deferral of recognition until the new Standard for land under roads (AASB 1051) becomes applicable (1 July 2008)



## Hunters Hill Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (r) Allocation between current and non-current

In the determination of whether an asset or liability is 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. 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. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

##### (s) New accounting standards and UIG interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. Council's assessment of the impact of these new standards and interpretations is set out below.

- a) AASB-I 12 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession Arrangements: Disclosures

*Issued* – February 2007

*Applicable*<sup>(1)</sup> – 1 January 2008

*Impact* – Nil – Council is not party to any Service Concession Arrangements.

- b) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8

*Issued* – February 2007

*Applicable*<sup>(1)</sup> – 1 January 2009

*Impact* – Nil – The Standard is not applicable to not-for-profit entities.

- c) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (AASB 1,

AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12)

*Issued* – June 2007

*Applicable*<sup>(1)</sup> – 1 January 2009

*Impact* – Nil – The Revised Standard has removed the option to expense all borrowing costs and – when adopted – will require the capitalization of all borrowing costs directly attributable to the acquisition, a construction or production of a qualifying asset. There will be no impact on the financial report of the Council as the Council already capitalizes borrowing costs relating to qualifying assets

- d) AASB-I 13 Customer Loyalty Programmes

*Issued* – August 2007

*Applicable*<sup>(1)</sup> – 1 July 2008

*Impact* – Nil – Council has no Customer Loyalty Programmes.

- e) AASB-1 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

*Issued* – August 2007

*Applicable*<sup>(1)</sup> - 1 January 2008

*Impact* – Nil – The Interpretation provides guidance on the maximum amount that may be recognised as an asset in relation to a defined benefit plan and the impact of minimum funding requirements on such an asset. Council does not recognise any assets in respect of its contributions to defined benefit plans as they cannot be reliably measured. As a result, there is not expected to be any impact on the financial statements.

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

*Issued* – September 2007 and December 2007

## Hunters Hill Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

#### Note 1. Summary of Significant Accounting Policies (continued)

*Applicable*<sup>(1)</sup> – 1 January 2009

*Impact* – Nil – The revised standard requires the presentation of a Statement of comprehensive income and makes changes to the Statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If Council has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (Statement of financial position), this one being as at the beginning of the comparative period.

- g) AASB 1049 Whole of Government and General Government Sector Financial Reporting.

*Issued* – October 2007

*Applicable*<sup>(1)</sup> – 1 July 2008<sup>(2)</sup>

*Impact* – Nil – The Standard is not applicable to Local Governments.

- h) AASB 1050 Administered Items; AASB 1051 Land Under Roads, AASB 1052 Disaggregated Disclosures, revised AASB 1004 Contributions, AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AAS 27, AAS 29 and AAS 31 and revised interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

*Issued* – December 2007

*Applicable*<sup>(1)</sup> – 1 July 2008<sup>(2)</sup>

*Impact*

- AASB 1050 is only applicable to Government departments and will have no impact on Council.
- AASB 1051 will allow Council to recognise or not recognise land under roads acquired before 30 June 2008. Land under roads acquired after 30 June 2008 must be recognised. This Standard will have a significant impact on the Council's financial statements.
- AASB 1052 requires disclosure of financial information by function or activity. Council already provides this information in Note

2(a) so there will be no additional impact on the financial statements.

- AASB 1004 requires contributions made to Council to be recognised at fair value when they are controlled and to be appropriately disclosed. Council already accounts for contributions in this manner so there will be no additional impact on the financial statements.

*Notes:*

- (1) *Applicable to reporting periods commencing on or after the given date.*
- (2) *Applicable only to not-for-profit and/or public sector entities.*

#### **(t) Insurance Pools**

Council is a member of Metropool, a mutual pool scheme providing liability insurance to Local Government. Membership includes the potential to share in either the net assets or liabilities of the fund dependant on its past performance. Council's share of the Net Assets or Liabilities reflects our contributions to the pool and insurance claims within each of the funds years.

Council's accounting policy regarding the measurement and disclosure of the potential liability or benefit is to book Council's share of the net asset or liability value, as advised by Metropool taking into account their audited figures for the year ended 30 June 2007.

#### **(u) Land**

Land is classified as either operational or community in accordance with Part 2 of Chapter 6 of the Local Government Act (1993). This is disclosed in Note9(a).



# Hunter's Hill Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2008	Actual 2008	Actual 2007	Original Budget 2008	Actual 2008	Actual 2007	Original Budget 2008	Actual 2008	Actual 2007	Actual 2008	Actual 2007	Actual 2008	Actual 2007
Governance	1	1		917	842	692	(916)	(841)	(692)	-	-	-	-
Administration	92	71	111	2,660	2,452	2,458	(2,568)	(2,381)	(2,347)			24,799	12,969
Public Order & Safety	6	-	5	520	498	476	(514)	(498)	(471)			23	54
Health	31	34	31	137	73	109	(106)	(39)	(78)				2
Community Services & Education	83	118	105	345	374	336	(262)	(256)	(231)	53	36	7,472	4,302
Housing & Community Amenities	2,043	2,271	2,073	2,479	2,424	2,017	(436)	(153)	56	350	221	2,338	2,409
Water Supplies		-			-		-	-	-				
Sewerage Services		-			-		-	-	-				
Recreation & Culture	436	1,229	770	1,924	1,886	1,753	(1,488)	(657)	(983)	81	86	222,661	223,773
Fuel & Energy		-			-		-	-	-				
Mining, Manufacturing & Construction	60	60	48	116	90	100	(56)	(30)	(52)			128	108
Transport & Communication	734	1,155	512	1,114	1,232	1,130	(380)	(77)	(618)	213	51	17,464	10,633
Economic Affairs	2	1	1	4	-		(2)	1	1				
<b>Total Functions &amp; Activities</b>	<b>3,488</b>	<b>4,940</b>	<b>3,656</b>	<b>10,216</b>	<b>9,871</b>	<b>9,071</b>	<b>(6,728)</b>	<b>(4,931)</b>	<b>(5,415)</b>	<b>697</b>	<b>394</b>	<b>274,885</b>	<b>254,250</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)		-			-		-	-	-			-	-
General Purpose Income <sup>1</sup>	7,211	6,523	6,199				7,211	6,523	6,199	399	392		
<b>Operating Result from Continuing Operations</b>	<b>10,699</b>	<b>11,463</b>	<b>9,855</b>	<b>10,216</b>	<b>9,871</b>	<b>9,071</b>	<b>483</b>	<b>1,592</b>	<b>784</b>	<b>1,096</b>	<b>786</b>	<b>274,885</b>	<b>254,250</b>

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

## Hunter's Hill Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

#### Note 2(b). Components of Functions / Activities

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

##### **GOVERNANCE**

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

##### **ADMINISTRATION**

Costs not otherwise attributed to other functions / activities.

##### **PUBLIC ORDER & SAFETY**

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

##### **HEALTH**

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

##### **COMMUNITY SERVICES & EDUCATION**

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

##### **HOUSING & COMMUNITY AMENITIES**

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

##### **WATER SUPPLIES**

##### **SEWERAGE SERVICES**

##### **RECREATION & CULTURE**

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

##### **FUEL & ENERGY - Gas Supplies**

##### **MINING, MANUFACTURING & CONSTRUCTION**

Building control, abattoirs, quarries and pits, other.

