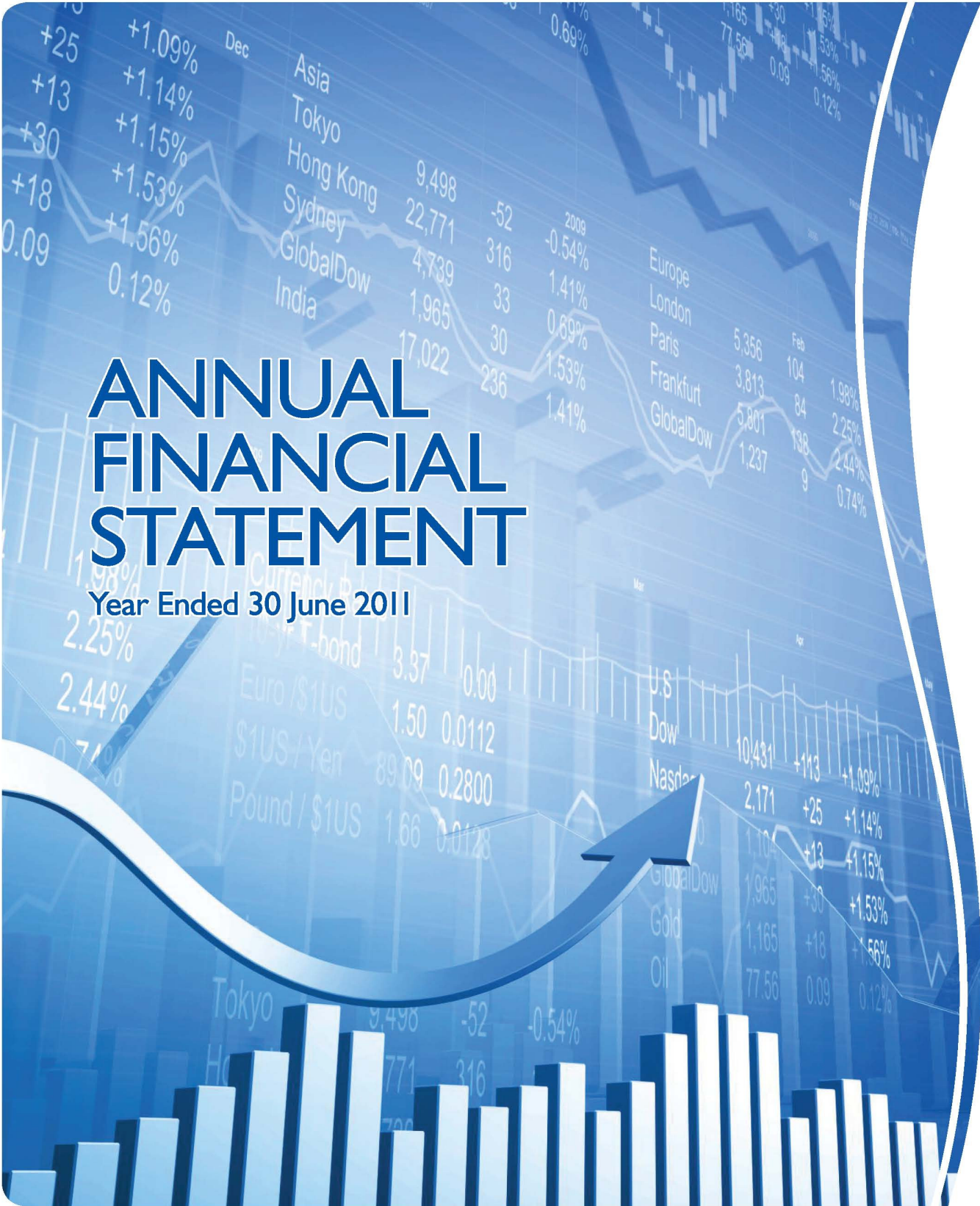


ANNUAL FINANCIAL STATEMENT

Year Ended 30 June 2011



Rockdale City Council

General purpose financial statements for the year ended 30 June 2011

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These financial statements are general purpose financial statements of Rockdale City Council and are presented in the Australian currency.

Rockdale City Council is constituted under the Local Government Act (1993) and has its principal place of business at:

Rockdale City Council
2 Bryant Street
Rockdale NSW 2216

The financial statements are authorised for issue by the Council on 22 September 2011. Council has the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our reporting is timely, complete, and available at minimum cost. All press releases, financial statements and other information are available on our website: www.rockdale.nsw.gov.au

COUNCIL OF THE CITY OF ROCKDALE
GENERAL PURPOSE FINANCIAL REPORTS
For the year ending 30 June 2011

**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 Reports have been prepared in accordance with:

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

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


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

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

Signed in accordance with a resolution of Council made on 21 September 2011.



.....
Councillor Bill Saravinovski
MAYOR



.....
Councillor James Macdonald
DEPUTY MAYOR



.....
Chris Watson
GENERAL MANAGER



.....
Alister Duncan
RESPONSIBLE ACCOUNTING
OFFICER

Rockdale City Council

Income statement for the year ended 30 June 2011

Original budget ⁽¹⁾ 2011 \$'000		Notes	Actual 2011 \$'000	Actual 2010 \$'000
	Income from continuing operations			
	Revenue:			
48,933	Rates and annual charges	3a	48,789	46,047
4,313	User charges and fees	3b	5,260	4,596
1,117	Interest and investment revenue	3c	3,994	3,457
3,959	Other revenues	3d	4,261	4,048
5,132	Grants and contributions provided for operating purposes	3e,f	5,860	5,879
2,658	Grants and contributions provided for capital purposes	3e,f	7,090	10,304
	Other Income:			
-	Net gain from the disposal of assets	5	75	38
-	Net share of interests in joint ventures and associates using the equity method	19	445	-
66,112	Total income from continuing operations		75,774	74,369
	Expenses from continuing operations			
28,523	Employee benefits and on-costs	4a	27,956	27,266
382	Borrowing costs	4b	378	359
18,016	Materials and contracts	4c	17,442	16,549
11,995	Depreciation and amortisation	4d	17,037	11,870
-	Impairment		-	-
8,321	Other expenses	4e	9,422	8,358
-	Net share of interests in joint ventures and associates using the equity method	19	-	33
67,237	Total expenses from continuing operations		72,235	64,435
(1,125)	Operating result from continuing operations		3,539	9,934
-	Operating result from discontinued operations		-	-
(1,125)	Net operating result for the year		3,539	9,934
(1,125)	Attributable to:			
-	- Council		3,539	9,934
-	- Minority interests		-	-
(3,783)	Net operating result for the year before grants and contributions provided for capital purposes		(3,551)	(370)

Note:

(1) Original budget as approved by Council – refer Note 16.

The above Income statement should be read in conjunction with the accompanying notes.

Rockdale City Council

Statement of comprehensive income for the year ended 30 June 2011

	Notes	Actual 2011 \$'000	Actual 2010 \$'000
Net operating result for the year – from Income statement		3,539	9,934
Other comprehensive income			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	20(a)	40,880	204,071
Changes in accounting policies	20(b)	(440,664)	-
Adjustment to correct prior period errors	20(d)	(8,012)	(43,793)
Total other comprehensive income for the year		(407,796)	160,278
Total comprehensive income for the year		(404,257)	170,212
Attributable to – Council		(404,257)	170,212
– Minority interests		-	-

The above Statement of comprehensive income should be read in conjunction with the accompanying notes.

Rockdale City Council

Balance sheet as at 30 June 2011

	Notes	Actual 2011 \$'000	Actual 2010 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6a	36,130	33,074
Investments	6b	5,947	4,117
Receivables	7	7,248	5,322
Inventories	8	56	65
Other	8	604	419
Non-current assets classified as held for sale		-	-
Total current assets		49,985	42,997
Non-current assets			
Investments	6b	18,393	16,445
Receivables	7	678	583
Infrastructure, property, plant and equipment	9	799,976	1,212,424
Investments accounted for using equity method	19	1,026	582
Investment property	14	-	-
Intangible assets	21	1,954	2,359
Other	8	443	507
Total non-current assets		822,470	1,232,900
Total assets		872,455	1,275,897
LIABILITIES			
Current liabilities			
Payables	10	7,380	4,991
Borrowings	10	964	1,093
Provisions	10	10,268	10,106
Total current liabilities		18,612	16,190
Non-current liabilities			
Payables	10	-	814
Borrowings	10	4,989	5,952
Provisions	10	1,140	971
Total non-current liabilities		6,129	7,737
Total liabilities		24,741	23,927
Net assets		847,714	1,251,970
EQUITY			
Asset Revaluation Reserve	20	399,315	359,698
Retained Earnings	20	448,399	892,272
Total equity		847,714	1,251,970
Council equity interest		847,714	1,251,970
Minority equity interest		-	-
Total equity		847,714	1,251,970

The above Balance sheet should be read in conjunction with the accompanying notes.

