

# Hornsby Shire Council

SPECIAL PURPOSE FINANCIAL REPORTS  
for the year ended 30 June 2008

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*"Creating a living environment"*



# Hornsby Shire Council

## Special Purpose Financial Reports

for the financial year ended 30 June 2008

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### Background

(i) These Special Purpose Financial Reports have been prepared for the use by both Council and the Department of Local Government in fulfilling their requirements under National Competition Policy.

(ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

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

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

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

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

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Hornsby Shire Council

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

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

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

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

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

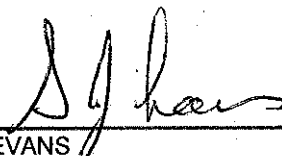
- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

**Signed in accordance with a resolution of Council made on 8 October 2008.**



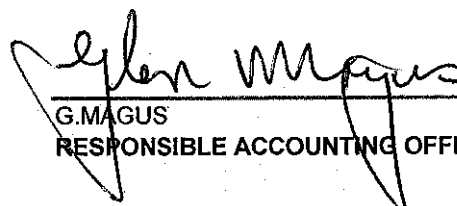
N. BERMAN  
MAYOR



S. EVANS  
DEPUTY MAYOR



R.J. BALL  
GENERAL MANAGER



G. MAGUS  
RESPONSIBLE ACCOUNTING OFFICER

## Hornsby Shire Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2008

\$ '000	Nurseries & Preschools		Aquatic Centres & Sports Stadium	
	Actual 2008	Actual 2007	Actual 2008	Actual 2007
<b>Income from continuing operations</b>				
Access charges	-	-	-	-
User charges	2,457	2,302	2,109	2,115
Fees	-	-	-	-
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	788	702	-	-
Profit from the sale of assets	2	-	-	-
Other income	14	12	420	409
<b>Total income from continuing operations</b>	<b>3,261</b>	<b>3,016</b>	<b>2,529</b>	<b>2,524</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	2,690	2,816	2,284	2,217
Borrowing costs	-	-	-	-
Materials and contracts	509	195	663	619
Depreciation and impairment	77	59	186	165
Loss on sale of assets	-	-	1	1
Calculated taxation equivalents	216	223	267	263
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	176	335	392	507
<b>Total expenses from continuing operations</b>	<b>3,668</b>	<b>3,628</b>	<b>3,793</b>	<b>3,772</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(407)</b>	<b>(612)</b>	<b>(1,264)</b>	<b>(1,248)</b>
Grants and contributions provided for capital purposes	-	-	11	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(407)</b>	<b>(612)</b>	<b>(1,253)</b>	<b>(1,248)</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(407)</b>	<b>(612)</b>	<b>(1,253)</b>	<b>(1,248)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(407)</b>	<b>(612)</b>	<b>(1,253)</b>	<b>(1,248)</b>
plus Opening Retained Profits	1,838	2,227	348	1,333
plus/less: Prior Period Adjustments	(321)	-	964	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	216	223	267	263
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	-	-	-	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
<b>Closing Retained Profits</b>	<b>1,326</b>	<b>1,838</b>	<b>326</b>	<b>348</b>
<b>Return on Capital %</b>	<b>-3.9%</b>	<b>-12.7%</b>	<b>-8.8%</b>	<b>-13.8%</b>
<b>Subsidy from Council</b>	<b>1,065</b>	<b>900</b>	<b>2,157</b>	<b>1,793</b>

## Hornsby Shire Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2008

\$ '000	Commercial Waste		Development Applications	
	Actual 2008	Actual 2007	Actual 2008	Actual 2007
<b>Income from continuing operations</b>				
Access charges	-	-	-	-
User charges	864	1,091	522	538
Fees	-	-	-	-
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	219	242	-	-
<b>Total income from continuing operations</b>	<b>1,083</b>	<b>1,333</b>	<b>522</b>	<b>538</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	38	58	208	385
Borrowing costs	-	-	-	-
Materials and contracts	639	686	147	-
Depreciation and impairment	47	68	28	32
Loss on sale of assets	345	-	6	18
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	25	291	1	157
<b>Total expenses from continuing operations</b>	<b>1,094</b>	<b>1,103</b>	<b>390</b>	<b>592</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(11)</b>	<b>230</b>	<b>132</b>	<b>(54)</b>
Grants and contributions provided for capital purposes	-	-	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(11)</b>	<b>230</b>	<b>132</b>	<b>(54)</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(11)</b>	<b>230</b>	<b>132</b>	<b>(54)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(69)	(40)	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(11)</b>	<b>161</b>	<b>92</b>	<b>(54)</b>
plus Opening Retained Profits	802	572	872	926
plus/less: Prior Period Adjustments	(72)	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	-	69	40	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
<b>Closing Retained Profits</b>	<b>719</b>	<b>802</b>	<b>1,004</b>	<b>872</b>
<b>Return on Capital %</b>	<b>-5.7%</b>	<b>30.7%</b>	<b>146.7%</b>	<b>-45.8%</b>
<b>Subsidy from Council</b>	<b>23</b>	<b>230</b>	<b>-</b>	<b>61</b>