##### **TRANSPORT & COMMUNICATION**

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

##### **ECONOMIC AFFAIRS**

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

## Hunter's Hill Council

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

## Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2008	Actual 2007
<b>(a). Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		5,320	5,151
Business		188	182
<b>Total Ordinary Rates</b>		<b>5,508</b>	<b>5,333</b>
<b>Special Rates</b>			
Environmental		141	136
Community Facilities		249	-
Other		468	453
<b>Total Special Rates</b>		<b>858</b>	<b>589</b>
<b>Annual Charges</b> (pursuant to s.496 & s.501)			
Domestic Waste Management Services		1,305	1,259
<b>Total Annual Charges</b>		<b>1,305</b>	<b>1,259</b>
<b><u>TOTAL RATES &amp; ANNUAL CHARGES</u></b>		<b><u>7,671</u></b>	<b><u>7,181</u></b>

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

## Hunter's Hill Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	Notes	Actual 2008	Actual 2007
<b>(b). User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		18	12
Waste Management Services (non-domestic)		76	73
<b>Total User Charges</b>		<b>94</b>	<b>85</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s608, 610A & 611)			
Planning & Building Regulation		390	367
Section 611 Charges		37	46
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>427</b>	<b>413</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.610C)			
Rent & Hire of Council Properties		312	313
<b>Total Fees &amp; Charges - Other</b>		<b>312</b>	<b>313</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>833</b>	<b>811</b>

## Hunter's Hill Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	Notes	Actual 2008	Actual 2007
<b>(c). Interest &amp; Investment Revenue (incl. losses)</b>			
Interest on Overdue Rates & Annual Charges		26	23
Interest earned on Investments (interest & coupon payment income)		669	518
Fair Valuation Movements in Investments (unrealised capital gains/(losses))			
Other			
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>695</u></b>	<b><u>541</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges		26	23
General Council Cash & Investments		588	457
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		81	61
<b>Total Interest &amp; Investment Revenue Recognised</b>		<b><u>695</u></b>	<b><u>541</u></b>
<b>(d). Other Revenues</b>			
Fines		194	141
Commissions & Agency Fees		6	3
Lease Rentals		11	14
Restorations		400	111
Policy Sales		3	3
Sundry Rents & Charges		43	60
Waste Rebate		23	-
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>680</u></b>	<b><u>332</u></b>

## Hunter's Hill Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	2008 Operating	2007 Operating	2008 Capital	2007 Capital
<b>(e). Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	244	240		
Financial Assistance - Local Roads Component	114	111		
Pensioners' Rates Subsidies - General Component	41	41		
<b>Total General Purpose</b>	<b>399</b>	<b>392</b>	-	-
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Domestic Waste Management	14	14		
Aged Care	10			
Community Care	14	33	10	3
Community Centres			16	
Environmental Protection		57		
Library	45	39		6
Noxious Weeds	7			
Recreation & Culture	3		36	23
Street Lighting	30	29		
Traffic Route Subsidy	5	6		
Transport (Roads to Recovery)			178	16
Stormwater Drainage	14	5	315	81
Planning		82		
<b>Total Specific Purpose</b>	<b>142</b>	<b>265</b>	<b>555</b>	<b>129</b>
<b>Total Grants</b>	<b>541</b>	<b>657</b>	<b>555</b>	<b>129</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	359	350		
- State Funding	182	307	555	129
	<b>541</b>	<b>657</b>	<b>555</b>	<b>129</b>

## Hunter's Hill Council

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

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

\$ '000	2008 Operating	2007 Operating	2008 Capital	2007 Capital
<b>(f). Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the NSW LG Act):</b>				
S 94 - Contributions towards amenities/services			298	44
<b>Total Developer Contributions</b>	17 -	-	<b>298</b>	<b>44</b>
<b>Other Contributions:</b>				
Kerb & Gutter	3	16		
Paving			1	
RTA Contributions (Regional/Local, Block Grant)	58	57	15	15
Other	16	15	5	30
<b>Total Other Contributions</b>	<b>77</b>	<b>88</b>	<b>21</b>	<b>45</b>
<b>Total Contributions</b>	<b>77</b>	<b>88</b>	<b>319</b>	<b>89</b>
<b><u>TOTAL GRANTS &amp; CONTRIBUTIONS</u></b>	<b><u>618</u></b>	<b><u>745</u></b>	<b><u>874</u></b>	<b><u>218</u></b>



## Hunter's Hill Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	Actual 2008	Actual 2007
<b>(g). Restrictions relating to Grants and Contributions</b>		
<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	1,130	965
<b>add:</b> Grants and contributions recognised in the current period which have not been spent:	607	231
<b>less:</b> Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(235)	(66)
<b>Net Increase (Decrease) in Restricted Assets during the Current Reporting Period</b>	<b>372</b>	<b>165</b>
<b>Unexpended at the Close of this Reporting Period and held as Restricted Assets</b>	<b>1,502</b>	<b>1,130</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	264	130
- Developer Contributions	1,238	1,000
	<b>1,502</b>	<b>1,130</b>

## Hunter's Hill Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2008	Actual 2007
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		2,791	2,761
Travelling		88	96
Employee Leave Entitlements (ELE)		317	376
Superannuation		280	279
Workers' Compensation Insurance		64	76
Fringe Benefit Tax (FBT)		39	50
Training Costs (other than Salaries & Wages)		73	48
<b>Total Employee Costs</b>		<b>3,652</b>	<b>3,686</b>
less: Capitalised Costs		(26)	(13)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>3,626</b>	<b>3,673</b>
Number of "Equivalent Full Time" Employees at year end		55	58
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		121	108
<b>Total Interest Bearing Liability Costs</b>		<b>121</b>	<b>108</b>
less: Capitalised Costs			
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>121</b>	<b>108</b>
<b>(ii) Other Borrowing Costs</b>			
<b>Total Other Borrowing Costs</b>		-	-
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>121</b>	<b>108</b>

## Hunter's Hill Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	Notes	Actual 2008	Actual 2007
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		564	484
Contractor & Consultancy Costs		2,519	1,894
Auditors Remuneration			
- Council's Auditor:			
i. Audit Services		21	15
Legal Expenses - Planning & Development		182	170
Legal Expenses - Other		13	23
Operating Lease Rentals - Minimum Lease Payments <sup>1</sup>		21	22
<b>Total Materials &amp; Contracts</b>		<b>3,320</b>	<b>2,608</b>
less: Capitalised Costs		(5)	
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>3,315</b>	<b>2,608</b>
<b>1. Operating Leases are attributable to:</b>			
- Buildings		-	-
- Computers		-	-
- Motor Vehicles		-	-
- Other		21	22
		<b>21</b>	<b>22</b>

## Hunter's Hill Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	Depreciation/Amortisation		Impairment Costs	
	Actual 2008	Actual 2007	Actual 2008	Actual 2007
<b>(d) Depreciation, Amortisation &amp; Impairment</b>				
Plant and Equipment	175	116		
Office Equipment	80	102		
Furniture & Fittings	4	23		
Property, Plant & Equipment - Leased				
Land Improvements (depreciable)	75	73		
Buildings - Non Specialised	130	230		
Buildings - Specialised	137			
Other Structures				
Infrastructure:				
- Roads, Bridges & Footpaths	429	414		
- Stormwater Drainage	35	34		
<b>Total Depreciation &amp; Impairment Costs</b>	<b>1,065</b>	<b>992</b>	<b>-</b>	<b>-</b>
less: Capitalised Costs	-	-		
<b><u>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</u></b>	<b><u>1,065</u></b>	<b><u>992</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

## Hunter's Hill Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	Notes	Actual 2008	Actual 2007
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		71	59
Bad & Doubtful Debts		1	
Bank Charges		28	31
Contributions to Other Levels of Government			
- NSW Fire Brigade Levy		342	334
- Department of Planning Levy		45	44
- Regional Library		474	511
- Other Contributions		15	15
- Other Contributions		63	
Councillor Expenses - Mayoral Fee		19	16
Councillor Expenses - Councillors Fees		102	98
Councillors Expenses (incl. Mayor) - Other (excluding fees above)		37	30
Donations, Contributions & Assistance to other organisations (Section 356)		24	26
Electricity, Water & Heating		65	70
Insurance		88	89
Printing & Stationery		82	94
Street Lighting		172	152
Subscriptions & Publications		64	59
Telephone & Communications		52	61
<b>Total Other Expenses</b>		<b>1,744</b>	<b>1,689</b>
less: Capitalised Costs			
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>1,744</u></b>	<b><u>1,689</u></b>

## Hunter's Hill Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

## Note 5. Gains or Losses on Disposal of Assets

\$ '000	Notes	Actual 2008	Actual 2007
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal			
less: Carrying Amount of Property Assets Sold			
<b>Net Gain/(Loss) on Disposal</b>		-	-
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal		222	198
less: Carrying Amount of P&E Assets Sold		(130)	(171)
<b>Net Gain/(Loss) on Disposal</b>		<b>92</b>	<b>27</b>
<b>Infrastructure</b>			
Proceeds from Disposal			
less: Carrying Amount of Infrastructure Assets Sold			
<b>Net Gain/(Loss) on Disposal</b>		-	-
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>92</b>	<b>27</b>