Rockdale City Council

Statement of changes in equity for the year ended 30 June 2011

	Notes	Actual 2011 \$'000			Actual 2010 \$'000		
		Retained earnings	Asset revaluation reserve	Total equity	Retained earnings	Asset revaluation reserve	Total equity
Opening balance	20	892,273	359,698	1,251,971	926,132	155,627	1,081,759
Correction of errors		-	-	-	-	-	-
Changes in Accounting Policies		-	-	-	-	-	-
Transfers to (from) Asset Revaluation Reserve	20	-	-	-	-	-	-
Restated opening balance	20	892,273	359,698	1,251,971	926,132	155,627	1,081,759
Net operating result for the year	20	3,539	-	3,539	9,934	-	9,934
Other Comprehensive income	20	(447,413)	39,617	(407,796)	(43,793)	204,071	160,278
Total comprehensive income	20	(443,874)	39,617	(404,257)	(33,859)	204,071	170,212
Closing balance	20	448,399	399,315	847,714	892,272	359,698	1,251,970

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

Rockdale City Council

Statement of cash flows for the year ended 30 June 2011

Budget 2011 \$'000		Notes	Actual 2011 \$'000	Actual 2010 \$'000
	Cash flows from operating activities			
	<i>Receipts:</i>			
48,522	Rates and annual charges		48,627	45,959
5,424	User charges and fees		6,193	5,364
2,497	Investment revenue and interest		2,619	3,270
11,141	Grants and contributions		12,147	15,914
3,593	Other revenue		3,417	2,472
	<i>Payments:</i>			
(26,712)	Employee benefits and on-costs		(27,630)	(27,452)
(15,855)	Materials and contracts		(18,362)	(17,367)
(369)	Borrowing costs		(378)	(358)
(8,964)	Other expenses		(7,954)	(9,189)
19,277	Net cash provided (or used) in operating activities	11(b)	18,679	18,613
	Cash flows from investing activities			
	<i>Receipts:</i>			
10,000	Redemption of investments		10,361	2,185
809	Sale of infrastructure, property, plant and equipment		868	804
	<i>Payments:</i>			
(12,000)	Purchase of investments		(12,989)	(1,002)
(13,005)	Purchase of infrastructure, property, plant and equipment	9, 21	(12,773)	(8,839)
(14,196)	Net cash provided by (or used in) Investing activities		(14,533)	(6,852)
	Cash flows from financing activities			
	<i>Receipts:</i>			
-	Proceeds from borrowings		-	2,237
	<i>Payments:</i>			
(1,282)	Repayment of borrowings		(1,090)	(1,021)
(1,282)	Net cash provided by (or used in) financing activities		(1,090)	1,216
3,799	Net increase/(decrease) in cash and cash equivalents		3,056	12,977
33,074	Cash and cash equivalents at beginning of reporting period	11(a)	33,074	20,097
36,873	Cash and cash equivalents at end of reporting period	11(a)	36,130	33,074

The above Statement of cash flows should be read in conjunction with the accompanying notes.

Rockdale City Council

Notes to the financial statements for the year ended 30 June 2011

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Note 1 Summary of significant accounting policies

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

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the Local Government Act (1993) and Regulation, and the Local Government Code of Accounting Practice and Financial Reporting.

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 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies.

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

Rates, annual charges, grants and contributions

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

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

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

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.

Note 1 Summary of significant accounting policies (continued)

(b) Revenue recognition (continued)

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
- Wastes management operations
- Rockdale Meal Services

The following Committees, the transactions of which are considered immaterial either by amount or nature, have been excluded:

- The Mayoress Committee
- The Opera Company
- The Rockdale Community Nursery

(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 ventures

Jointly controlled assets

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings. Details of the joint venture are set out in Note 19.

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 not transferred to Council as lessee 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 where Council is a lessor is recognised in income on a straight-line basis over the lease term.

Note 1 Summary of significant accounting policies (continued)

(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

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(g) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(h) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(i) Inventories

Inventories are stated at the lower of cost and net realizable value. Costs are assigned on the basis of first in first out method.

(j) Investments and other financial assets

Council classifies its investments as financial assets at fair value through profit or loss only. These are financial assets held for trading and are classified in this category as Council has the intention to sell them if the market conditions are favourable. Assets in this category are classified as current assets.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

Note 1 Summary of significant accounting policies (continued)

(j) Investments and other financial assets (continued)

Subsequent measurement

Financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when Council's right to receive payments is established.

Impairment

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

If there is evidence of impairment for any of Council's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the income statement.

Investment Policy

Council has an approved investment policy complying with Section 625 of the Local Ministerial Government Act and S212 of the LG (General) Regulation 2005. Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed, however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

(k) Fair value estimation

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

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(l) Infrastructure, property, plant and equipment (IPPE)

Council's assets have been progressively revalued to 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).
- Road assets – roads, bridges and footpaths (Internal Valuation)
- Drainage assets – (Internal Valuation)
- Bulk earthworks - (Internal Valuation)
- Community land – (Internal Valuation)
- Land Improvements – (Internal Valuation)

(l) Infrastructure, property, plant and equipment (IPPE)-continued

- Other structures – (Internal Valuation)
- Other assets (as approximated by depreciated historical cost)

Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date. If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount. Full revaluations are undertaken for all assets on a 5 year cycle.

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 recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; 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 and furniture	4 - 10	years	Drainage - channels	30	years
Vehicles, plant & equipment	7 - 8	years	- pits and pipe	100	years
Library resources	7	years	Kerb and gutter	80	years
Recycling bins	10 - 25	years	Footpaths	40 - 70	years
Buildings	20 - 80	years	Sealed road-surface	15	years
Intangible assets	10	years	-pavement	110	years
Park furniture and equipment	5	years	Road structures	80 - 90	years
Street furniture	20 - 50	years	Cycleways	60	years
Bulk earthworks	Infinite		Culverts	60	years
Foreshore improvement	30	years	Bridges – Concrete	120	years
Open space car park	20	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.

Land, other than land under roads, is classified as either operational or community in accordance with Part 2 of Chapter 6 of the Local Government Act (1993). This classification is made in Note 9(a).

(m) Land under roads

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051. Any land under roads that was recognised before 1 July 2008 was derecognised at 1 July 2008 against the opening balance of retained earnings.

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

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

Note 1 Summary of significant accounting policies (continued)

(n) Intangible assets

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from 3 to 10 years.

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

(o) Payables

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Borrowings and borrowing costs

Borrowings are carried at their principal amounts less amounts repaid. The liabilities are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months' after the balance sheet date.

Interest expense is accrued over the period it becomes due and is recorded as part of other creditors if unpaid at balance date.

(q) Provisions

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(r) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service 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 end of the reporting period 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 end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(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.

Note 1 Summary of significant accounting policies (continued)

(r) Employee benefits (continued)

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 member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities. As a result, they have asked for significant increases in contributions to recover that deficiency. Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has, however, disclosed a contingent liability in note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

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.

(s) Allocation between current and non-current assets and liabilities

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 ensuing 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.

(t) Rounding of amounts

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

(u) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. Council's assessment of the impact of these new standards and interpretations is set out below.

- (i) *AASB 9 Financial Instruments, AASB 2009 11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective from 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

There will be no impact on the Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Council does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed.

- (ii) *Revised AASB 124 Related Party Disclosures and AASB 2009 12 Amendments to Australian Accounting Standards* (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. This amendment will have no impact on Council.

- (iii) *AASB 2009 14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement* (effective from 1 January 2011)

Note 1 Summary of significant accounting policies (continued)

(u) New accounting standards and interpretations (continued)

In December 2009, the AASB made an amendment to Interpretation 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. Council does not make any such prepayments. The amendment is therefore not expected to have any impact on Council's financial statements.

(iv) AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* (effective from 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. NSW Council is a local government and, as a result, is not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of Council.

(v) AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (effective for annual reporting periods beginning on or after 1 July 2011)

Amendments made to AASB 7 *Financial Instruments: Disclosures* in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on Council's disclosures.

(vi) AASB 2010-8 *Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets* (effective from 1 January 2012)

In December 2010, the AASB amended AASB 112 *Income Taxes* to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities, that is through use or through sale. The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale. This amendment will have no impact on Council.

(v) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

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

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

(w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Note 2(a) Functions or activities

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note 2(b).													
Functions/Activities	Income from continuing operations			Expenses from continuing operations			Operating results from continuing operations			Grants included in income from continuing operations		Total assets held (current and non-current)	
	Original budget 2011 \$'000	Actual 2011 \$'000	Actual 2010 \$'000	Original budget 2011 \$'000	Actual 2011 \$'000	Actual 2010 \$'000	Original budget 2011 \$'000	Actual 2011 \$'000	Actual 2010 \$'000	Actual 2011 \$'000	Actual 2010 \$'000	Actual 2011 \$'000	Actual 2010 \$'000
City Operations	4,882	5,606	5,325	18,723	21,321	19,035	(13,841)	(15,715)	(13,710)	1,521	1,028	8,899	10,659
Waste Management Services	12,227	11,816	11,406	12,397	10,429	10,177	(170)	1,388	1,229	279	630	3,947	2,944
Local Area Maintenance	750	985	754	324	197	241	426	788	513	-	-	8,296	8,291
City Planning and Development	3,967	4,657	4,156	6,396	6,094	5,573	(2,429)	(1,437)	(1,417)	1,379	1,072	1,743	1,000
Corporate and Community Services	1,282	1,407	1,339	12,736	12,992	12,315	(11,454)	(11,585)	(10,976)	624	603	8,479	8,676
Governance	-	-	-	755	758	867	(755)	(758)	(867)	-	-	243	81
General Manager	-	30	7	1,728	1,845	2,173	(1,728)	(1,815)	(2,166)	-	-	535	165
Infrastructure and Unallocated Corporate Costs	271	275	269	14,078	18,280	13,858	(13,807)	(18,005)	(13,589)	275	269	830,152	1,231,277
Total functions & activities	23,379	24,776	23,256	67,137	71,916	64,239	(43,758)	(47,139)	(40,983)	4,078	3,602	862,294	1,263,093
Shares of gains or (losses) in joint ventures using the equity method	-	445	-	-	-	33	-	445	(33)	-	-	1,026	581
General purpose income ⁽¹⁾	40,888	43,790	41,238	100	319	163	40,788	43,470	41,075	2,768	2,625	9,136	12,223
Capital Purpose Income	1,845	6,763	9,875	-	-	-	1,845	6,763	9,875	2,537	2,683	-	-
Net operating result for the year	66,112	75,774	74,369	67,237	72,235	64,435	(1,125)	3,539	9,934	9,383	8,910	872,455	1,275,897

Note:

(1) Rates and annual charges, interest and investment revenue.