## Hornsby Shire Council

Income Statement of Council's Other Business Activities  
for the financial year ended 30 June 2008

\$ '000	Property Services	
	Actual 2008	Actual 2007
<b>Income from continuing operations</b>		
Access charges	-	-
User charges	1,200	1,175
Fees	-	-
Interest	-	-
Grants and contributions provided for non capital purposes	-	-
Profit from the sale of assets	-	-
Other income	10	13
<b>Total income from continuing operations</b>	<b>1,210</b>	<b>1,188</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	82	106
Borrowing costs	-	-
Materials and contracts	99	57
Depreciation and impairment	93	49
Loss on sale of assets	-	-
Calculated taxation equivalents	175	138
Debt guarantee fee (if applicable)	-	-
Other expenses	34	90
<b>Total expenses from continuing operations</b>	<b>483</b>	<b>440</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>727</b>	<b>748</b>
Grants and contributions provided for capital purposes	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>727</b>	<b>748</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>727</b>	<b>748</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(218)	(224)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>509</b>	<b>524</b>
plus Opening Retained Profits	26,636	25,750
plus/less: Prior Period Adjustments	(759)	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	175	138
- Debt guarantee fees	-	-
- Corporate taxation equivalent	218	224
add:		
- Subsidy Paid/Contribution To Operations	-	-
less:		
- TER dividend paid	-	-
- Dividend paid	-	-
<b>Closing Retained Profits</b>	<b>26,779</b>	<b>26,636</b>
<b>Return on Capital %</b>	<b>4.0%</b>	<b>5.7%</b>
<b>Subsidy from Council</b>	<b>409</b>	<b>45</b>

## Hornsby Shire Council

## Balance Sheet of Council's Other Business Activities

as at 30 June 2008

\$ '000	Nurseries & Preschools		Aquatic Centres & Sports Stadium	
	Category 1		Category 1	
	Actual 2008	Actual 2007	Actual 2008	Actual 2007
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	-	-	-	-
Investments	174	-	305	305
Receivables	54	-	46	-
Inventories	-	-	27	25
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
<b>Total Current Assets</b>	<b>228</b>	<b>-</b>	<b>378</b>	<b>330</b>
<b>Non-Current Assets</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	10,524	4,803	14,294	9,076
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
<b>Total Non-Current Assets</b>	<b>10,524</b>	<b>4,803</b>	<b>14,294</b>	<b>9,076</b>
<b>TOTAL ASSETS</b>	<b>10,752</b>	<b>4,803</b>	<b>14,672</b>	<b>9,406</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	322	-	247	-
Borrowings	2,666	2,666	9,640	8,861
Provisions	306	299	186	197
<b>Total Current Liabilities</b>	<b>3,294</b>	<b>2,965</b>	<b>10,073</b>	<b>9,058</b>
<b>Non-Current Liabilities</b>				
Payables	-	-	-	-
Borrowings	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>3,294</b>	<b>2,965</b>	<b>10,073</b>	<b>9,058</b>
<b>NET ASSETS</b>	<b>7,458</b>	<b>1,838</b>	<b>4,599</b>	<b>348</b>
<b>EQUITY</b>				
Retained earnings	1,326	1,838	326	348
Revaluation reserves	6,132	-	4,273	-
Council equity interest	<b>7,458</b>	<b>1,838</b>	<b>4,599</b>	<b>348</b>
Minority equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>7,458</b>	<b>1,838</b>	<b>4,599</b>	<b>348</b>