## Hunter's Hill Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	2008 Actual Current	2008 Actual Non Current	2007 Actual Current	2007 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>				
Cash on Hand and at Bank	114		161	
Cash-Equivalent Assets <sup>1</sup>				
- Deposits at Call	100		200	
- Managed Funds	1,680			
- Short Term Deposits	7,841		8,268	
<b>Total Cash &amp; Cash Equivalents</b>	<b>9,735</b>	-	<b>8,629</b>	-
<b>Investment Securities (Note 6b)</b>				
- Managed Funds				
- Long Term Deposits				
- Government & Semi-Government Bonds				
- Bills of Exchange				
- Equity Linked Notes				
- NCD's, FRN's (with Maturities > 3 months)				
- CDO's				
- Mortgage Backed Securities				
- Listed Equity Securities				
- Unlisted Equity Securities				
- Other Long Term Maturity Financial Instruments				
<b>Total Investment Securities</b>	-	-	-	-
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>	<b>9,735</b>	-	<b>8,629</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**

a. "At Fair Value through the Profit & Loss"	9,735	-	8,629	-
--	-------	---	-------	---

**Investments**

a. "At Fair Value through the Profit & Loss"				
- "Held for Trading" 6(b-i)				
- "Designated At Fair Value on Initial Recognition" 6(b-i)				
b. "Held to Maturity" 6(b-ii)	-	-	-	-
c. "Loans & Receivables" 6(b-iii)				
d. "Available for Sale" 6(b-iv)				
<b>Investments</b>	-	-	-	-



## Hunter's Hill Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

## Note 6c. Restricted Cash, Cash Equivalents &amp; Investments

\$ '000	2008	2008	2007	2007
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	9,735	-	8,629	-
<b>attributable to:</b>				
External Restrictions (refer below)	3,245	-	2,263	-
Internal Restrictions (refer below)	4,730	-	4,718	-
Unrestricted	1,760	-	1,648	-
	<b>9,735</b>	<b>-</b>	<b>8,629</b>	<b>-</b>

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

## Details of Restrictions

## External Restrictions - Included in Liabilities

Nil				
Specific Purpose Unexpended Loans-General (A)	128	286		414
RTA Advances (B)				-
Self Insurance Claims (C)				-
Other				-
<b>External Restrictions - Included in Liabilities</b>	<b>128</b>	<b>286</b>	<b>-</b>	<b>414</b>

## External Restrictions - Other

Nil				
Developer Contributions - General (D)	1,000	379	(141)	1,238
RTA Contributions (E)				-
Specific Purpose Unexpended Grants (F)	130	134	-	264
Domestic Waste Management (G)	582	62		644
Other Special Levies (G)	423	262		685
Other				-
<b>External Restrictions - Other</b>	<b>2,135</b>	<b>837</b>	<b>(141)</b>	<b>2,831</b>
<b>Total External Restrictions</b>	<b>2,263</b>	<b>1,123</b>	<b>(141)</b>	<b>3,245</b>

## Hunter's Hill Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

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

2008 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Nil				
Plant & Vehicle Replacement	294	79	(177)	196
Infrastructure Replacement				-
Employees Leave Entitlement	419	354	(379)	394
Carry Over Works				-
Deposits, Retentions & Bonds	2,026	145		2,171
Construction of Buildings	256	30	(98)	188
Office Equipment	139	85	(71)	153
Road Reconstruction	332	85	(281)	136
Recreation Facilities	40		(5)	35
Traffic Management	29			29
Environmental Projects	183	168	(47)	304
Elections	54	22		76
Future Capital Works	717	53	(4)	766
Public Places & Urban Design	60	35	(8)	87
Insurance Reserve	103	26		129
Other	66			66
<b>Total Internal Restrictions</b>	<b>4,718</b>	<b>1,082</b>	<b>(1,070)</b>	<b>4,730</b>
<b>TOTAL RESTRICTIONS</b>	<b>6,981</b>	<b>2,205</b>	<b>(1,211)</b>	<b>7,975</b>

**A** Loan moneys which must be applied for the purposes for which the loans were raised.

**B** Advances by the Roads and Traffic Authority for works on the State's classified roads.

**C** Self Insurance liability resulting from reported claims or incurred claims not yet reported.

**D** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

**E** RTA 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.

## Hunter's Hill Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

## Note 7. Receivables

\$ '000	2008		2007	
	Current	Non Current	Current	Non Current
<b>Purpose</b>				
Rates & Annual Charges	181	80	143	96
Interest & Extra Charges	10	34	12	17
User Charges & Fees	281		311	
Capital Debtors (being sale of assets)				
- Other Asset Sales			20	
Accrued Revenues				
- Interest on Investments	40		28	
Government Grants & Subsidies	8		19	
Net GST Receivable	144		91	
<b>Total</b>	<b>664</b>	<b>114</b>	<b>624</b>	<b>113</b>
<b>less: Provision for Impairment</b>				
Nil				
Rates & Annual Charges				
Interest & Extra Charges				
User Charges & Fees				
Other Debtors				
<b>Total Provision for Impairment - Receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>	<b><u>664</u></b>	<b><u>114</u></b>	<b><u>624</u></b>	<b><u>113</u></b>
<b>Externally Restricted Receivables</b>				
<b>Domestic Waste Management</b>	42		43	
<b>Total External Restrictions</b>	<b>42</b>	<b>-</b>	<b>43</b>	<b>-</b>
<b>Internally Restricted Receivables</b>				
<b>Unrestricted Receivables</b>	<b>622</b>	<b>114</b>	<b>581</b>	<b>113</b>
<b>TOTAL NET RECEIVABLES</b>	<b>664</b>	<b>114</b>	<b>624</b>	<b>113</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 is charged on overdue rates & charges at 10.00% (2007 9.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Hunter's Hill Council

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

## Note 8. Inventories &amp; Other Assets

\$ '000	2008		2007	
	Current	Non Current	Current	Non Current
<b>Inventories</b>				
Stores & Materials	53		51	
<b>Total Inventories</b>	<b>53</b>	<b>-</b>	<b>51</b>	<b>-</b>
<b>Other Assets</b>				
Prepayments	180		150	
Insurance Pool Surplus Metropool		189		149
Other	65		65	
<b>Total Other Assets</b>	<b>245</b>	<b>189</b>	<b>215</b>	<b>149</b>
<b><u>TOTAL INVENTORIES &amp; OTHER ASSETS</u></b>	<b><u>298</u></b>	<b><u>189</u></b>	<b><u>266</u></b>	<b><u>149</u></b>

## Hunter's Hill Council

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

## Note 8. Inventories &amp; Other Assets (continued)

\$ '000	2008		2007	
	Current	Non Current	Current	Non Current
<b>(i) Externally Restricted Assets</b>				
<b>Domestic Waste Management</b>				
Nil				
<b>Other</b>				
Nil				
<b>Total Externally Restricted Assets</b>	-	-	-	-
<b>Total Internally Restricted Assets</b>				
<b>Total Unrestricted Assets</b>	298	189	266	149
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>	<u>298</u>	<u>189</u>	<u>266</u>	<u>149</u>

Hunter's Hill Council

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

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2007				Asset Movements during the Reporting Period						as at 30/6/2008						
	At	At	Accumulated		Carrying	Asset Additions	WDV-Asset Disposals	Depreciation Expense	Impairment - Loss to P/L	Adjustments & Transfers	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying	
	Cost	Fair Value	Deprec.	Impairment								Value	Cost	Fair Value	Dep'n		Impairment
Capital Work in Progress					-	-											-
Plant & Equipment	1,320		735		585	455	(130)	(175)	-			1,228		493			735
Office Equipment	1,153		1,072		81	108		(80)	-			918		810			108
Furniture & Fittings	97		59		38			(4)	-			97		63			34
Plant & Equipment (under Finance Lease)					-			-	-								-
<b>Land:</b>																	
- Operational	5,393				5,393						16,132						21,525
- Community	219,191				219,191							219,191					219,191
- Land under Roads					-												-
Land Improvements - non depreciable					-												-
Land Improvements - depreciable	1,105		346		759	55		(75)	-			1,159		421			738
Buildings - Non Specialised	8,901		3,211		5,690	5		(130)	-	42	553	9,845		3,679			6,166
Buildings - Specialised	9,177		6,123		3,053	312		(137)	-	1,026	947	11,631		6,435			5,196
Other Structures					-			-	-								-
<b>Infrastructure:</b>																	
- Roads, Bridges, Footpaths	35,093		27,645		7,448	893		(429)	-			35,986		28,074			7,913
- Bulk Earthworks (non-depreciable)					-			-	-								-
- Stormwater Drainage	3,425		1,195		2,230	84		(35)	-			3,509		1,230			2,278
- Water Supply Network					-			-	-								-
- Sewerage Network					-			-	-								-
<b>Other Assets:</b>																	
- Heritage Collections					-			-	-								-
- Library Books					-			-	-								-
- Other					-			-	-								-
<b>Reinstatement, Rehabilitation &amp; Restoration Assets (refer Note 21):</b>																	
- Tip Asset					-			-	-								-
- Quarry Asset					-			-	-								-
- Other Assets					-			-	-								-
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>284,855</b>	<b>-</b>	<b>40,387</b>	<b>-</b>	<b>244,469</b>	<b>1,912</b>	<b>(130)</b>	<b>(1,065)</b>	<b>-</b>	<b>1,068</b>	<b>17,632</b>	<b>258,686</b>	<b>46,403</b>	<b>41,205</b>	<b>-</b>	<b>-</b>	<b>263,885</b>

## Hunter's Hill Council

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

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

Council has no Externally Restricted Infrastructure, Property, Plant & Equipment.