Note 2(b) Components of functions or activities

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

City Operations

This department is responsible for planning, programming and delivery of Council's services to our community. The principal activities and services of this department are:

- Community facilities, playing fields, playgrounds, parks, gardens, beach and trees
- Waste services and environmental protection
- Traffic management, road safety, parking, regulations, roads, footpaths and drainage
- Public health, public order and safety
- Asset design, inspection and capital works
- Town centre services

City Planning and Development

This department is focused on city-wide planning and strategic outcomes. It is responsible for formulating strategy to ensure the delivery of identified key initiatives and the development of Local Environmental Plan. The principal activities and services of this department are:

- Strategic asset management
- Urban and environmental strategy
- Town centre management
- Building certification and compliance
- Development assessment

Corporate and Community Services

This department leads and supports business processes throughout the organisation, providing supporting services and advice to enable all departments to carry out their functions. The principal activities are:

- Records management
- Finance and administration
- Information technology and services
- Supply and fleet management
- Governance
- Community relations and support services
- Recreation and cultural services
- Library and information services
- Community and customer services

General Manager's Department

The principal activities and services of this department are:

- Corporate leadership
- Human resource management
- City media and events

Governance

This unit is focused on supporting the Executive of Council, the functioning of the office of the Mayor, operational support for councillors and the performance of their civic duties and corporate governance issues.

Infrastructure and unallocated corporate costs

These costs include loan servicing, depreciation expense of infrastructure assets and contributions to government departments including fire and rescue and state emergency services.

Waste Management Services

The provision of household and business waste collection, recycling and disposal services.

Local Area Maintenance

The maintenance of local parking areas and street beautification programs.

General Purpose Revenue

General purpose revenue includes rates levied on residential, business, and farmland properties, general purpose grants and interest on investments.

Capital Purpose Revenue

Capital purpose revenue includes grants received for capital expenditure purposes and contributions from developers under section 94 of the Environmental Planning and Assessment Act (1979).

Note 3 Income from continuing operations

	Actual 2011 \$'000	Actual 2010 \$'000
(a) Rates and annual charges		
Ordinary rates		
Residential	28,445	27,689
Business	4,405	4,323
Farmland	6	6
Total ordinary rates	32,856	32,018
Special rates		
Local Area Rates	426	420
Community Safety Levy	333	324
Stormwater Levy	798	799
Infrastructure Levy	1,328	1,301
Community Building Levy	1,074	-
Total special rates	3,959	2,844
Annual charges (pursuant to s.496 and s.501)		
Domestic waste management services	11,974	11,185
Total annual charges	11,974	11,185
Total rates and annual charges	48,789	46,047
Council has used 1/7/2009 valuations provided by the NSW Valuer General in calculating its rates.		
(b) User charges and fees		
User charges (pursuant to s.502)		
Non-Rateable Waste Management	157	92
Non-Domestic Waste Management	624	558
Total user charges	781	650
Fees		
Regulatory and statutory fees		
Building Inspections	164	166
Building Consents and Construction Certificate	119	158
Rating Certificate Fees	116	137
Development & Planning Consent Fees	707	588
Zoning Certificate Fees (section 149)	188	215
Health Inspection & Approvals Fees	191	266
Others	41	65
Total regulatory and statutory fees	1,526	1,597
Discretionary fees		
Meals on Wheels Fees	208	211
Restoration & Road Opening Fee	1,743	1,405
Environmental Enforcement Fees	255	90
Engineering Inspections & Other Fees	89	80
Street Furniture Advertising Fee	65	73
Permits & Inspection Fees	262	134
Library Fees & Charges	85	78
Others	246	278
Total discretionary fees	2,953	2,349
Total user charges and fees	5,260	4,596

Note 3 Income from continuing operations (continued)

	Actual 2011 \$'000	Actual 2010 \$'000
(c) Interest and Investment revenue		
Interest on deposits and investments	2,689	1,584
Interest on overdue rates & charges	155	130
Fair value movements in investments	1,150	1,743
Total interest and investment revenue (losses)⁽¹⁾	3,994	3,457
(d) Other revenues		
Fines		
- Car Parking Infringements	1,277	943
- Other	118	572
Rental Income		
- Residential & Commercial Property	1,169	1,103
- Halls & Community Facilities	192	176
- Parks & Sporting Facilities	505	528
Others	1,000	726
Total other revenue	4,261	4,048
<i>Note:</i>		
(1) Where interest and investment revenue nets to an overall loss, this is carried to the interest and investment losses line on the Income statement.		

	Operating		Capital	
	Actual 2011 \$'000	Actual 2010 \$'000	Actual 2011 \$'000	Actual 2010 \$'000
	Note 3	Income from continuing operations (continued)		
(e) Grants				
General purpose (Untied)				
Financial assistance	2,042	1,894	-	-
Pensioner' rates subsidies	726	731	-	-
LGGC Financial Assistance – Local Road	727	676	-	-
	3,495	3,301	-	-
Special purpose				
Pensioners' rate subsidies (DWM)	279	271	-	-
RTA Roads & Traffic	425	604	111	-
Library Assistance Grant	253	249	-	-
Street Lighting Subsidy	275	269	-	-
Meals on Wheels Subsidy	224	227	-	-
Roads to Recovery	-	-	398	373
Drainage	-	-	160	106
Waterway & Foreshore Improvements	-	-	(53)	283
Parks	-	-	1,202	1,332
Natural Disaster Mitigation Grant	-	-	-	125
Federal Government Infrastructure Program	-	-	1,752	967
Other	729	760	133	43
	2,185	2,380	3,703	3,229
Total grants	5,680	5,681	3,703	3,229
Comprising:				
– Commonwealth funding	3,787	3,649	1,472	1,154
– State funding	1,893	2,027	2,231	2,075
– Other funding	-	5	-	-
	5,680	5,681	3,703	3,229
(f) Contributions				
Developer contributions:				
– Open Space	-	-	1,941	2,951
– Community Facilities	-	-	16	27
– Drainage, Pollution Control and Others	-	-	952	3,629
Section 94a Developer Contributions	-	-	377	394
Others	180	198	101	74
Total contributions	180	198	3,387	7,075
Total grants and contributions	5,860	5,879	7,090	10,304

Note 3 Income from continuing operations (continued)

	Actual 2011 \$'000	Actual 2010 \$'000
(g) Restrictions relating to grants and contributions		
Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner:		
Grants and contributions recognised in the current period which have not been spent	7,824	11,905
Less:		
Grants and contributions recognised in previous reporting periods which have been spent in the current reporting period	3,884	2,737
Net increase/(decrease) in restricted grants and contributions	3,940	9,168

Note 4 Expenses from continuing operations

	Actual 2011 \$'000	Actual 2010 \$'000
(a) Employee benefits and on costs		
Salaries and wages	20,489	19,597
Travelling	29	27
Employee leave entitlements	3,607	3,503
Superannuation	2,868	2,752
Workers' Compensation Insurance	850	827
FBT	162	174
Training and seminars	299	333
Occupational health & safety	21	12
Others	153	606
Less: Capitalised costs	(522)	(565)
Total employee costs expensed	27,956	27,266
Number of FTE employees	351	332
(b) Borrowing costs		
Interest on loans	378	359
Interest on finance leases	-	-
Less: Capitalised costs	-	-
Total borrowing costs expensed	378	359
(c) Materials and contracts		
Printing and stationery	853	1,116
Computer maintenance	772	962
Roads, parks and property maintenance	3,296	1,517
Recycling contract	1,186	1,141
Waste collection and disposal	7,648	7,304
Community safety, vandalism and graffiti program	108	97
Design and planning	11	292
Other contractor and consultancy	3,167	3,478
Audit fees:		
– Audit services	47	57
– Other	-	-
Legal fees:		
– Planning and development	158	301
– Other	196	222
Operating leases:		
– Computers	-	62
Total materials and contracts	17,442	16,549

Note 4 Expenses from continuing operations (continued)

	Actual 2011 \$'000	Actual 2010 \$'000
(d) Depreciation, amortisation and impairment		
Plant and equipment	1,213	1,191
Computer & Office equipment	171	131
Intangibles - software	448	442
Furniture and fittings	66	72
Buildings – Non specialised	879	855
– Specialised	3,711	3,641
Infrastructure:		
– roads, bridges and footpaths	7,992	3,454
– stormwater drainage	994	792
–Land improvements	1,194	928
Other assets:		
– library books	369	364
Total depreciation, amortisation and impairment	17,037	11,870
(e) Other expenses		
Other expenses for the year including the following:		
Food and beverages	231	239
Advertising	177	166
Bad debts provision	164	11
Communications	385	345
Mayoral fees	34	34
Councillors' fees	241	231
Councillors' expenses	315	326
Donations and subsidies	205	125
Fees and charges	272	277
Property expenses	556	608
Insurance	1,373	1,348
Contributions and levies	1,442	1,383
Street lighting	1,688	1,291
Utilities/rates/charges	710	620
Postage and courier	104	113
Motor vehicle expenses	886	789
Rental contribution and subsidies	112	144
External hire charges	36	63
Others	491	245
Total other expenses from continuing operations	9,422	8,358