## Hornsby Shire Council

## Balance Sheet of Council's Other Business Activities

as at 30 June 2008

\$ '000	Commercial Waste		Development Applications	
	Category 2		Category 2	
	Actual 2008	Actual 2007	Actual 2008	Actual 2007
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	-	-	-	929
Investments	552	-	1,108	-
Receivables	214	287	11	-
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
<b>Total Current Assets</b>	<b>766</b>	<b>287</b>	<b>1,119</b>	<b>929</b>
<b>Non-Current Assets</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	194	749	90	118
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
<b>Total Non-Current Assets</b>	<b>194</b>	<b>749</b>	<b>90</b>	<b>118</b>
<b>TOTAL ASSETS</b>	<b>960</b>	<b>1,036</b>	<b>1,209</b>	<b>1,047</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	121	114	60	-
Borrowings	99	99	-	-
Provisions	21	21	145	175
<b>Total Current Liabilities</b>	<b>241</b>	<b>234</b>	<b>205</b>	<b>175</b>
<b>Non-Current Liabilities</b>				
Payables	-	-	-	-
Borrowings	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>241</b>	<b>234</b>	<b>205</b>	<b>175</b>
<b>NET ASSETS</b>	<b>719</b>	<b>802</b>	<b>1,004</b>	<b>872</b>
<b>EQUITY</b>				
Retained earnings	719	802	1,004	872
Revaluation reserves	-	-	-	-
Council equity interest	<b>719</b>	<b>802</b>	<b>1,004</b>	<b>872</b>
Minority equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>719</b>	<b>802</b>	<b>1,004</b>	<b>872</b>



## Hornsby Shire Council

## Balance Sheet of Council's Other Business Activities

as at 30 June 2008

\$ '000	Property Services	
	Category 2	
	Actual 2008	Actual 2007
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	-	-
Investments	14,570	13,262
Receivables	31	226
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>14,601</b>	<b>13,488</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	18,180	13,212
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total Non-Current Assets</b>	<b>18,180</b>	<b>13,212</b>
<b>TOTAL ASSETS</b>	<b>32,781</b>	<b>26,700</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	120	-
Borrowings	-	-
Provisions	62	64
<b>Total Current Liabilities</b>	<b>182</b>	<b>64</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Borrowings	-	-
Provisions	-	-
Other Liabilities	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>182</b>	<b>64</b>
<b>NET ASSETS</b>	<b>32,599</b>	<b>26,636</b>
<b>EQUITY</b>		
Retained earnings	26,779	26,636
Revaluation reserves	5,820	-
Council equity interest	<b>32,599</b>	<b>26,636</b>
Minority equity interest	-	-
<b>TOTAL EQUITY</b>	<b>32,599</b>	<b>26,636</b>

# Hornsby Shire Council

## Special Purpose Financial Reports

for the financial year ended 30 June 2008

### Contents of the Notes accompanying the Financial Statements

<b>Note</b>	<b>Details</b>	<b>Page</b>
1	Summary of Significant Accounting Policies	10
2	Water Supply Business Best Practice Management disclosure requirements	n/a
3	Sewerage Business Best Practice Management disclosure requirements	n/a

## Hornsby Shire Council

### Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2008

#### Note 1. Significant Accounting Policies

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

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

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

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

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

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

#### National Competition Policy

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

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

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

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

#### Declared Business Activities

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

##### Category 1

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

- a. **Nurseries & Preschools**  
Operation of children's nurseries & preschools.
- b. **Aquatic & Sports Centres**  
Operation of swimming pools, gymnasiums & indoor sports centres.

##### Category 2

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

- a. **Commercial Waste Service**  
Services provided for the collection of commercial waste and sullage.
- b. **Property Services**  
Rental of Council properties to 3<sup>rd</sup> parties for residential & commercial purposes.
- c. **Development Assessments**  
Development assessment & inspection services.

#### Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars.

#### (i) Taxation Equivalent Charges

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

## Hornsby Shire Council

### Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2008

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

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

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

##### Notional Rate Applied %

Corporate Income Tax Rate – **30%**

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

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

##### Income Tax

An income tax equivalent has been applied on the profits of the business.

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

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

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

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

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments

have been made for variations that have occurred during the year.

##### Local Government Rates & Charges

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

##### Loan & Debt Guarantee Fees

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

##### (ii) Subsidies

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

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

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

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

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

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

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

## Hornsby Shire Council

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

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

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strategies. The rate of return is disclosed for each of Councils business activities on the Income Statement.

#### **(iv) Dividends**

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

PricewaterhouseCoopers  
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## Hornsby Shire Council Special Purpose Financial Reports Independent Auditors' Report

### Scope

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


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

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

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

### Audit opinion

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

  
PricewaterhouseCoopers  
Chartered Accountants

John Gordon  
Sydney

16/04/2008