## Hunter's Hill Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

## Note 10a. Payables, Borrowings &amp; Provisions

\$ '000	Notes	2008		2007	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - Operating		650		476	
Payments Received In Advance		224		381	
Accrued Expenses;					
- Borrowings		8			
- Other Expenditure Accruals		66		46	
Advances					
Security Bonds, Deposits & Retentions		2,171		2,026	
<b>Total Payables</b>		<b>3,119</b>	<b>-</b>	<b>2,929</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		321	1,744	270	1,582
<b>Total Interest Bearing Liabilities</b>		<b>321</b>	<b>1,744</b>	<b>270</b>	<b>1,582</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		370		389	
Sick Leave		26		33	
Long Service Leave		550	28	600	18
Other Leave		6			
<b>Sub Total - Aggregate Employee Benefits</b>		<b>952</b>	<b>28</b>	<b>1,022</b>	<b>18</b>
<b>Total Provisions</b>		<b>952</b>	<b>28</b>	<b>1,022</b>	<b>18</b>
<b>Total Payables, Interest Bearing Liabilities &amp; Provisions</b>		<b>4,392</b>	<b>1,772</b>	<b>4,221</b>	<b>1,600</b>

## (i) Liabilities relating to Restricted Assets

	2008		2007	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>				
Domestic Waste Management	82		77	
<b>Liabilities relating to externally restricted assets</b>	<b>82</b>	<b>-</b>	<b>77</b>	<b>-</b>
<b>Total Liabilities relating to restricted assets</b>	<b>82</b>	<b>-</b>	<b>77</b>	<b>-</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.

## Hunter's Hill Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000

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

The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.	<b>2008</b>	<b>2007</b>
Provisions - Employees Benefits	469	540
Security Bonds, Deposits and Retentions	1,894	1,741
	<u><b>2,363</b></u>	<u><b>2,281</b></u>

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

Class of Provision	2007			2008		Closing Balance as at 30/6/08
	Opening Balance as at 1/7/07	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	389	224	(243)			<b>370</b>
Sick Leave	33	1	(8)			<b>26</b>
Long Service Leave	618	87	(127)			<b>578</b>
Other Leave	-	6				<b>6</b>
<b>TOTAL</b>	<u><b>1,040</b></u>	<u><b>318</b></u>	<u><b>(378)</b></u>	<b>-</b>	<b>-</b>	<u><b>980</b></u>

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.

## Hunter's Hill Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

## Note 11. Cash Flow Statement - Additional Information

\$ '000	Notes	Actual 2008	Actual 2007
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	9,735	8,629
Less Bank Overdraft	10	-	-
<b>BALANCES as per Cash Flow Statement</b>		<b>9,735</b>	<b>8,629</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>1,592</b>	<b>785</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		1,065	992
Net Losses/(Gains) on Disposal of Assets		(92)	(27)
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(61)	267
Increase/(Decrease) in Provision for Doubtful Debts		-	-
Decrease/(Increase) in Inventories		(2)	(3)
Decrease/(Increase) in Other Current Assets		(70)	(79)
Increase/(Decrease) in Payables		174	(35)
Increase/(Decrease) in accrued Interest Payable		8	
Increase/(Decrease) in other accrued Expenses Payable		20	(102)
Increase/(Decrease) in Other Current Liabilities		(12)	504
Increase/(Decrease) in Employee Leave Entitlements		(60)	63
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from CASH FLOW STATEMENT</b>		<b>2,562</b>	<b>2,365</b>

## Hunter's Hill Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	Notes	Actual 2008	Actual 2007
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Nil			
Acquisition of Plant & Equipment by means of Finance Lease			
Subsidised Works (Sewer Scheme)			
Bushfire Grants			
S94 Contributions In Kind			
Other Dedications			
Other Non Cash Items			
Other Non Cash Items			
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>-</b>	<b>-</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>			
Credit Cards / Purchase Cards		10	10
Other			
<b>Total Financing Arrangements</b>		<b>10</b>	<b>10</b>
<b>Amounts utilised as at Balance Date:</b>			
- Bank Overdraft Facilities			
- Credit Cards / Purchase Cards		1	
- Other			
<b>Total Financing Arrangements Utilised</b>		<b>1</b>	<b>-</b>
<b>(ii) Secured Loan Liabilities</b>			
Loans are secured by a mortgage over future years Rate Revenue only.			

## Hunter's Hill Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

#### Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2008	Actual 2007
<b>(a) Capital Commitments (exclusive of GST)</b>			
Nil			
<b>(b) Other Expenditure Commitments (exclusive of GST)</b>			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
DWM & Recycling Services		1,095	1,596
Cleaning Services			
Audit Services		105	
Other			
<b>Total Commitments</b>		<b>1,200</b>	<b>1,596</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		522	501
Later than one year and not later than 5 years		678	1,095
Later than 5 years			
<b>Total Payable</b>		<b>1,200</b>	<b>1,596</b>

## Hunter's Hill Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

## Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2008	Actual 2007
<b>(c) Finance Lease Commitments</b>			
Nil			
<b>(d) Operating Lease Commitments (Non Cancellable)</b>			
<b>a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:</b>			
Within the next year		23	24
Later than one year and not later than 5 years		92	63
Later than 5 years		2	-
<b>Total Non Cancellable Operating Lease Commitments</b>		<b>117</b>	<b>87</b>

**b. Non Cancellable Operating Leases:**

Council has entered into non-cancellable operating leases for office photocopier equipment.

Contingent rental payments have been determined and have been publicly notified in Council's Annual Management Plans. No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

## Hunter's Hill Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

#### Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2008	Actual 2007
<b>(f) Remuneration Commitments</b>			
Commitments for the payment of salaries & other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities are payable:			
Within the next year		170	170
Later than one year and not later than 5 years		383	553
Later than 5 years		-	-
<b>Total Payable</b>		<b>553</b>	<b>723</b>

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

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

## Hunter's Hill Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

## Note 13. Statement of Performance Measurement

\$ '000	Amounts 2008	Indicator 2008	Prior Periods 2007      2006	
<b>1. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(1)</sup>	<u>7,410</u>	3.81 : 1	3.87:1	3.84:1
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	1,947			
<b>2. Debt Service Ratio</b>				
Debt Service Cost	<u>408</u>	3.93%	3.91%	4.01%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	10,370			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>				
Rates & Annual Charges	<u>7,671</u>	66.92%	72.87%	72.50%
Revenue from Continuing Operations	11,463			
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual & Extra Charges Outstanding	<u>305</u>	3.83%	3.58%	3.91%
Rates, Annual & Extra Charges Collectible	7,965			
<b>5. Building &amp; Infrastructure Renewals Ratio</b>				
Asset Renewals <sup>(4)</sup>	<u>1,294</u>	177.02%	n/a	n/a
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	731			

## Notes

(1) Refer Notes 6-8 inclusive.

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

(2) Refer to Note 10(a).

(3) Refer to Note 10(c) - excludes all ELE not expected to be paid in the next 12 months.