Note 5 Gain or loss from the disposal of assets

	Actual 2011 \$'000	Actual 2010 \$'000
Gain (or loss) on disposal of Property		
Proceeds from disposal	-	-
Less: Carrying amount of assets sold	-	-
Gain (or loss) on disposal	-	-
Gain (or loss) on disposal of Infrastructure, Plant and Equipment		
Proceeds from disposal	868	804
Less: Carrying amount of assets sold	(793)	(766)
Gain (or loss) on disposal	75	38
Gain (or loss) on disposal of Financial assets		
Proceeds from disposal	10,361	2,185
Less: Carrying value of Financial assets	(10,361)	(2,185)
Gain (or loss) on disposal	-	-
Net gain (or loss) from disposal of assets	75	38

Note 6(a) Cash and cash equivalents

	Actual 2011 \$'000	Actual 2010 \$'000
Deposits at call	31,100	26,041
Cash at bank and on hand	5,030	7,033
	36,130	33,074

Note 6(b) Investments

The following financial assets are held as investments:

	Actual 2011		Actual 2010	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Financial assets at fair value through Profit and Loss ⁽¹⁾	5,947	18,393	4,117	16,445
Held to maturity investments	-	-	-	-
Available for sale financial assets ⁽¹⁾	-	-	-	-
Total	5,947	18,393	4,117	16,445
Financial assets at fair value through Profit and Loss				
At beginning of year	4,117	16,445	3,499	16,504
Revaluation to Income statement	1,150	-	1,743	-
Additions	11,041	1,948	1,060	-
Disposals	(10,361)	-	(2,185)	(59)
At end of year	5,947	18,393	4,117	16,445
Comprising of:				
- FRNs	5,947	6,366	4,117	5,229
- Other	-	5	-	5
- CDOs	-	-	-	-
- Term Deposits	-	-	-	-
- Equity Linked Notes	-	12,022	-	11,211
	5,947	18,393	4,117	16,445

Note:

(1) Fair values for all investments in this Category are determined by quoted prices in active markets for identical investments.

Note 6(c) Restricted cash, cash equivalents and investments

	Actual 2011		Actual 2010	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Total cash, cash equivalents and investments	42,077	18,393	37,191	16,445
External restrictions	24,115	18,393	18,712	16,445
Internal restrictions	16,962	-	17,479	-
Unrestricted	1,000	-	1,000	-
	42,077	18,393	37,191	16,445

	Notes	Opening balance 01/07/2010 \$'000	Transfers to restrictions \$'000	Transfers from restrictions \$'000	Closing balance 30/06/2011 \$'000
External restrictions					
Developer Contributions (A)	17	17,330	4,894	(485)	21,739
Unexpended Grant Funds (B)		4,221	3,376	(3,845)	3,752
Domestic Waste Management (C)		3,543	11,822	(10,408)	4,957
Local Area Funds		8,260	999	(211)	9,048
Stormwater Levy		137	800	(393)	544
Infrastructure Levy Reserve		1,570	2,413	(1,625)	2,358
Community Safety Levy		96	334	(320)	110
Total external restrictions		35,157	24,638	(17,287)	42,508
Internal restrictions					
Employee Entitlements		2,536	633	(250)	2,919
Plant & Equipment		404	560	(365)	599
Office Equipment & IT Reserve		963	234	-	1,197
Open Space and s94 Obligations		2,797	-	(1,062)	1,735
Central Library		2,274	-	-	2,274
Loan Fund Reserve		1,137	-	(15)	1,122
Bexley Pool Complex		763	-	-	763
Public Liability Claims		11	226	(201)	36
Workers Compensation		364	16	(250)	130
Council Election		126	126	-	252
Council Buildings		633	50	(46)	637
Capital Works Revote		-	559	-	559
Interest Equalisation		666	-	(436)	230
Strategic Priorities		4,540	510	(744)	4,306
Street Lighting Hardware		148	-	(36)	112
Revolving Energy Fund		4	-	-	4
Brighton Bath Amenities Building		-	905	(818)	87
Research Fund Reserve		113	-	(113)	-
Total internal restrictions		17,479	3,819	(4,336)	16,962
Total restrictions		52,636	28,457	(21,623)	59,470

- A Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans.
- B Grants which are not yet expended for the purposes for which the grants were obtained. (See Note 1b)
- C Domestic Waste Management (DWM) funds are externally restricted asset which must be applied for the purposes for which they were raised.

Note 7 Receivables

Purpose	Actual 2011		Actual 2010	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Rates and annual charges				
- Levies	2,818	-	2,484	-
- Interest	384	-	339	-
Interest on investment	439	-	260	-
User charges and fees	8	-	3	-
Government grants and subsidies	1,700	-	898	-
GST refund from ATO	280	-	298	-
Sundry debtors	1,894	678	1,157	583
Total	7,523	678	5,439	583
Less: Provision for doubtful debts:				
- Rates and annual charges	42	-	39	-
- Interest and extra charges	35	-	30	-
- User charges and fees	3	-	3	-
- Other doubtful debts	195	-	45	-
	275	-	117	-
	7,248	678	5,322	583
Restricted receivables				
Externally restricted receivables				
Domestic waste receivable	715	-	624	-
Stormwater levy receivable	43	-	38	-
Local area waste receivable	35	-	31	-
Total externally restricted receivables	793	-	693	-
Unrestricted receivables	6,455	678	4,629	583
Total receivables	7,248	678	5,322	583

Note 8 Inventories and other assets

	Actual 2011		Actual 2010	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Inventories				
Stores and materials	56	-	65	-
Total inventories	56	-	65	-
Inventories not expected to be realised within the next 12 months	-	-	-	-
Other assets				
Prepayments	604	443	419	507
Total other assets	604	443	419	507
Externally restricted inventories and other assets				
Domestic Waste Management				
Stores and materials	-	-	-	-
Prepayments	-	-	-	-
Total Domestic Waste Management	-	-	-	-

Note 9(a) Infrastructure, property, plant and equipment

By asset type	At 30 June 2010				Movements during year						At 30 June 2011			
	Cost/Deemed cost \$'000	Fair value \$'000	Accumulated Depreciation \$'000	Written Down Value \$'000	Transfers /Adjustments \$'000	Additions \$'000	WDV of Disposal \$'000	Depreciation Expenses \$'000	Accumulated Depreciation Adjustment (Revaluation) \$'000	Revaluation Increment/ (Decrement) \$'000	Cost/Deemed cost \$'000	Fair value \$'000	Accumulated Depreciation \$'000	Written Down Value \$'000
Capital Work in Progress	5,628	-	-	5,628	(2,310)	9,382	-	-	-	-	12,700	-	-	12,700
Plant and Equipment	-	9,667	(4,266)	5,402	-	1,778	(793)	(1,213)	-	-	-	9,781	(4,608)	5,173
Computer & Office Equipment	-	2,805	(2,079)	726	61	169	-	(171)	-	-	-	3,035	(2,250)	785
Furniture and Fittings	-	1,492	(1,073)	419	-	106	-	(66)	-	-	-	1,598	(1,139)	459
Land:														
- Operational Land	-	125,577	-	125,577	3	600	-	-	-	-	-	126,180	-	126,180
- Community Land	542,140	-	(7)	542,133	-	-	-	-	-	(440,664)	-	101,469	-	101,469
Buildings														
- Non specialised	-	27,444	(12,819)	14,625	166	145	-	(879)	-	-	-	27,755	(13,698)	14,057
- Specialised	-	125,184	(63,482)	61,702	(1,044)	-	-	(3,711)	-	-	-	123,231	(66,288)	56,943
Infrastructure:														
- Roads, Bridges, Footpaths	-	443,305	(193,168)	250,137	255	-	-	(7,992)	-	-	-	443,560	(201,158)	242,402
- Bulk Earthworks (non-depreciable)	-	124,711	-	124,711	-	-	-	-	-	-	-	124,711	-	124,711
- Stormwater Drainage	-	90,846	(39,704)	51,142	77	-	-	(994)	-	-	-	90,923	(40,698)	50,225
- Land Improvements	43,385	-	(14,410)	28,975	915	228	-	(1,194)	6,176	40,880	-	74,474	(10,847)	63,627
Other assets:														
- Library Books	2,680	-	(1,431)	1,249	-	365	-	(369)	-	-	-	3,045	(1,800)	1,245
Totals	593,833	951,031	(332,439)	1,212,424	(1,877)	12,773	(793)	(16,589)	6,176	(399,784)	12,700	1,129,762	(342,488)	799,976

Notes:

- Exclude investment properties and non-current assets held for sale.
- Additions to Buildings and Infrastructure are made up of Asset Renewals (\$2,518) and New Assets (\$7,455). Renewals are defined as replacements of existing assets with equivalent capacity or performance as opposed to the acquisition of new assets.
- Transfers and assets disposed of are stated in written-down values (cost/deemed costs less accumulated depreciation).

Note 9(b) Restricted infrastructure, property, plant and equipment

By asset type	At 30 June 2010				Movements during the year					At 30 June 2011			
	Cost/ Deemed Cost \$'000	Fair Value \$'000	Accumulated Depreciation \$'000	WDV \$'000	Transfers \$'000	Additions \$'000	Adjustments \$'000	WDV of Disposals \$'000	Depreciation Expenses \$'000	Cost/ Deemed Cost \$'000	Fair value \$'000	Accumulated Depreciation \$'000	Written Down Value \$'000
Domestic Waste Management													
Garbage and Recycling	1,864	-	(1,750)	114	-	228	-	-	(29)	-	2,092	(1,779)	313
Total Restrictions	1,864	-	(1,750)	114	-	228	-	-	(29)	-	2,092	(1,779)	313

Note 10(a) Payables, borrowings and provisions

	Actual 2011		Actual 2010	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Payables				
Goods and services	1,228	-	654	-
Payments received in advance	788	-	308	-
Accrued expenses	1,706	-	1,434	-
Deposits and retentions	3,620	-	2,595	814
Other	38	-	-	-
Total payables	7,380	-	4,991	814
Current payables not expected to be settled within the next 12 months	1,692	-	-	-
Borrowings				
Loans – Secured ⁽¹⁾	964	4,989	1,093	5,952
Total interest bearing liabilities	964	4,989	1,093	5,952
Provisions⁽²⁾				
Annual leave	3,263	-	3,448	-
Sick leave	1,251	-	1,272	-
Long service leave	5,460	780	5,131	704
Gratuities	146	212	189	201
Public liability under excess	148	148	66	66
Total provisions	10,268	1,140	10,106	971
Current provisions not expected to be settled within the next 12 months	7,615	-	6,054	-
Liabilities relating to restricted assets				
Domestic waste management	-	-	-	-
Total	-	-	-	-
<i>Notes:</i>				
(1) Loans are secured over the income of Council.				
(2) Vested ELE is all carried as a current provision.				