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



## Hunter's Hill Council

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

#### Note 14. Investment Properties

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	Actual	Actual
\$ '000	2008	2007

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Council has not classified any Land or Buildings as "Investment Properties"

## Hunter's Hill Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

#### Note 15. Financial Risk Management

\$ '000

##### Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2008	2007	2008	2007
<b>Financial Assets</b>				
Cash and Cash Equivalents	9,735	8,629	9,735	8,629
Investments				
- "Held for Trading"	-	-		
- "Designated At Fair Value on Initial Recognition"	-	-		
- "Held to Maturity"	-	-		
- "Loans & Receivables"	-	-		
- "Available for Sale"	-	-		
Receivables	778	737	778	737
<b>Total Financial Assets</b>	<b>10,513</b>	<b>9,366</b>	<b>10,513</b>	<b>9,366</b>
<b>Financial Liabilities</b>				
Bank Overdraft	-	-		
Payables	2,895	2,548	2,895	2,548
Loans / Advances	2,065	1,852	2,065	1,852
Lease Liabilities	-	-		
<b>Total Financial Liabilities</b>	<b>4,960</b>	<b>4,400</b>	<b>4,960</b>	<b>4,400</b>

Fair Value is determined as follows:

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

## Hunter's Hill Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

#### Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

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

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2008</b>				
Impact of a 10% movement in Market Values				
Impact of a 1% movement in Interest Rates	98	98	(98)	(98)
<b>2007</b>				
Impact of a 10% movement in Market Values				
Impact of a 1% movement in Interest Rates	86	86	(86)	(86)

## Hunter's Hill Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (b) Receivables

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

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

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

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

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

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

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

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

	2008	2008	2007	2007
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Aging of Receivables</b>				
Current (not yet overdue)	261	517	239	498
	<u>261</u>	<u>517</u>	<u>239</u>	<u>498</u>
<b>(ii) Movement in Provision for Impairment of Receivables</b>			2008	2007
Balance at the beginning of the year			-	
+ new provisions recognised during the year				
- amounts already provided for & written off this year				
- amounts provided for but recovered during the year				
- previous impairment losses reversed				
<b>Balance at the end of the year</b>			<u>-</u>	<u>-</u>

## Hunter's Hill Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2008</b>									
Bank Overdraft	-							-	-
Trade/Other Payables	2,171	724						2,895	2,895
Loans & Advances		321	339	358	378	399	270	2,065	2,065
Lease Liabilities								-	-
<b>Total Financial Liabilities</b>	<b>2,171</b>	<b>1,045</b>	<b>339</b>	<b>358</b>	<b>378</b>	<b>399</b>	<b>270</b>	<b>4,960</b>	<b>4,960</b>
<b>2007</b>									
Bank Overdraft	-							-	-
Trade/Other Payables	2,026	522						2,548	2,548
Loans & Advances		270	284	300	316	332	350	1,852	1,852
Lease Liabilities								-	-
<b>Total Financial Liabilities</b>	<b>2,026</b>	<b>792</b>	<b>284</b>	<b>300</b>	<b>316</b>	<b>332</b>	<b>350</b>	<b>4,400</b>	<b>4,400</b>

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

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

	2008		2007	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Bank Overdraft	-		-	
Trade/Other Payables	2,895		2,548	
Loans & Advances - Fixed Interest Rate	2,065	5.8%	1,852	5.3%
Loans & Advances - Variable Interest Rate				
Lease Liabilities	-		-	
	<u>4,960</u>		<u>4,400</u>	

## Hunter's Hill Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

#### Note 16. Material Budget Variations

\$ '000

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

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

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

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

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

\$ '000	2008 Budget	2008 Actual	2008 Variance*		
<b>REVENUES</b>					
<b>User Charges &amp; Fees</b>	<b>993</b>	<b>833</b>	<b>(160)</b>	<b>(16%)</b>	<b>U</b>
Additional revenue producing bus shelters deferred pending adoption of master plan and communication towers not achieved.					
<b>Interest &amp; Investment Revenue</b>	<b>474</b>	<b>695</b>	<b>221</b>	<b>47%</b>	<b>F</b>
Interest rate rises were far greater than the conservative estimate and more funds were available for investment due to the delay in completion of Capital works.					
<b>Other Revenues</b>	<b>334</b>	<b>680</b>	<b>346</b>	<b>104%</b>	<b>F</b>
Revenue from restoration charges in particular Energy Australia's Zone Development Program.					
<b>Operating Grants &amp; Contributions</b>	<b>963</b>	<b>618</b>	<b>(345)</b>	<b>(36%)</b>	<b>U</b>
Grants for water projects, and environmental projects to be received as projects get further underway.					
<b>Capital Grants &amp; Contributions</b>	<b>349</b>	<b>874</b>	<b>525</b>	<b>150%</b>	<b>F</b>
Developer contributions greater than estimated by \$275 F, Roads to recovery grant \$118 F and Clarkes Point drainage entire grant received in one year instead of over several \$130 F					

## Hunter's Hill Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

## Note 16. Material Budget Variations (continued)

\$ '000	2008 Budget	2008 Actual	2008 Variance*		
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	4,192	3,626	566	14%	<b>F</b>
Staff complement has been down due to retirements and resignations with positions difficult to fill due to skill shortage.					
<b>Net Losses from Disposal of Assets</b>	13	-	13	100%	<b>F</b>
Not all budgeted Motor vehicle replacements were made. In addition items of excess plant were sold resulting in a gain on sale of \$92					

## Hunter's Hill Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

#### Note 17. Statement of Developer Contributions

\$ '000

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

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

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

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

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

#### SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Received during Year		Interest earned in Yr	Exp. during Yr	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding
Drainage	227	27	-	17	(9)	-	262	3,462	(3,724)	-
Roads	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	50	2	-	3	-	-	55	275	(330)	-
Parking	253	78	-	20	(87)	-	264	3,914	(4,178)	-
Open Space	291	179	-	28	(2)	-	496	22,202	(22,698)	-
Community Facilities	159	12	-	12	(40)	-	143	1,712	(1,855)	-
Other1 (Specify)	-	-	-	-	-	-	-	-	-	-
Other2 (Specify)	-	-	-	-	-	-	-	-	-	-
Other3 (Specify)	-	-	-	-	-	-	-	-	-	-
Other	17	-	-	1	-	-	18	990	(1,008)	-
<b>S94 Contributions - under a Plan</b>	<b>997</b>	<b>298</b>	<b>-</b>	<b>81</b>	<b>(138)</b>	<b>-</b>	<b>1,238</b>	<b>32,555</b>	<b>(33,793)</b>	<b>-</b>
<b>S94A Levies - under a Plan</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>997</b>	<b>298</b>	<b>-</b>	<b>81</b>	<b>(138)</b>	<b>-</b>	<b>1,238</b>	<b>32,555</b>	<b>(33,793)</b>	<b>-</b>
S94 not under Plans	3	-	-	-	(3)	-	-	-	-	-
S93F Planning Agreements										
S64 Contributions										
<b>Total Contributions</b>	<b>1,000</b>	<b>298</b>	<b>-</b>	<b>81</b>	<b>(141)</b>	<b>-</b>	<b>1,238</b>	<b>32,555</b>	<b>(33,793)</b>	<b>-</b>



## Hunter's Hill Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000

**S94 CONTRIBUTIONS - UNDER A PLAN**

## CONTRIBUTION PLAN - Adopted 23 November 1998

PURPOSE	Opening Balance	Received during Year		Interest earned in Yr	Exp. during Yr	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding
Drainage	194			14	(9)		199	3,462	(3,661)	-
Roads							-			-
Traffic Facilities	46			3			49	275	(324)	-
Parking	246			18	(62)		202	3,914	(4,116)	-
Open Space	69			5	(2)		72	22,202	(22,274)	-
Community Facilities	145			11	(40)		116	1,712	(1,828)	-
Other1 (Specify)							-			-
Other2 (Specify)							-			-
Other3 (Specify)							-			-
Other	16			1			17	990	(1,007)	-
<b>Total</b>	<b>716</b>	<b>-</b>	<b>-</b>	<b>52</b>	<b>(113)</b>	<b>-</b>	<b>655</b>	<b>32,555</b>	<b>(33,210)</b>	<b>-</b>

## CONTRIBUTION PLAN - Adopted 23 June 2003

PURPOSE	Opening Balance	Received during Year		Interest earned in Yr	Exp. during Yr	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding
Drainage	33	27		3			63		(63)	-
Roads							-			-
Traffic Facilities	4	2					6		(6)	-
Parking	7	78		2	(25)		62		(62)	-
Open Space	222	179		23			424		(424)	-
Community Facilities	14	12		1			27		(27)	-
Other1 (Specify)							-			-
Other2 (Specify)							-			-
Other3 (Specify)							-			-
Other	1						1		(1)	-
<b>Total</b>	<b>281</b>	<b>298</b>	<b>-</b>	<b>29</b>	<b>(25)</b>	<b>-</b>	<b>583</b>	<b>-</b>	<b>(583)</b>	<b>-</b>

## S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Received during Year		Interest earned in Yr	Exp. during Yr	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding
Drainage							-			-
Roads							-			-
Traffic Facilities							-			-
Parking							-			-
Open Space							-			-
Community Facilities	3				(3)		-			-
Other1 (Specify)							-			-
Other2 (Specify)							-			-
Other3 (Specify)							-			-
Other							-			-
<b>Total</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Hunter's Hill Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000

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

##### LIABILITIES NOT RECOGNISED:

###### 1. Guarantees

###### (i) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the Company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements of APRA.

These future equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

###### (ii) Metropool

Council is a party to Metropool, a mutual scheme providing liability insurance to Local Government. As at 30 June 2006 Metropool has no claim exposure relating to any insurance coverage with the HIH group of companies.

##### ASSETS NOT RECOGNISED:

###### (ii) Defined Benefit Superannuation Contribution F

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

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

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

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

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

## Hunter's Hill Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000

## 19(c) Joint Venture Operations

## (a) Council is involved in the following Joint Venture Operations

Name of Operation	Principal Activity	Councils Interests in Outputs of JV	
JV Cowell Street Development		63%	

## (b) Council Assets employed in the Joint Venture Operation

Councils own assets employed in the Operation	2008	2007
<b>Current Assets:</b>		
Receivables		
Inventories		
Other Assets	65	65
<b>Non-Current Assets</b>		
Property, Plant & Equipment	400	400
<b>Total Assets - Council Owned</b>	<b>465</b>	<b>465</b>

## Councils share of assets jointly owned with other partners

Current Assets		
Current Liabilities		
Property, Plant & Equipment		
Other Non Current Assets		
Non Current Liabilities		
<b>Total Net Assets Employed - Council &amp; Jointly Owned</b>	<b>465</b>	<b>465</b>

## (c) Share of Joint Venture Operations Expenditure Commitments

Capital Commitments	2008	2007
Payable Not Later than 1 Year		
Payable Later than 1 Year but not later than 5 Years		
Payable Later than 5 Years		
<b>Total Capital Commitments</b>	<b>-</b>	<b>-</b>

## Operating Expenditure Commitments

Payable Not Later than 1 Year		
Payable Later than 1 Year but not later than 5 Years		
Payable Later than 5 Years		
<b>Total Operating Expenditure Commitments</b>	<b>-</b>	<b>-</b>

## (d) Contingent Liabilities of Joint Venture Operations

	2008	2007
Share of Contingent Liabilities incurred jointly with other Participants		
Share of Contingent Liabilities for which Council is severally liable		

# Hunter's Hill Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

### Note 20. Revaluation reserves and retained earnings

Notes	Actual 2008 \$ '000	Actual 2007 \$ '000
<b>(a) Revaluation reserves</b>		
Infrastructure, property, plant and equipment revaluation reserve		
Available-for-sale investments revaluation reserve	-	-
<b>Movements:</b>		
<i>Property, plant and equipment revaluation reserve</i>		
At Beginning of year	17,632	
Revaluations (Note 9)		
Transfers		
<b>At End of year</b>	<b>17,632</b>	<b>-</b>
<b>(b) Retained Earnings</b>		
Movements in Retained earnings were as follows:		
At beginning of year	248,429	247,644
Adjustment to correct prior period errors (Note 20(d))	1,068	-
Net operating result for the year	1,592	785
<b>At End of year</b>	<b>251,089</b>	<b>248,429</b>
<b>(c) Nature and purpose of reserves</b>		
<i>(i) Infrastructure, property, plant and equipment revaluation reserve</i>		
The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments and decrements on the revaluation of non-current assets.		
<b>(d) Correction of errors in previous years</b>		
Council had not previously reassessed the useful life of its buildings and, as a result, was found to have significantly understated their depreciation. It was also found that certain buildings that Council owned had not previously been recognised. A revaluation exercise in the 2008 year identified these errors and an adjustment has been made against the current year balances of IPPE and Retained Earnings to correct the errors because it was found to be impractical to restate the prior year comparatives.		
Buildings not recognised	25	
Depreciation understated	1,043	
Adjustment to Retained Earnings	1,068	0

## Hunter's Hill Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

#### Note 21. Reinstatement, Rehabilitation & Restoration Liabilities

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**\$ '000**

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Not Applicable

## Hunter's Hill Council

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

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

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

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

## Hunter's Hill Council

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

#### Note 23. Events occurring after Balance Sheet Date

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\$ '000

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Events that occur after the reporting date of 30 June 2008, up to and including the date when the financial report is "authorised for issue" have been taken into account in preparing this financial report.

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

Accordingly, the "authorised for issue" date is 9 October 2008.



## Hunter's Hill Council

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

#### Note 24. Discontinued Operations

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	Actual	Actual
\$ '000	2008	2007

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

## Hunter's Hill Council

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

#### Note 25. Intangible Assets

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**\$ '000**

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

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



SPENCER STEER  
CHARTERED ACCOUNTANTS

HUNTERS HILL COUNCIL  
GENERAL PURPOSE FINANCIAL REPORT  
INDEPENDENT AUDITORS' REPORT

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**REPORT ON THE FINANCIAL REPORT**

We have audited the accompanying *general purpose financial report* of *Hunters Hill Council*, which comprises the Balance Sheet as at 30 June 2008, Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial report includes the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

***Responsibility of Council for the Financial Report***

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1993. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditors' Responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our audit responsibility does not extend to the original budget information disclosed in the Income Statement, Cash Flow Statement, and Note 2(a) or the budget variation explanations disclosed in Note 16. Nor does our responsibility extend to the projected future developer contributions and costs disclosed in Note 17. Accordingly, no opinion is expressed on these matters.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of



expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

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

### ***Independence***

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

### ***Auditor's Opinion***

In our opinion,

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13 part 3 Division 2; and
- (b) the financial report:
  - (i) has been presented in accordance with the requirements of this Division;
  - (ii) is consistent with the Council's accounting records;
  - (iii) presents fairly the Council's financial position, the results of its operations and its cash flows; and
  - (iv) is in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial report that have we have become aware of during the course of the audit.

**SPENCER STEER**  
Chartered Accountants

**N. MAH CHUT**  
**Partner**

Dated at Sydney this 9<sup>th</sup> day of October 2008





**SPENCER STEER**  
CHARTERED ACCOUNTANTS

9 October 2008

The Mayor  
Hunters Hill Council  
PO Box 21  
**HUNTERS HILL NSW 2110**

Mayor,

**Audit Report - Year Ended 30 June 2008**

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2008 and that all information required by us was readily available. We have signed our report as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General Purpose Financial Report.

Our audit has been conducted in accordance with Australian Auditing Standards so as to express an opinion on the General Purpose Financial Report of the Council. We have ensured that the accounts have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) and the Local Government Code of Accounting Practice and Financial Reporting.

This report on the conduct of the audit is also issued under Section 417(1) and we now offer the following comments on the financial statements and the audit;

**1. RESULTS FOR THE YEAR**

***1.1 Operating Result***

The operating result for the year was a Surplus of \$1.592 million as compared with \$785,000 in the previous year – an increase of \$807,000.

The following table sets out the results for the year and the extent (%) that each category of revenue and expenses contributed to the total.



	2008	% of Total	2007	% of Total	Increase (Decrease)
	\$000		\$000		\$000
<b>Revenues before capital items</b>					
Rates & annual charges	7,671	72%	7,181	75%	490
User charges, fees & other revenues	1,605	15%	1,170	12%	435
Grants & contributions provided for operating purposes	618	6%	745	8%	(127)
Interest & investment revenue	695	7%	541	6%	154
	<b>10,589</b>	<b>100%</b>	<b>9,637</b>	<b>100%</b>	<b>952</b>
<b>Expenses</b>					
Employee benefits & costs	3,626	37%	3,673	40%	(47)
Materials, contracts & other expenses	5,059	51%	4,297	47%	762
Depreciation, amortisation & impairment	1,065	11%	992	11%	73
Borrowing costs	121	1%	108	1%	13
	<b>9,871</b>	<b>100%</b>	<b>9,070</b>	<b>100%</b>	<b>801</b>
<b>Surplus(Deficit) before capital items</b>	<b>\$ 718</b>		<b>\$ 567</b>		<b>\$ 151</b>
Grants & contributions provided for capital purposes	874		218		656
<b>Net Surplus(Deficit) for the year</b>	<b>\$ 1,592</b>		<b>\$ 785</b>		<b>\$ 807</b>

## 1.2 Funding Result

The operating result does not take into account all revenues and all expenditures and in reviewing the overall financial performance of Council it is useful to take into account the total source of revenues and where they were spent during the year which is illustrated in the table below.