Note 10(b) Description of and movements in provisions

Class of provision	Opening balance \$'000	Increases in provision \$'000	Payments \$'000	Re- measurement \$'000	Closing balance \$'000
Annual leave	3,448	1,650	(1,671)	(164)	3,263
Sick leave	1,272	33	(54)	-	1,251
Long service leave	5,835	998	(593)	-	6,240
Gratuities	390	20	(52)	-	358
Public liability under excess	132	-	-	164	296
Total	11,077	2,701	(2,370)	-	11,408

Note 10(c) Details of restricted current payables, borrowings & provisions

Item	Specific Purpose Domestic Waste Management Current		General Purpose Current		Total Current	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Payables	1,090	751	6,290	4,240	7,380	4,991
Borrowings	-	-	964	1,092	964	1,093
Provisions	120	101	10,148	10,004	10,268	10,106
Total restricted balance	1,210	852	17,402	15,336	18,612	16,190

Note 11 Reconciliation of operating result to net cash movement from operating activities

	Notes	Actual 2011 \$'000	Actual 2010 '000
(a) Reconciliation of cash assets			
Total cash and cash equivalents	6a	36,130	33,074
Less: Bank overdraft		-	-
Balances as per cash flow statement		36,130	33,074
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income statement		3,539	9,934
Add:			
Depreciation and impairment		17,037	11,870
(Increase)/decrease in inventories		9	(8)
Increase/(decrease) in creditors		1,580	(1,068)
Increase/(decrease) in provisions		325	(186)
Less:			
(Increase)/decrease in other assets		(121)	245
(Increase)/decrease in investment using equity method		(445)	33
(Increase) in receivables		(2,021)	(426)
(Gain)/Loss on disposal of assets		(75)	(38)
Investment revaluation increment		(1,149)	(1,743)
Net cash provided from (or used in) operating activities from cash flow statement		18,679	18,613
(c) Non-cash financing and investing activities			
Acquisition of plant and equipment by means of finance leases		-	-
S.94 contributions in kind		-	-
Dedications		-	-
		-	-
(d) Financing arrangements			
Unrestricted access was available at balance date to the following:			
Bank overdraft facility ⁽¹⁾		350	350
Corporate credit cards		60	60
		410	410
<i>Notes:</i>			
(1) The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.			
(2) Interest rates on overdrafts are variable while the rates for loans are set for the period of the loan.			

Note 12 Commitments for expenditure

	Actual 2011 \$'000	Actual 2010 '000
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
– Town centre improvements	465	319
– Roads	946	-
– Buildings and drainage	89	-
Total	1500	319
These expenditures are payable as follows:		
– Not later than one year	1,500	319
– Later than one year and not later than 5 years	-	-
– Later than 5 years	-	-
Total	1,500	319
(b) Service commitments (exclusive of GST)		
Other non-capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities include:		
– Audit services	181	227
– Australia Post	261	261
– Waste management	30,324	30,715
– Software maintenance	2,809	1,359
– Emergency Management NSW	7,967	7,433
– Electricity supply	2,853	4,088
– Other maintenance	1,148	1,158
Total	45,543	45,241
These expenditures are payable as follows:		
– Not later than one year	7,279	6,157
– Later than one year and not later than 5 years	28,261	27,889
– Later than 5 years	10,003	11,194
Total	45,543	45,241

Note 12 Commitments for expenditure (continued)

	Actual 2011 \$'000	Actual 2010 '000
(c) Operating lease commitments		
Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows:		
– Not later than one year	-	10
– Later than one year and not later than 5 years	-	-
– Later than 5 years	-	-
Total	-	10
(d) Remuneration commitments		
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:		
Within one year	1,161	2,174
Later than one year and not later than five years	4,943	9,253
Later than five years	-	-
Total	6,104	11,427

Note 13 Statement of performance measures – Consolidated results

	2011 Amounts \$'000	Current year indicators	2010	2009
1. Unrestricted current ratio				
Current assets less all external restrictions ⁽¹⁾	\$ 25,080	3.10	4.31	2.33
Current liabilities less specific purpose liabilities ^{(2), (3), (4)}	\$ 8,095			
2. Debt service ratio				
Debt service cost	\$ 1,468	0.02	0.02	0.03
Income from continuing operations excluding capital items and specific purpose grants/contributions	\$ 66,319			
3. Rate coverage ratio				
Rates and annual charges	\$ 48,789	0.64	0.62	0.68
Income from continuing operations	\$ 75,773			
4. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	\$ 3,125	6.05%	5.63%	5.81%
Rates and annual charges collectible	\$ 51,690			
5. Building and infrastructure renewals ratio⁽⁵⁾				
Asset renewals (building and infrastructure)	\$ 2,518	0.17	0.36	0.51
Depreciation, amortisation and impairment (building and infrastructure)	\$ 14,770			
<i>Notes:</i>				
(1) Refer to Notes 6-8 inclusive.				
(2) Refer to Note 10(c).				
(3) \$7.6 million provisions not expected to be settled deducted.				
(4) \$1.7 million payables not expected to be settled deducted.				
(5) Refer Note 9(a) – Notes.				

Note 14 Investment properties

	Actual 2011 \$'000	Actual 2010 \$'000
At fair value		
Opening balance at 1 July 2010	-	-
Acquisitions	-	-
Capitalised subsequent expenditure	-	-
Classified as held for sale or disposals	-	-
Net gain (loss) from fair value adjustment	-	-
Transfer (to) from inventories and owner occupied property	-	-
Closing balance at 30 June 2011	-	-
(a) Amounts recognised in profit and loss for investment property		
Rental income	-	-
Net gain (loss) from fair value adjustment	-	-
Direct operating expenses from property that generated rental income	-	-
Direct operating expenses from property that did not generate rental income	-	-
	-	-
(b) Valuation basis		
N/A		
(c) Contractual obligations		
N/A		
(d) Leasing arrangements		
N/A		

Note 15 Financial risk management

Risk management

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and 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 the Finance Section under policies approved by the Council.

Council held the following financial instruments at balance date:

	Carrying value		Fair value	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Financial assets				
Cash and cash equivalents	36,130	33,074	36,130	33,074
Receivables	7,926	5,905	7,926	5,905
Financial assets at fair value through profit or loss	24,340	20,562	24,340	20,562
Available-for-sale financial assets	-	-	-	-
Held-to-maturity investments	-	-	-	-
	68,396	59,541	69,396	59,541
Financial liabilities				
Payables	7,380	5,805	7,380	5,805
Borrowings	5,953	7,044	5,657	6,426
	13,333	12,849	13,037	12,849

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to be the carrying value which approximates net market value.
- Borrowings, Held-to-Maturity Investments – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial Assets at Fair Value through profit and loss, Available for Sale Financial Assets – based on quoted market prices in active markets for identical investments.

Note 15 Financial risk management (continued)

(a) **Cash and cash equivalents**
Financial assets at fair value through profit and loss
Available-for-sale financial assets
Held-to-maturity investments

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The Finance Section manages the cash and investments portfolio with the assistance of independent advisers. Council has an investment policy which complies with the Local Government Act and Minister's Order. The policy is regularly reviewed by Council and an Investment Report provided to Council monthly setting out the make-up and performance of the portfolio.

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 factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk – the risk that movements in interest rates could affect returns.

Another risk associated with cash and investments is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks 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 cash and investments.

	30.6.2011 \$'000	30.6.2010 \$'000
Impact of a 10% ⁽¹⁾ movement in price of investments:		
– Equity	2,434	2,056
– Income statement	2,434 ⁽²⁾	2,056 ⁽²⁾
Impact of a 1% ⁽¹⁾ movement in interest rates on cash and investments:		
– Equity	361	331
– Income statement	361	331

Notes:

- (1) Sensitivity percentages based on management's expectation of future possible market movements. (Price movements calculated on investments subject to fair value adjustments. Interest rate movements calculated on cash, cash equivalents, managed funds, and FRNs.) Recent market volatility has seen larger market movements for certain types of investments.
- (2) Maximum impact.

Note 15 Financial risk management (continued)

(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing stringent debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourage payment.

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 subject to a re-negotiation of repayment terms.

The profile of the Council's credit risk at balance date was:

	30.6.2011	30.6.2010
Percentage of Rates and Annual charges:		
– Current	0.64%	0.65%
– Overdue	99.36%	99.35%
Percentage of Other Receivables:		
– Current	70.72%	71.47%
– Overdue	29.28%	28.53%

Note 15 Financial risk management (continued)

(c) Payables Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon in extenuating circumstances.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

2011 \$'000	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total	
				Contractual Cash flows	Carrying values
Payables	5,688	1,692	-	7,380	7,380
Borrowings	146	1,970	3,837	7,037	5,953
	6,712	2,784	3,837	14,417	13,333

2010 \$'000	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total	
				Contractual Cash flows	Carrying values
Payables	4,991	814	-	5,805	5,805
Borrowings	184	1,174	5,686	8,505	7,044
	5,175	1,988	5,686	14,310	12,849

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rates. The Finance Section regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

	30 June 2011		30 June 2010	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Overdraft	-	-	-	-
Bank Loans – Fixed	4.98%	5,953	4.56%	7,044
– Variable ⁽¹⁾	-	-	-	-
		5,953		7,044

Note:

(1) The interest rate risk applicable to Variable Rate Bank Loans is not considered significant.