	2008	2007
	\$000	\$000
<b>Funds were provided by:-</b>		
<b>Operating Result (as above)</b>	<b>1,592</b>	<b>785</b>
Add back non funding items:-		
- Depreciation, amortisation & impairment	1,065	992
- Book value of non current assets sold	130	171
	<b>2,787</b>	<b>1,948</b>
New loan borrowings	500	0
Net Changes in current/non current assets & liabilities	44	246
	<b>3,331</b>	<b>2,194</b>
<b>Funds were applied to:-</b>		
Purchase and construction of assets	(1,911)	(930)
Principal repaid on loans	(287)	(255)
Transfers to externally restricted assets (net)	(976)	(340)
Transfers to internal reserves (net)	(12)	(619)
	<b>(3,186)</b>	<b>(2,144)</b>
<b>Increase(Decrease) in Available Working Capital</b>	<b>145</b>	<b>50</b>

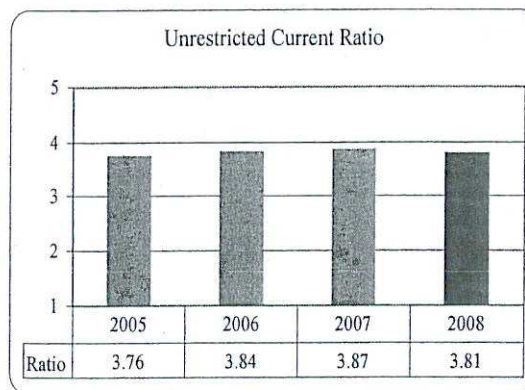


## 2. FINANCIAL POSITION

### 2.1 Unrestricted Current Ratio

The Unrestricted Current Ratio is a financial indicator specific to local government and represents Council's ability to meet its debts and obligations as they fall due.

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to \$5.463 million representing a factor of 3.81 to 1.



### 2.2 Available Working Capital – (Working Funds)

A more meaningful financial indicator specific to local government is the level of **Available Working Capital**. Net Current Assets are adjusted by eliminating both external and internal restrictions held for future purposes. At the close of the year the Available Working Capital of Council stood at \$1.814 million as detailed below;

	2008	2007	Change
	\$000	\$000	\$000
<b>Net Current Assets (Working Capital) as per Accounts</b>	<b>6,305</b>	<b>5,298</b>	<b>1,007</b>
<i>Add:</i> Payables & provisions not expected to be realised in the next 12 months included above	2,363	2,281	82
Adjusted Net Current Assets	8,668	7,579	1,089
<i>Add:</i> Budgeted & expected to pay in the next 12 months			
- Borrowings	321	270	51
- Employees leave entitlements	483	482	1
- Deposits & retention moneys	277	285	(8)
<i>Less:</i> Externally restricted assets	(3,205)	(2,229)	(976)
<i>Less:</i> Internally restricted assets	(4,730)	(4,718)	(12)
<b>Available Working Capital as at 30 June</b>	<b>\$ 1,814</b>	<b>\$ 1,669</b>	<b>\$ 145</b>

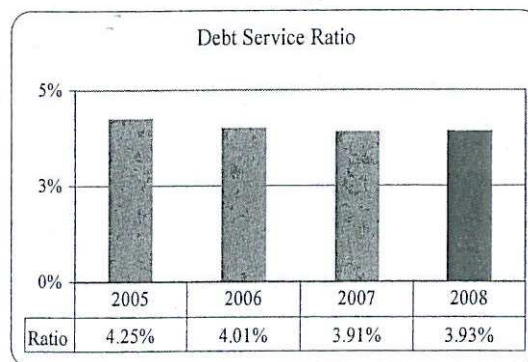
The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures. Taking into consideration the nature and level of the internally restricted assets (Reserves) set aside we are of the opinion that Available Working Capital as at 30 June 2008 was sound.





### 2.3 Debt

Operating revenue (excluding special purpose grants and contributions) required to service debt (repayment of loans) was 3.93%.



### 2.4 Summary

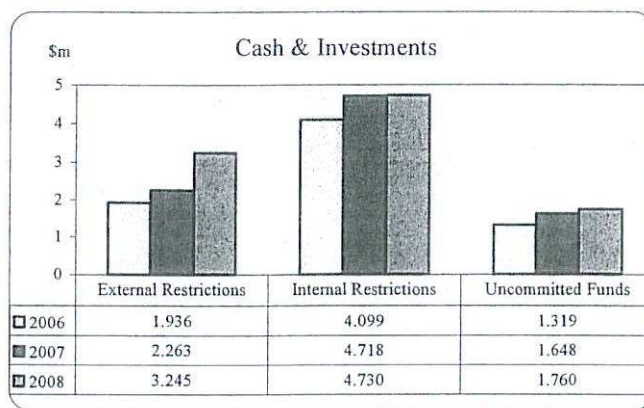
Council's overall financial position, when taking into account the above financial indicators is, in our opinion, sound.

## 3. CASH ASSETS

### 3.1 Cash & Investments

Cash and investments held at the close of the year amounted to \$9.735 million as compared with \$8.629 million and \$7.354 million at the close of financial years 2007 and 2006 respectively.

The table alongside summarises the purposes for which cash and investments were held.



**Externally restricted cash and investments** are restricted in their use by externally imposed requirements and consisted of unexpended loans (\$414,000), unexpended development contributions under Section 94 (\$1.238 million), unexpended grants and contributions (\$264,000), domestic waste management charges (\$644,000) and special rate levies (\$685,000).

**Internally restricted cash and investments** have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's "**Reserves**". These Reserves totalled \$4.730 million and their purposes are more fully disclosed in Note 6 of the financial statements.





*Unrestricted cash and investments* amounted to \$1.760 million, which is available to provide liquidity for the day to day operations.

### 3.2 Cash Flows

The Cash Flow Statement illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that Cash Assets increased by \$1.106 million to \$9.735 million at the close of the year. In addition to operating activities which contributed net cash of \$2.562 million were the proceeds from the sale of assets (\$242,000) and new loans (\$500,000). Cash outflows other than operating activities were used to repay loans (\$287,000) and to purchase and construct assets (\$1.911 million).

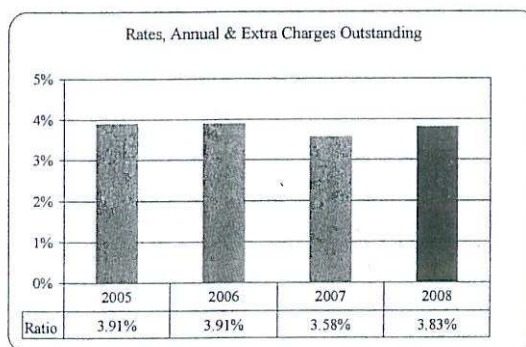
## 4. RECEIVABLES

### 4.1 Rates & Annual Charges (excluding interest & extra charges)

Net rates and annual charges levied during the year totalled \$7.671 million and represented 66.92% of Council's total revenues. Including arrears, the total rates and annual charges collectible was \$7.910 million of which \$7.649 million (96.70%) was collected.

### 4.2 Rates, Annual & Extra Charges

Arrears of rates, annual & extra charges stood at \$305,000 at the end of the year & represented 3.83% of those receivables.



### 4.3 Other Receivables

Receivables (other than rates & annual charges) totalled \$473,000 and mainly consisted of user charges and fees (\$281,000) and GST refunds (\$144,000).

## 5. PAYABLES

### 5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$980,000.

A cash reserve of \$394,000 was held at year end representing 40.20% of this liability and was, in our opinion, more than adequate to enable Council to meet unbudgeted and unanticipated retirements.



## 5.2 *Deposits, Retentions & Bonds*

Deposits, retentions and bonds held at year end amounted to \$2.171 million and were fully funded by cash and investments held in reserves.

## 6. REVALUATION OF ASSETS

The current year saw the revaluation of property, buildings, plant and equipment to fair value. Previously, these assets were carried at cost and depreciated over their useful lives. The revaluation process resulted in a net increase of \$17.632 million and was credited directly to Equity. Notes 1(k) & 9 of the financial statements provide further details.

Fair value revaluations of infrastructure assets such as roads, footpaths, drains and bridges are required to be carried out during the next financial year and to community land during the 2009/2010 financial year.