Note 16 Material budget variations

Council's original budget was incorporated as part of the Management Plan adopted by the Council on 16 June 2010. The original projections on which the budget was based have been affected by a number of factors. These include State and Federal Government decisions including new grant programs, changing economic activity, the weather, and by decisions made by the Council. Material variations of more than 10% are explained below:

INCOME STATEMENT

Revenues

- 1. User charges and fees**
Income was \$947k (21.95%) above budget mainly because of additional charges received for road excavation and restoration works and environment enforcement fees. These incomes are difficult to budget because of their user-pay nature.
- 2. Interest and investment revenue**
Income was \$2.9m above budget because (a) a revaluation of Council's investment portfolio at 30 June 2011 to fair value led to a capital gain on investment of \$1.1m, and (b) interest on investment exceeded budget by \$1.9m because of higher than expected level of cash reserve balances and more favourable interest rates.
- 3. Grants and contributions provided for operating purposes**
Above budget by \$728k (14.19%) because of grants received for Waste & Sustainability Improvement Program, community services and traffic facilities management which were not anticipated in the original budget.
- 4. Grants and contributions provided for capital purposes**
Above budget by \$4.4m because of s94 developer contributions received and government grant for town centre improvement works that were not provided for in the original budget.
- 5. Net gain (loss) from the disposal of assets**
The \$75k gain related to profit from the disposal of motor vehicles and equipment.
- 6. Shares of interest in joint venture using the equity method**
This relates to Council's participation in Metro Pool (see Note 19). Council's share may vary significantly from year to year depending on insurance claim activities. No budget provision was made for this.

Expenses

- 1. Depreciation and amortisation**
Over budget by \$5.0m (42.04%). This resulted from a revaluation of road and drainage assets on 30 June 2010 which increased the value of these assets by \$204m and which had a significant flow-on impact on depreciation expense from the 2010/11 financial year.
- 2. Other expenses**
Over-spent by \$1.1m (13.94%) mainly in the areas of utilities charges, property management, plant & equipment hire, storage and donation and subsidies expenses.

CASH FLOW STATEMENT

- 1. User charges and fees**
Above budget by \$769k (14.2%) because of additional income received for road excavation and restoration works and environment enforcement fees
- 2. Materials and contracts**
Was above budget by \$2.5m (15.8%) because during the year payments made to suppliers exceeded budget due to increased level of infrastructure works and a larger creditors' balances as at the end of last financial year were paid.
- 3. Other expenses**
Was below budget by \$1.0m (11.2%) because as at the end of the financial year creditor balances were higher than anticipated as invoices processed at year end were not paid until the following year.

NOTE 2(a)

1. City Operations

Net operating deficit was 1.9m (13.54%) above budget because of higher than expected level of activities relating to infrastructure maintenance.

2. City Planning and Development

Net operating deficit was \$0.9m (40.85%) below budget because of grant received for Waste & Sustainability Improvement Program which was not anticipated when the budget was prepared and a lag in projects expenditure which resulted in savings in contractor costs.

3. Infrastructure and unallocated corporate costs

Net operating deficit was \$4.2m (30.40%) above budget because of the revaluation of road and drainage assets on 30 June 2010 which increased the value of these assets by \$204m and which had a significant flow-on impact on depreciation expense from the 2010/11 financial year.

4. Waste Management Services

Net operating surplus was \$1.6m above budget because of savings in waste disposal costs resulting from lower rates charged for disposal of wastes at landfills.

5. Local area maintenance

Net operating surplus was \$362k (85.08%) above budget because of interest earned on local area reserve funds invested. During the year a higher than expected balance was held.

6. Shares of interest in joint venture using the equity method

This relates to Council's participation in Metro Pool (see Note 19). There was no budget provision for this share of loss.

7. Capital purpose income

Was \$4.9m above budget because of s94 developer contributions received and government grant for town centre improvement works that were not provided for in the budget.

Note 17 Statement of developer contributions (continued)

(a) Summary of developer contributions

Purpose	Opening balance \$'000	Contributions received during year		Investment returns during year		Expended during year \$'000	Internal borrowings during the year \$'000	Held as restricted asset \$'000	Projected future contributions \$'000	Projected cost of works still outstanding \$'000	Projected over/(under) funding \$'000	Cumulative balance of internal borrowings (to)/from \$'000
		Cash \$'000	Non cash \$'000	Interest \$'000	Capital gain \$'000							
Car Parking	747	37	-	15	-	-	-	799	7,808	8,310	297	-
Drainage Pollution Control	714	180	-	15	-	-	-	909	8,389	30,634	(21,336)	-
Community facilities	4,080	148	-	113	436	9	-	4,767	7,699	14,224	(1,758)	-
Open space	8,070	1,941	-	335	714	290	-	10,771	51,556	62,511	(184)	(4,436)
Traffic and Electricity Facilities	104	-	-	2	-	-	-	106	-	-	106	-
Ramsgate Commercial Centre	40	24	-	1	-	-	-	65	10,027	10,092	-	-
Town Centre Program	300	133	-	4	-	-	-	437	6,050	13,777	(7,290)	149
Wolli Creek	643	390	-	(64)	-	50	-	919	34,111	35,030	-	4,287
Bonar Street Precinct	2,092	39	-	38	-	62	-	2,107	12,500	14,608	(1)	-
Administration	12	14	-	-	-	49	-	(23)	39	17	(1)	-
S94A Levies	500	377	-	-	-	-	-	877	3,651	5,484	(956)	-
S94 under plans	17,302	3,283	-	459	1,150	460	-	21,734	141,830	194,687	(31,123)	-
S94 not under plans	28	3	-	-	-	26	-	5	-	-	5	-
Total contributions	17,330	3,286	-	459	1,150	486	-	21,739	141,830	194,687	(31,118)	-

Note 17 Statement of developer contributions (continued)

(b) Contribution under plan

Purpose	Opening balance \$'000	Contributions received during year		Investment returns during year		Expended during year \$'000	Internal borrowings during the year \$'000	Held as restricted asset \$'000	Projected future contributions \$'000	Projected cost of works still outstanding \$'000	Projected over/(under) funding \$'000	Cumulative balance of internal borrowings (to)/from \$'000
		Cash \$'000	Non cash \$'000	Interest \$'000	Capital gain \$'000							
Car Parking												
West Arncliffe/Turrella Industrial	10	-	-	-	-	-	-	10	-	-	10	-
East Arncliffe Industrial Area	35	-	-	1	-	-	-	36	-	-	36	-
Rockdale-Industrial	1	-	-	-	-	-	-	1	-	-	1	-
Rockdale-Business	-	-	-	-	-	-	-	-	3,425	3,426	(1)	-
Brighton Le Sands-Business	-	-	-	-	-	-	-	-	-	-	-	-
Ramsgate Beach-Business	497	-	-	9	-	-	-	506	-	377	129	-
Bexley-Business	40	-	-	1	-	-	-	41	944	985	-	-
Kingsgrove-Business	8	-	-	-	-	-	-	8	1,980	1,989	(1)	-
Bexley North	35	37	-	1	-	-	-	73	1,459	1,533	(1)	-
Brighton-New	27	-	-	1	-	-	-	28	-	-	28	-
Rockdale-New	94	-	-	2	-	-	-	96	-	-	96	-
Total	747	37	-	15	-	-	-	799	7,808	8,310	297	-
Drainage Pollution Control												
Wolli Creek	99	-	-	2	-	-	-	101	-	-	101	-
Bardwell Creek	54	-	-	1	-	-	-	55	-	-	55	-
Bonnie Doon	57	-	-	1	-	-	-	58	-	-	58	-
Spring Street	74	-	-	1	-	-	-	75	-	-	75	-
Muddy Creek	158	-	-	4	-	-	-	162	-	-	162	-
Eve Street	30	-	-	1	-	-	-	31	-	-	31	-
Scarborough Ponds	23	-	-	-	-	-	-	23	-	-	23	-
Waradiel Creek	(6)	-	-	-	-	-	-	(6)	-	-	(6)	-
Bado-berong Creek	5	-	-	-	-	-	-	5	-	-	5	-
Goomun Creek	9	-	-	-	-	-	-	9	-	-	9	-
Whole of City	211	180	-	5	-	-	-	396	8,389	30,634	(21,849)	-
Total	714	180	-	15	-	-	-	909	8,389	30,634	(21,336)	-
Community Service												
General Community Facilities	2,443	16	-	68	271	-	-	2,797	120	2,917	-	-
Libraries	1,498	123	-	42	140	-	-	1,803	7,579	11,142	(1,760)	-
Child Care	139	9	-	3	25	9	-	167	-	165	2	-
Total	4,080	148	-	113	436	9	-	4,767	7,699	14,224	(1,758)	-
Open Space	8,070	1,941	-	335	714	290	-	10,771	51,556	62,511	(184)	(4,436)
Traffic and Electricity Facilities												
Gertrude Street	104	-	-	2	-	-	-	106	-	-	106	-
Total	104	-	-	2	-	-	-	106	-	-	106	-

Note 17 Statement of developer contributions (continued)

(b) Contributions under plans (continued)