## 7. CONCLUSION

We wish to record our appreciation to your General Manager and his staff for their ready co-operation and the courtesies extended to us during the conduct of the audit.

Yours faithfully,

**SPENCER STEER**  
*Chartered Accountants*

**N. MAH CHUT**  
Partner

# Hunter's Hill Council

SPECIAL SCHEDULES  
for the year ended 30 June 2008

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***“A sense of history, A sense of community,  
A place to belong, A sustainable future”***



# Hunter's Hill Council

## Special Schedules

for the financial year ended 30 June 2008

### Contents

Page

#### Special Schedules<sup>1</sup>

- Special Schedule No. 1	Net Cost of Services	SS2 - 4
- Special Schedule No. 2(a)	Statement of Long Term debt (all purposes)	SS5
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	N/A
- Special Schedule No. 3	Water Supply - Income Statement	N/A
- Special Schedule No. 4	Water Supply - Balance Sheet	N/A
- Special Schedule No. 5	Sewerage Service - Income Statement	N/A
- Special Schedule No. 6	Sewerage Service - Balance Sheet	N/A
- Notes to Special Schedules No. 3 & 5		N/A
- Special Schedule No. 7	Condition of Public Works	SS6 - 7
- Special Schedule No. 8	Financial Projections	SS8

<sup>1</sup> Special Purpose Schedules are not audited.

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

## Hunter's Hill Council

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

for the financial year ended 30 June 2008

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
<b>Governance</b>	842	<b>842</b>	1		<b>1</b>	(841)	<b>(841)</b>
<b>Administration</b>							
Corporate Support	1,937		62			(1,875)	
Engineering and Works	515		9			(506)	
Other Support Services		<b>2,452</b>			<b>71</b>	-	<b>(2,381)</b>
<b>Public Order and Safety</b>							
Contributions to Fire Service Levy	342					(342)	
Fire Protection – Other						-	
Animal Control	144					(144)	
Beach Control						-	
Enforcement of Local Govt Regs						-	
Emergency Services	12					(12)	
Other		<b>498</b>			<b>-</b>	-	<b>(498)</b>
<b>Health</b>							
Administration and Inspection	36		18			(18)	
Immunisations						-	
Food Control						-	
Insect/Vermin Control						-	
Noxious Plants	11					(11)	
Health Centres	26		16			(10)	
Other		<b>73</b>			<b>34</b>	-	<b>(39)</b>
<b>Community Services and Education</b>							
Administration	192		13			(179)	
Family Day Care						-	
Child Care	46		32			(14)	
Youth Services	7		4			(3)	
Other Families and Children	15		2			(13)	
Aged and Disabled	81		31	26		(24)	
Migrant Services						-	
Aboriginal Services	1					(1)	
Other Community Services	10					(10)	
Education	22	<b>374</b>	10		<b>118</b>	(12)	<b>(256)</b>

## Hunter's Hill Council

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

for the financial year ended 30 June 2008

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
<b>Housing and Community Amenities</b>							
Housing	6		63			57	
Town Planning	720		320			(400)	
Domestic Waste Management	1,040		1,344			304	
Other Waste Management	74		83			9	
Street Cleaning	265		1			(264)	
Other Sanitation and Garbage			7			7	
Drainage	242		109	342		209	
Stormwater Management						-	
Environmental Protection	76		2			(74)	
Public Cemeteries						-	
Public Conveniences	1					(1)	
Other Community Amenities		2,424			2,271	-	(153)
<b>Water Supplies</b>		-			-	-	-
<b>Sewerage Services</b>		-			-	-	-
<b>Recreation and Culture</b>							
Public Libraries	474		45			(429)	
Museums						-	
Art Galleries	17		19			2	
Community Centres	62		179	12		129	
Public Halls	225		135			(90)	
Other Cultural Services	84		14			(70)	
Swimming Pools	12					(12)	
Sporting Grounds	53		14			(39)	
Parks and Gardens (Lakes)	927		592	219		(116)	
Other Sport and Recreation	32	1,886			1,229	(32)	(657)
<b>Fuel and Energy</b>							
Gas Supplies		-			-	-	-
<b>Mining, Manufacturing and Construction</b>							
Building Control	90		60			(30)	
Abattoirs						-	
Quarries and Pits						-	
Other		90			60	-	(30)

## Hunter's Hill Council

Special Schedule No. 1 - Net Cost of Services (continued)  
for the financial year ended 30 June 2008

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
<b>Transport and Communication</b>							
Urban Roads (UR) - Local	714		161	196		(357)	
Urban Roads - Regional						-	
Sealed Rural Roads (SRR) - Local						-	
Sealed Rural Roads - Regional						-	
Unsealed Rural Roads (URR) - Local						-	
Unsealed Rural Roads - Regional						-	
Bridges on UR - Local						-	
Bridges on UR - Regional						-	
Bridges on SRR - Local						-	
Bridges on SRR - Regional						-	
Bridges on URR - Local						-	
Bridges on URR - Regional						-	
Footpaths	256		400	1		145	
Aerodromes						-	
Parking Areas	22		178	78		234	
Bus Shelters and Services	13		111			98	
Water Transport	45					(45)	
RTA Works (State)						-	
Street Lighting	172		30			(142)	
Other	10	1,232			1,155	(10)	(77)
<b>Economic Affairs</b>							
Camping Areas						-	
Caravan Parks			1			1	
Tourism and Area Promotion						-	
Industrial Development Promotion						-	
Saleyards and Markets						-	
Real Estate Development						-	
Commercial Nurseries						-	
Other Business Undertakings		-			1	-	1
<b>Totals – Functions</b>		<b>9,871</b>	<b>4,066</b>	<b>874</b>	<b>4,940</b>		<b>(4,931)</b>
<b>General Purpose Revenues<sup>(1)</sup></b>			<b>6,523</b>		<b>6,523</b>	6,523	6,523
Share of interests - joint ventures & associates using the equity method	-	-	-		-	-	-
<b>NET OPERATING RESULT FOR YEAR</b>	<b>9,871</b>		<b>10,589</b>	<b>874</b>	<b>11,463</b>	<b>1,592</b>	<b>1,592</b>

Notes:

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

# Hunter's Hill Council

## Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2008

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
<b>Loans (by Source)</b>											
Commonwealth Government			-							-	-
Treasury Corporation			-							-	-
Other State Government			-							-	-
Public Subscription			-							-	-
Financial Institutions	270	1,582	<b>1,852</b>	500	287			121	321	1,744	<b>2,065</b>
Other			-							-	-
<b>Total Loans</b>	<b>270</b>	<b>1,582</b>	<b>1,852</b>	<b>500</b>	<b>287</b>	-	-	<b>121</b>	<b>321</b>	<b>1,744</b>	<b>2,065</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>270</b>	<b>1,582</b>	<b>1,852</b>	<b>500</b>	<b>287</b>	<b>-</b>	<b>-</b>	<b>121</b>	<b>321</b>	<b>1,744</b>	<b>2,065</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 (as per the GPFR's).







## Hunter's Hill Council

Special Schedule No. 8 - Financial Projections  
as at 30 June 2008

\$ million	Actual <sup>(1)</sup> 07/08	Forecast 08/09	Forecast 09/10	Forecast <sup>(3)</sup> 10/11	Forecast <sup>(3)</sup> 11/12
<b>(i) RECURRENT BUDGET</b>					
Income from continuing operations	11.5	10.8	10.8	11.0	11.3
Expenses from continuing operations	9.9	10.5	10.5	10.7	11.1
<b>Operating Result from Continuing Operations</b>	<b>1.6</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>
<b>(ii) CAPITAL BUDGET</b>					
New Capital Works <sup>(2)</sup>	0.6	0.6	0.7	0.6	0.6
Replacement/Refurbishment of Existing Assets	1.3	1.1	0.9	0.8	0.8
<b>Total Capital Budget</b>	<b>1.9</b>	<b>1.7</b>	<b>1.6</b>	<b>1.4</b>	<b>1.4</b>
<b>Funded by:</b>					
– Loans					
– Asset sales	0.2	0.3	0.3	0.3	0.3
– Reserves	0.2	0.1	0.1	0.1	0.1
– Grants/Contributions	0.4	0.8	0.1	-	-
– Recurrent revenue	1.1	0.5	1.1	1.0	1.0
– Other					
	<b>1.9</b>	<b>1.7</b>	<b>1.6</b>	<b>1.4</b>	<b>1.4</b>

**Notes:**

(1) From 07/08 Income Statement.

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

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