Purpose	Opening balance \$'000	Contributions received during year		Investment returns during year		Expended during year \$'000	Internal borrowings during the year \$'000	Held as restricted asset \$'000	Projected future contributions \$'000	Projected cost of works still outstanding \$'000	Projected over/(under) funding \$'000	Cumulative balance of internal borrowings (to)/from \$'000
		Cash \$'000	Non cash \$'000	Interest \$'000	Capital gain \$'000							
Ramsgate Commercial Centre												
Administration	-	-	-	-	-	-	-	-	34	34	-	-
Ramsgate	-	-	-	-	-	-	-	-	9,993	9,993	-	-
Sans Souci	40	24	-	1	-	-	-	65	-	65	-	-
Total	40	24	-	1	-	-	-	65	10,027	10,092	-	-
Town Centre Program												
Arncliffe	34	22	-	1	-	-	-	57	32	679	(590)	-
Bexley	3	1	-	-	-	-	-	4	243	385	(138)	-
Bexley North	4	-	-	-	-	-	-	4	25	833	(804)	-
Brighton Le Sands	3	1	-	-	-	-	-	4	4	274	(266)	-
Kogarah	-	-	-	-	-	-	-	-	11	423	(412)	-
Rockdale	3	-	-	-	-	-	-	3	1,251	3,276	(2,022)	-
Sans Souci	8	3	-	-	-	-	-	11	128	608	(469)	-
Wolli Creek	130	53	-	-	-	-	-	183	4,178	4,361	-	-
City Wide	115	53	-	3	-	-	-	171	178	2,938	(2,589)	149
Total	300	133	-	4	-	-	-	437	6,050	13,777	(7,290)	149
Wolli Creek												
Flood and Stormwater Management	254	94	-	44	-	50	-	342	11,001	11,343	-	(2,138)
Roadworks, Traffic and Parking	268	244	-	(111)	-	-	-	401	18,146	18,547	-	6,440
Pedestrian/Cycle	81	32	-	7	-	-	-	120	4,466	4,586	-	(288)
Administration	40	20	-	(4)	-	-	-	56	498	554	-	273
Total	643	390	-	(64)	-	50	-	919	34,111	35,030	-	4,287
Administration												
Whole of city (except Ramsgate)	12	14	-	-	-	49	-	(23)	39	17	(1)	-
Total	12	14	-	-	-	49	-	(23)	39	17	(1)	-
Bonar Street Precinct												
Administration	54	35	-	1	-	-	-	90	32	122	-	-
Local infrastructure	2,038	4	-	37	-	62	-	2,017	12,468	14,486	(1)	-
Total	2,092	39	-	38	-	62	-	2,107	12,500	14,608	(1)	-
Section 94A Levies	500	377	-	-	-	-	-	877	3,651	5,484	(956)	-
Total S94 under Plan	17,302	3,283	-	459	1,150	460	-	21,734	141,830	194,687	(31,123)	-

(c) Contributions not under plans

Purpose	Opening balance \$'000	Contributions received during year		Investment returns during year		Expended during year \$'000	Internal borrowings during the year \$'000	Held as restricted asset \$'000	Projected future contributions \$'000	Projected cost of works still outstanding \$'000	Projected over/(under) funding \$'000	Cumulative balance of internal borrowings (to)/from \$'000
		Cash \$'000	Non cash \$'000	Interest \$'000	Capital gain \$'000							
Inter-allotment Drainage	28	3	-	-	-	26	-	5	-	-	5	-
Total S94 not under Plan	28	3	-	-	-	26	-	5	-	-	5	-
Total Contributions	17,330	3,286	-	459	1,150	486	-	21,739	141,830	194,68	(31,118)	-

Note 18 Contingencies

Contingent liabilities

Council has significant obligations to provide Section 94 infrastructure in new release areas. It is possible that funds contributed may be less than the cost of this infrastructure requiring Council to borrow or use general revenue to fund the difference. (Refer Note 17.)

Council contributes to the Local Government Superannuation Scheme which has a closed section where a portion of member entitlements are defined as a multiple of salary. Member councils bear the responsibility of ensuring there are sufficient monies available to pay out benefits as these members cease employment. The Scheme has a deficit of assets over liabilities and its administrators have advised Council that it will need to make significantly higher contributions to help reverse this deficit. However, they may call upon Council to make an immediate payment sufficient to offset this deficit at any time. As the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils, the amount of such a payment is not able to be reliably quantified.

Contingent assets

The Government is proposing to transfer a significant land holding to council subject to a development occurring, which may take place over the next several years. Although the value of the land will be limited as it will be used for recreation purposes (golf course, wetlands and foreshore access), it is considered to be a significant contingent asset.

Note 19 Interests in joint ventures and associates

Jointly controlled assets

Council is a member of an insurance group named Metro Pool, which is a cooperative organisation providing public liability and professional indemnity coverage for the local government areas of Auburn, Botany Bay, Holroyd, Hunter's Hill, Lane Cove, Marrickville and Rockdale. The day to day management of the Pool is co-ordinated through a Management Committee, which is represented by the General Manager or his/her nominee of each member Council.

Member Councils provide contributions toward insurance coverage and Metro Pool manages the funds and any claim against the insurance policies.

As at 30 June 2011 Council has a 16.75% interest in the equity of Metro Pool, which is accounted for in the financial statements using the equity method of accounting and is carried at cost. Information relating to the joint venture is set out below:

	Actual 2011 \$'000	Actual 2010 \$'000
Carrying Amount of Investment in Metro Pool		
Share of Metro Pool's Assets and Liabilities		
Current assets	3,140	2,328
Non-current assets	24	24
Total Assets	3,164	2,352
Current liabilities	561	351
Non-current liabilities	1,577	1,419
Total Liabilities	2,138	1,770
Net Assets	1,026	582
Share of Metro Pool's Revenue, Expenses and Results		
Revenues	1,196	1,076
Expenses	751	1,109
Operating Results	445	(33)

Note 20 Revaluation reserves and retained earnings

	Notes	Actual 2011 \$'000	Actual 2010 \$'000
(a) Revaluation reserves			
Infrastructure, property, plant and equipment revaluation reserve		399,315	359,698
Available-for-sale investments revaluation reserve		-	-
		399,315	359,698
Movements:			
<i>Infrastructure, Property, plant and equipment revaluation reserve</i>			
At beginning of year		359,698	155,627
Revaluations	9	40,880	204,071
Adjustment to correct prior period errors	20(d)	(1,263)	-
At end of year		399,315	359,698
<i>Available-for-sale investments revaluation reserve</i>			
At beginning of year		-	-
Revaluation – gross		-	-
Transfer to net profit – gross		-	-
At end of year		-	-
(b) Retained earnings			
Movements in retained earnings were as follows:			
At beginning of year		892,273	926,132
Adjustment to correct prior period errors	20(d)	(6,749)	(43,793)
Changes in accounting policies	20(e)	(440,664)	-
Net operating result for the year		3,539	9,934
At end of year		448,399	892,273
(c) Nature and purpose of reserves			
The infrastructure, property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.			
(d) Correction of errors in previous years			
Depreciation understated on land improvements ⁽¹⁾		(6,176)	-
2009 road assets incorrectly held in work-in-progress ⁽¹⁾		(573)	-
2008 revaluation of building asset (double-counting) ⁽²⁾		(1,263)	-
Road depreciation understated		-	(45,611)
Drainage depreciation overstated		-	1,818
		(8,012)	(43,793)
Notes:			
(1) Adjusted to retained earnings			
(2) Adjusted to asset revaluation reserve			
(3) Corrections have been made against the current year balances of IPPE, Retained Earnings and Revaluation Reserves because it was found to be too impracticable to restate the prior year comparatives.			
(e) Changes in accounting policies			
Community lands were brought to account on 30 June 1995 at replacement costs. On 30 June 2011 Council adopted the NSW Valuer General's valuation model to represent fair value for the revaluation of community lands. This change in policy resulted in significantly lower land values.			
		(440,664)	-

Note 21 Intangible asset

Asset Type	At 30 June 2010			Movements during the year							At 30 June 2011		
	Cost/Deemed Cost \$'000	Accumulated Amortisation \$'000	Written-down Value \$'000	Reclassification		Additions \$'000	Disposal			Amortisation ⁽²⁾ \$'000	Cost/Deemed Cost \$'000	Accumulated Amortisation \$'000	Written-down Value \$'000
				Cost \$'000	Accumulated Amortisation \$'000		Cost \$'000	Accumulated Amortisation \$'000	WDV \$'000				
Intangible Assets ⁽¹⁾	5,431	(3,072)	2,359	-	-	43	-	-	-	(448)	5,474	(3,520)	1,954
TOTAL	5,431	(3,072)	2,359	-	-	43	-	-	-	(448)	5,474	(3,520)	1,954

Notes:

(1) Intangible assets are computer software and include capitalised development costs being an internally generated asset.

(2) Amortisation expenses of \$448,000 (2010: \$442,000.00) are included in depreciation and amortisation expense in the Income Statement (Note 4(d)).



**Rockdale City Council
Independent Audit Report to the Council
(Section 417(2) – report on the general purpose financial report)**

Scope

We have audited the financial report of **Rockdale City Council** for the financial year ended 30 June 2011 as set out on pages 1 to 57. The financial report consists of the general purpose financial report and Council's statement in the approved form as required by Section 413(2)(a) of the Local Government Act, 1993. Our audit responsibility does not extend to the Original Budget figures disclosed in the Income Statement, Statement of Cash Flows, Notes 2(a) and 16 to the financial statements, nor to the projections in Note 17, or to the attached Special Schedules. The Council is responsible for the preparation and presentation of the financial report and the information it contains. We have conducted an independent audit of the financial report in order to express an opinion on it to the Council.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, 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 report is presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the Council's financial position, the results of its operations and its cash flows.

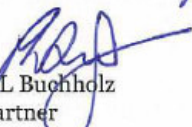
The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion:

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


PricewaterhouseCoopers


P.L. Buchholz
Partner

22 September 2011.

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The Mayor
Councillor Bill Saravinovski
Rockdale City Council
DX 25308
ROCKDALE

Dear Councillor Saravinovski

Report on the conduct of the audit for year ended 30 June 2011 – Section 417(3)

We have completed our audit of the financial reports of Rockdale City Council for the year ended 30 June 2011, in accordance with Section 415 of the Local Government Act, 1993.

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

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

Operating Result

Council's operating surplus declined from \$9.9 million to \$3.6 million during the period under review. The main reasons for this decline were:

- Lower capital grants and contributions (down \$3.2 million).
- Higher depreciation charges (up \$5.2 million).

Cash Position

Council's overall cash position increased from \$54 million to \$61 million during the period under review. The following table highlights the composition of cash.

	June 2011	June 2010
	\$m	\$m
Externally restricted	42.5	35.2
Internally restricted	17.0	17.5
Unrestricted	1.0	1.0
Total	60.5	53.7

The increase in externally restricted cash was mainly through higher Section 94 contributions held at year-end (up \$4.4 million).

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Working Capital

Council's net current assets increased from \$27 million to \$31 million during the period under review.

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

	June 2011 \$'000	June 2010 \$'000
Net current assets	31,373	26,807
Less:		
External restrictions	24,115	18,712
Internal restrictions	16,962	17,479
	(9,704)	(9,384)
Add:		
Current Liabilities to be funded from other sources	12,924	11,199
Available Working Capital	3,220	1,815

The effective unrestricted or available working capital upon which Council could build its 2011/12 budget was \$3.2 million.

Performance Indicators

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

	June 2011 %	June 2010 %
Unrestricted Current Ratio	310	254
Debt Service Ratio	2.0	2.0
Rate Coverage Ratio	64	62
Rates Outstanding Ratio	6.0	5.6
Asset Renewals Ratio	17	36

The unrestricted current ratio declined but remained above the industry benchmark of 100%.

The debt service ratio remained significantly better than the industry benchmark of 10%.

The rate coverage ratio increased to 64% of total revenue reflecting lower capital grants and contributions in the current period.

The rates outstanding ratio increased and remains higher than the accepted industry benchmark of 5%.

The asset renewal ratio indicates that key assets are only being renewed at 17% of the rate at which they are deteriorating.

Council's financial position is considered to be sound and stable. All indicators stand better than accepted industry benchmarks except the rates outstanding ratio which should be monitored.



Revaluations

Council revalued its community land, land improvements and other structures in accordance with the Division of Local Government's revaluation program. Following error corrections of \$8 million, revaluations of \$41 million were booked to the Asset Revaluation Reserve. In respect to community land, a \$441 million reduction in value was booked against retained earnings representing a change in the valuation methodology applied to the asset class.

General

The books of accounts and records inspected by us have been kept in an accurate and conscientious manner. We thank the General Manager and his staff for the co-operation and courtesy extended to us during the course of our audit.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', is written over the printed name of the firm.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'P L Buchholz', is written over the printed name of the partner.

P L Buchholz
Partner
Sydney
22 September 2011

Rockdale City Council

Special schedules for the year ended 2011

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Rockdale City Council

Special Schedule No. 1 Net cost of services for the year ended 30 June 2011 \$'000

Function or Activity	Expenses from continuing operations \$'000	Income from continuing operations (non capital) \$'000	Income from continuing operations (capital) \$'000	Net Cost of services \$'000
Governance	1,491	-	-	(1,491)
Administration	23,981	4,304	498	(19,179)
Public Order and Safety				
Fire service levy, Fire Protection, Emergency Service	1,392	-	-	(1,392)
Beach Control	105	9	-	(96)
Enforcement of Local Govt Regulations	3,448	3,036	-	(412)
Animal control	197	-	-	(197)
Other	77	-	22	(55)
Total Public Order and Safety	5,219	3,045	22	(2,152)
Health	540	155	-	385
Environment				
Other Environmental Protection	1,543	610	1,054	121
Solid Waste Management	11,653	12,604	-	951
Street Cleaning	344	4	-	(340)
Drainage	2,932	44	254	(2,634)
Total Environment	16,472	13,262	1,308	(1,902)
Community Services and Education				
Administration & Education	352	174	2	(176)
Social Protection(welfare)	(1)	-	-	1
Aged Persons and Disabled	606	467	-	(139)
Children Services	88	65	9	(14)
Total Community Services and Education	1,045	706	11	(328)
Housing and Community Amenities				
Street Lighting	1,673	275	-	(1,398)
Town Planning	1,397	977	-	(420)
Other Community Amenities	534	285	13	(236)
Total Housing and Community Amenities	3,604	1,537	13	(2,054)
Recreation & Culture				
Public libraries	3,134	372	284	(2,478)
Community Centres and Halls	139	74	120	55
Other Cultural Services	146	103	-	(43)
Swimming Pools	238	30	-	(208)
Parks & Gardens (Lakes)	2,267	389	2,094	216
Other Sport & Recreation	4,725	1	257	(4,467)
Total Recreation & Culture	10,649	969	2,755	(6,925)

Net cost of services (continued)

Function or Activity	Expenses from continuing operations \$'000	Income from continuing operations (non capital) \$'000	Income from continuing operations (capital) \$'000	Net Cost of services \$'000
Transport & Communication				
Urban Roads(UR)-Local	6,962	305	448	(6,209)
Bridges on UR-Local	14	-	-	(14)
Parking Areas	(3)	(97)	282	188
Footpath	46	7	82	43
Other Transport & Communication	1,267	319	-	(948)
Total Transport & Communication	8,286	534	812	6,940
Economic Affairs	948	77	1,671	800
Totals – Functions	72,232	24,589	7,088	(40,555)
General Purpose Revenues⁽²⁾				43,649
Net sShare of interests in joint ventures and associates using the equity method⁽¹⁾				445
Net operating result for the year⁽¹⁾				3,539

Note:

(1) As reported on the Income statement.

(2) Includes:

- Rates and annual charges (including ex-gratia but excluding water and sewer)
- Non-capital general purpose grants
- Interest on investments

Rockdale City Council

Special Schedule No. 2(a) Statement of long-term debt (all purpose) for the year ended 30 June 2011 (\$'000)

Classification of debt	Principal outstanding at beginning of year			New loans raised during the year	Debt redemption during the year		Transfers to sinking funds	Interest applicable for year	Principal outstanding at end of year		
	Current	Non-current	Total		From revenue	Sinking funds			Current	Non-current	Total
Loans (by source)											
Commonwealth Government	4	21	25	-	4	-	-	-	4	17	21
NSW Treasury	50	1,087	1,137	-	50	-	-	-	50	1,037	1,087
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	1,036	4,845	5,881	-	1,036	-	-	378	910	3,935	4,845
Other	-	-	-	-	-	-	-	-	-	-	-
Total loans	1,090	5,953	7,043	-	1,090	-	-	378	964	4,989	5,953
Other long term debt											
Ratepayers' Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred payment	-	-	-	-	-	-	-	-	-	-	-
Total long term debt	1,090	5,953	7,043	-	1,090	-	-	378	964	4,989	5,953

Rockdale City Council

Special Schedule No. 7 Condition of public works as at 30 June 2011 \$'000

Asset class	Asset category (as determined by Council)	Depreciation Expense (%) (specific rate or range of rates)	Depreciation Expense \$'000	Cost \$'000	Valuation \$'000	Accumulated Depreciation and Impairment \$'000	WDV \$'000	Asset Condition (refer details attached)	Estimated cost to bring to a satisfactory standard \$'000	Required annual maintenance \$'000	Current annual maintenance \$'000
Buildings	Council owned buildings	1.3-5.0%	4,590	-	150,986	79,986	71,000	Fair/poor	3,914	4,500	1,948
Public Roads	Roads, bridges and footpaths	0.8-2.5%	7,992	-	443,560	201,160	242,400	Fair/Satisfactory	7,000	7,500	2,470
Land Improvement	Improvements on lands	2.0-20.0%	1,194	-	74,474	10,847	63,627	Fair/Satisfactory	1,000	1,200	5,969
Drainage Works	Stormwater drainage	1.0-3.3%	993	-	90,923	40,698	50,225	Fair	435	412	423
Total			14,769	-	759,943	332,691	427,252		12,349	13,612	10,810

Notes:

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

Rockdale City Council

Special Schedule No. 8 Financial projections as at 30 June 2011 \$'000

	2011 ⁽¹⁾ \$'000	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000
Recurrent budget					
Income from continuing operations	75,774	74,960	76,865	78,819	80,824
Expenses from continuing operations	72,235	75,108	77,540	79,939	82,423
Operating result from continuing operations	3,539	(148)	(675)	(1,121)	(1,599)
Capital budget					
New capital works⁽²⁾	12,773	21,190	26,299	29,642	30,725
Funded by:					
– Loans	2,237	1,100	1,100	1,100	1,100
– Asset sales	-	1,458	3,828	8,627	3,826
– Reserves	1,779	885	5,721	3,443	3,167
– Grants/Contributions	3,485	12,147	9,905	10,999	17,366
– Recurrent revenue	5,272	5,531	5,676	5,404	5,197
– Other	-	69	69	69	69
	12,773	21,190	26,299	29,642	30,725

Notes:

- (1) Actual, from Income Statement.
(2) New capital works are major non-recurrent projects.